

# Governance, Risk and Audit Committee



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28<sup>th</sup> November 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, 6 December 2022** at **2.00 pm**.

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

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

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

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

**Emma Denny**  
**Democratic Services Manager**

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

All other Members of the Council for information.

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



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

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

**Chief Executive:** Steve Blatch

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## A G E N D A

**1. TO RECEIVE APOLOGIES FOR ABSENCE**

**2. SUBSTITUTES**

**3. PUBLIC QUESTIONS**

To receive public questions, if any.

**4. ITEMS OF URGENT BUSINESS**

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

**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 27<sup>th</sup> September 2022.

7. **APPROVAL AND SIGNING OF THE ANNUAL ACCOUNTS FOR 2020/21**

15 - 18

**Summary:** This report accompanies the report from the External Auditor on providing an update on the progress on the audit of the 2020/21 Annual Report. It also seeks approval to delegate the signing of the 2020/21 Annual Report to the Chair of the Governance, Risk and Audit Committee in consultation with the Section 151 Officer so that statutory requirement can be met as soon as possible.

**Options considered:** The options are that the Accounts are brought back to the next Governance, Risk and Audit Committee to seek it's approval for the signing of the Statement of Accounts for 2020/21 or that the Committee delegate the signing of the Accounts to the Chair of the Governance, Risk and Audit Committee in consultation with the Section 151 Officer.

**Conclusions:** It is recommended that the Committee note the contents of the report and approve that the Chair of the Committee is given the delegated authority to sign the Accounts in consultation with the Section 151 Officer.

**Recommendations:** **It is recommended that the Committee note the contents of the report and approve that the Chair of the Committee is given the delegated authority to sign the Accounts in consultation with the Section 151 Officer.**

**Reasons for Recommendations:** To complete the audit process for the 2020/21 Statement of Accounts and meet the statutory requirements as soon as possible.

**LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW**

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

2020/21 Statement of accounts published in September 2021 GRAC Agenda
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Cabinet Member(s) Councillor Eric Seward	Ward(s) affected All
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Contact Officer, telephone number and email: Tina Stankley, 01263 516439, <a href="mailto:tina.stankley@north-norfolk.gov.uk">tina.stankley@north-norfolk.gov.uk</a>
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8. **EXTERNAL AUDIT RESULTS REPORT 2020/21** 19 - 68  
To review and note the EY External Audit Results Report for 2020/21.
9. **ANNUAL AUDIT LETTER** 69 - 98  
To review and note the Annual Audit Letter for the year ending 31<sup>st</sup> March 2020.
10. **PROGRESS AND FOLLOW UP REPORT ON INTERNAL AUDIT ACTIVITY: 17 SEPTEMBER TO 25 NOVEMBER 2022** 99 - 122

**Summary:** This report examines the progress made between 17 september 2022 to 25 november 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  
Contact Officer,  
number, and e-mail:

Ward(s) affected:  
All  
Faye Haywood  
01508 533873  
[faye.haywood@southnorfolkanbroadland.gov.uk](mailto:faye.haywood@southnorfolkanbroadland.gov.uk)

11. **BUSINESS CONTINUITY POLICY AND BUSINESS CONTINUITY MANAGEMENT FRAMEWORK** 123 - 144

**Summary:** The current Business Continuity Policy has been separated into two documents, the Business Continuity Policy and the Business Continuity Management Framework, as part of a review of business continuity documentation and to comply with an audit recommendation.

**Options considered:** Retaining the current Business Continuity Policy.

**Conclusions:** Not applicable.

**Recommendations:** **To recommend that Cabinet agree to adopt the revised Business Continuity Policy and the new Business Continuity Management Framework**

**Reasons for Recommendations:** To enhance understanding of the Business Continuity Management Framework. To comply with an audit recommendation.

**LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW**

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

None
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Cabinet Member(s) Cllr Nigel Lloyd	Ward(s) affected All
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Contact Officer, telephone number and email: Alison Sayer, 01263 516269, alison.sayer@north-norfolk.gov.uk
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**12. CIVIL CONTINGENCIES REPORT 2022** 145 - 150

**Summary:** Annual report from the Resilience Manager on Civil Contingencies.

**Options considered:** This is a briefing report only.

**Conclusions:** Not applicable.

**Recommendations** **To note the report and the council's contributions to the Norfolk Resilience Forum and the response to incidents.**

**Reasons for Recommendations:** A better understanding of the challenges in the past year and the role of the Norfolk Resilience Forum in emergency preparedness planning and incident response will help to discharge our obligations under the Civil Contingencies Act, 2004.

**LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW**

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

N/A

<b>Cabinet Member(s)</b>	<b>Ward(s) affected</b>
Nigel Lloyd	All

Contact Officer, telephone number and email: Alison Sayer, Resilience Manager, 01263 516269, [alison.sayer@north-norfolk.gov.uk](mailto:alison.sayer@north-norfolk.gov.uk)

**13. CORPORATE RISK REGISTER** 151 - 188

To review and note the Corporate Risk Register.

**14. PROCUREMENT EXEMPTIONS REGISTER 7 SEPTEMBER 2022 TO 23 NOVEMBER 2022** 189 - 190

To review and note the Procurement Exemptions Register.

**15. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST 191 - 192**

To monitor progress on items requiring action from the previous meeting, including progress on implementation of audit recommendations.

**16. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME 193 - 196**

To review the Governance, Risk & Audit Committee Work Programme.

**17. 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.”

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## Registering interests

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

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

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

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

## Non participation in case of disclosable pecuniary interest

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

## Disclosure of Other Registerable Interests

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

## Disclosure of Non-Registerable Interests

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

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

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

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

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

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

**Table 1: Disclosable Pecuniary Interests**

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

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

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

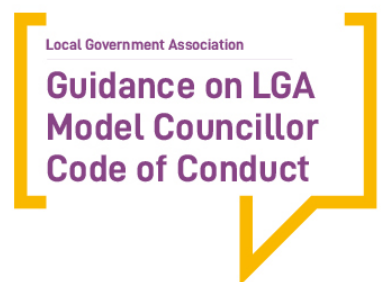
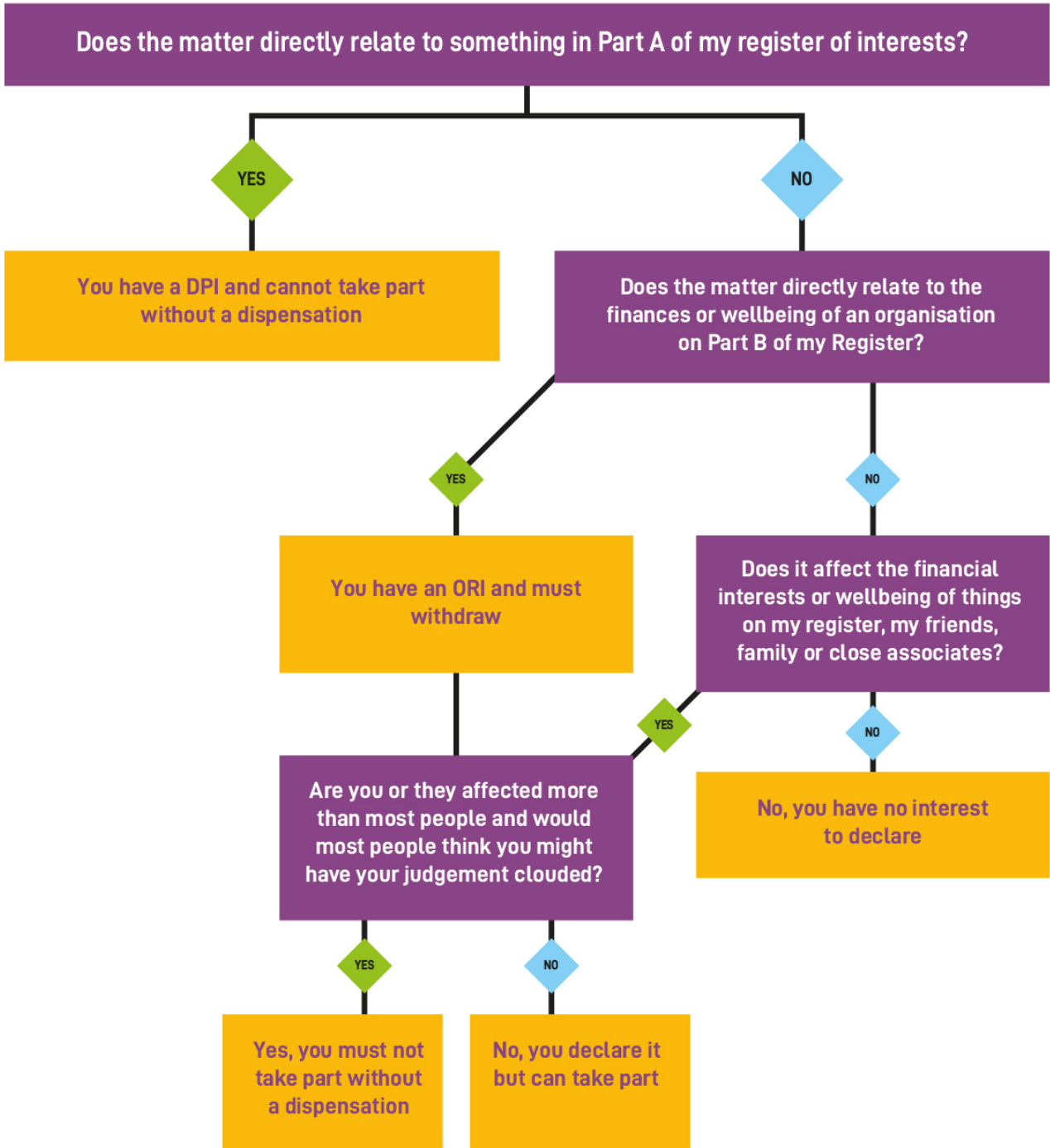
	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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\* 'director' includes a member of the committee of management of an industrial and provident society.

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

**Table 2: Other Registrable Interests**

<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"><li>a) any body of which you are in general control or management and to which you are nominated or appointed by your authority</li><li>b) any body<ul style="list-style-type: none"><li>(i) exercising functions of a public nature</li><li>(ii) any body directed to charitable purposes or</li><li>(iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)</li></ul></li></ul>
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## GOVERNANCE, RISK AND AUDIT COMMITTEE

Minutes of the meeting of the Governance, Risk and Audit Committee held on Tuesday, 27 September 2022 at the Council Chamber - Council Offices at 2.00 pm

### Committee

#### Members Present:

Mr J Rest (Chairman)  
Mr C Cushing  
Mr P Fisher

Mr S Penfold (Vice-Chairman)  
Mr H Blathwayt

#### Members also attending:

Mr E Seward (Observer)

#### Officers in Attendance:

Democratic Services and Governance Officer - Scrutiny (DSGOS), Head of Internal Audit (HIA), Chief Executive (CE), Interim S151 Officer, Policy and Performance Management Officer (PPMO) and Assistant Director for Finance, Assets, Legal & Monitoring Officer (MO)

#### 39 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Cllr P Butikofer.

#### 40 SUBSTITUTES

Cllr L Withington.

#### 41 PUBLIC QUESTIONS

None received.

#### 42 ITEMS OF URGENT BUSINESS

None received.

#### 43 DECLARATIONS OF INTEREST

None declared.

#### 44 MINUTES

Minutes from the meeting held on 14<sup>th</sup> June 2022 were approved as a correct record and signed by the Chairman.

#### 45 EY EXTERNAL AUDIT - INITIAL AUDIT PLAN

The EA introduced the report and informed Members that two issues had arisen which had delayed the final sign-off of the 2019/20 audit related to S151 availability and cover, and a new emerging issue around infrastructure assets. He added that

work had now concluded, and it was hoped that sign-off would be achieved by the end of the week. It was noted that there were two new corrected errors which were classification audit differences above the materiality level. These were reported to be an incorrect classification of the Bacton to Walcott Landscaping Project, which had been classified as an asset under construction, instead of revenue funded by capital under statute (REFCUS). He added that this would also change the finance classification from Tax and non-specific grants to grants credited to services. It was noted that the second change related to the presentation of the surplus or deficit following re-evaluation of available for sale financial assets, which was now reflected correctly within the net cost of services. On infrastructure assets, the EA stated that a national issue had emerged where some Councils were not derecognising assets when making additions, which could lead to material overstatements. He added that in North Norfolk's case this related to Coastal Defences, however previous assets were not removed as they formed foundations for new assets. It was noted that two representations had been made within the report to acknowledge this process. On the 2020/21 audit plan the EA reported that new risks had arisen as a result of the Pandemic, with various grant schemes that came with associated financial reporting requirements. He added that bad debt provision and collection fund accounting had also become apparent as a result of the Pandemic, whilst property, plant and equipment risks had been downgraded from a severe to an inherent risk, as no significant valuation issues had been found. It was noted that in addition to presenting the plan, the audit was off to a good start with two weeks complete and an aim to provide an audit results report on 22<sup>nd</sup> November, to be considered in December.

#### Questions and Discussion

- i. Cllr S Penfold referred to infrastructure assets and asked why it remained a significant risk, given the explanation provided on sea defences, and the fact that highways assets belonged to NCC. The EA replied that reference to highways infrastructure had only been used as an example and the sea defences discrepancy was a timing issue, as the report had been prepared in July, prior to the resolution which had subsequently lowered sea defences to an inherent risk. He added that at present the Council was as code compliant as could be, unless CIPFA made any changes.

#### **RESOLVED**

**To review and note the Initial External Audit Plan.**

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

The HIA introduced the report and informed Members that the Progress and Follow-up reports had been combined to discuss all internal audit matters together. She added that the accounts receivable audit had been delayed as it was not deemed appropriate to undertake whilst a new financial system was being implemented, and had therefore be rescheduled for 2023/24. It was noted that Q1 work was complete and Q2 was underway and expected to be reported at the December meeting. The HIA reported that key issues and findings were presented on an initial summary page, with Corporate Health and Safety given a reasonable assurance grading, with one important recommendation to ensure that there was an overall record of inspections. She added that there were more administrative points related to outlining the terms of reference, ensuring training requirements were met appropriate to staff roles, and potential for KPIs related to health and safety. On



follow-up recommendations, the HIA stated that there was an error related to a procurement and contract management recommendation where a comment given was intended for the finance system upgrade. She added that an up to date response was available with a request made to extend the deadline to 31<sup>st</sup> December, as a result of an unprecedented number of incidents that had required attention including storms, flood alerts and severe hot weather.

### Questions and Discussion

- i. Cllr C Cushing referred to a risk on S106 agreements and noted that the Exocom Project was reported to be in progress and due for completion at the end of September, and asked if the project was complete. The HIA replied that the project had been on track, but she would need to contact officers to determine whether it had been completed prior to the stated deadline. Cllr C Cushing suggested that it could be helpful to see all S106 awards, to which the HIA replied that this should be possible, though a request would need to be made to officers to determine whether they could produce this information for the next meeting. Cllr C Cushing referred to the new Serco timetable on p76 where an action had been deferred and asked whether a more up to date response was available. The HIA replied that it was the most up to date information available, and the CE noted that the decision to delay implementation had been taken to avoid the summer period, with implementation beginning on 5<sup>th</sup> September. He added that the significant changes, in addition to recent events such as the bank holiday for Queen Elizabeth's funeral had led to an increased number of missed collections. It was noted that officers were in regular contact with Serco on complaints and the number of missed bins was falling. Cllr C Cushing asked whether it was possible to provide any certainty on when the issues would be resolved, to which the CE replied that the new collections model was on week four and it was hoped that the service would continue to improve.
- ii. Cllr S Penfold referred to penalty charge notices and suggested that the Council appeared to have no means of checking the income generated, and asked for clarification on whether this related to the forty percent income for the Council or the total revenue generated. The HIA replied that it related to the forty percent income, and suggested that she could seek to provide more information at the next meeting to improve understanding of the contract.
- iii. Cllr E Seward referred to bin collections and noted that he had seen issues in North Walsham where collection days had been advertised incorrectly, though the issue had now been resolved. He referred to the new S106 monitoring software and asked officers for further clarification on when this would be active.
- iv. The Chairman referred to five key strategic findings, which he suggested could be seen as a relatively high number, and asked at what level the Council's overall opinion would change. The HIA replied that the action points could be broken down into one important, five needing attention and one operational effectiveness matter, and Members should therefore be reassured that with only one important action, the Council was not at risk of receiving a limited assurance grading. The Chairman referred to the number of revisions for each audit recommendation, and asked that any recommendation revised more than four times be highlighted in red. The HIA agreed and noted that a request had also been made for officers to provide greater context to explain delays.

## **RESOLVED**

**To receive and note the internal audit progress and the progress made against internal audit recommendations within the period covered by the report.**

### **47 MONITORING OFFICER'S ANNUAL REPORT 2021/2022**

The MO introduced the report and informed Members that the annual report covered the period from April 2021 to March 2022, and noted that whilst there was no statutory requirement for the Committee to receive the report, it covered the general duties and work undertaken throughout the year. She added that an update had been included on the return to physical meetings, alongside an update on the number of FOI requests received, and updated information on the RIPA and Whistleblowing Policies. It was noted that the Council had adopted a new code of conduct, and the number of related complaints was included for consideration. The MO noted that looking forward, the Council would be seeking to recruit two new independent persons for standards matters, implement an online register of interests form, and recruit an independent person to sit on GRAC, in-line with recently announced legislation.

#### Questions and Discussion

- i. Cllr C Cushing referred to misconduct investigations and noted that in the 2019/20 external audit, inappropriate behaviour of Councillors had been reported and asked whether any investigation had taken place in relation to these findings. The MO replied that unless there was a formal code of conduct complaint received, then there would not be an investigation. Cllr C Cushing sought further clarification on what a code of conduct complaint would entail and whether any had been made in relation to the findings. The MO replied that she could not confirm that there had been any investigation at the time, and any code of conduct issue would require a complaint to be submitted. Cllr C Cushing suggested that he felt inappropriate conduct would warrant investigation, to which the MO replied that this would have required a formal complaint which had not been received. Cllr C Cushing stated that he was surprised given the concerns raised that it had not been investigated.

## **RESOLVED**

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

### **48 GOVERNANCE, RISK & AUDIT COMMITTEE - ANNUAL REPORT 2021-22**

The DSGOS introduced the report and informed Members that it provided an overview of the work undertaken by the Committee throughout the previous municipal year. He added that the first key point to bring to the Committee's attention was the external audit and accounting delays, though these were being addressed. It was noted that long outstanding internal audit recommendations were mentioned, and finally the limited assurance grading that had been given to all Councils within the Internal Audit Consortium, though actions were in place to address concerns.

#### Questions and Discussion

- i. The Chairman thanked the Committee and substitutes for their commitment to attending meetings or seeking substitutes when required, as there was

only one meeting that had taken place without a full contingent.

- ii. The recommendation was proposed by Cllr H Blathwayt and seconded by Cllr P Fisher.

#### **RESOLVED**

**To recommend that Council notes the report, affirms the work of the Governance, Risk & Audit Committee, and considers any concerns raised within the report.**

#### **49 PROCUREMENT EXEMPTIONS REGISTER 6 JUNE 2022 TO 6 SEPTEMBER 2022**

The MO introduced the report and informed Members that it covered the period 6<sup>th</sup> June to 6<sup>th</sup> September, in which time three exemptions had been granted that were listed for consideration.

#### **RESOLVED**

**To review and note the Procurement Exemptions Register.**

#### **50 CORPORATE RISK REGISTER**

The CE introduced the report and informed Members that robust discussion had taken place at CLT about the risks facing the Council, such as the current economic climate and high levels of inflation, though the Council was in a strong financial position. He added that as the Council entered the winter period, contingency plans were in place, alongside ongoing efforts to resolve issues related to nutrient neutrality.

#### Questions and Discussion

- i. Cllr H Blathwayt asked whether NNDC had any exposure with money lent to other Councils, and referred to Thurrock as an example. The CE replied that he was not aware of any loans paid to other Councils, though the Council had provided a loan to a housing provider which was paid on-time and in accordance with the payment schedule.
- ii. Cllr C Cushing referred to nutrient neutrality risks and asked whether it was necessary to include reference to Fakenham Urban Extension, which included development of a roundabout on the A148 where costs had increased from £1.8m to £2.8m, causing the project to be delayed until additional funding could be found. He added that the project was key to delivering housing targets in Fakenham and ongoing delays would be likely to lead to further increased costs. The CE replied that he would seek to identify the action as a discrete risk within the register, but noted that the project had not been delayed as a result of nutrient neutrality per se, and should not be directly linked to this issue within the register.

#### **RESOLVED**

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

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

The DSGOS introduced the item and informed Members that the first update related to a response received from the Secretary of State to the CE's letter regarding delays in investigating disclosures.

The second update related to new legislation that would require Audit Committees to appoint an independent person to the Committee, though no specific timeframe had been given for implementation. It was suggested that a report would be prepared once full guidance was available with a view to appoint to the position in time for the new municipal year.

The DSGOS noted that the final update related to the Committee's recommendation for the division of roles for EAC hearings, with an HR response provided that explained why the recommendation would not be implemented, as it did not concur with ACAS guidance and requirements.

#### Questions and Discussion

- i. In response to a question from Cllr S Penfold it was confirmed that the independent person would not be a voting member, and was therefore more of an observer role. The Interim S151 officer noted that at her primary Council an independent person was already in place on the Committee as a non-voting member.
- ii. The Chairman asked whether the independent person used for the Standards Committee could also sit on GRAC. The MO replied that she was unsure at this stage whether this would be possible. Cllr S Penfold asked whether the Chairman would be included in the selection panel for the appointment of an independent person. Cllr H Blathwayt asked whether he would similarly be invited to participate in the selection process of an independent person for the Standards Committee. The MO confirmed that in both cases it was expected that the Chairmen would be involved in the selection process.

#### **RESOLVED**

**To review and note the updates.**

#### **52 GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME**

The DSGOS noted that at the December meeting the Committee could expect to receive the draft statement of accounts for 21/22 and the final statement of accounts for 20/21. He added that the External Audit Results report for 20/21 was also expected, but the Risk Management Framework would be delayed until the software contract supporting the document had been confirmed. The PPMO confirmed that a one year contract extension was being agreed after which new software could be expected, with the framework delayed until this was complete.

#### **RESOLVED**

**To note the Committee Work Programme.**

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

The meeting ended at 3.03 pm.

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Chairman

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## APPROVAL AND SIGNING OF THE ANNUAL ACCOUNTS FOR 2020/21

**Summary:** This report accompanies the report from the External Auditor on providing an update on the progress on the audit of the 2020/21 Annual Report. It also seeks approval to delegate the signing of the 2020/21 Annual Report to the Chair of the Governance, Risk and Audit Committee in consultation with the Section 151 Officer so that statutory requirement can be met as soon as possible.

**Options considered:** The options are that the Accounts are brought back to the next Governance, Risk and Audit Committee to seek its approval for the signing of the Statement of Accounts for 2020/21 or that the Committee delegate the signing of the Accounts to the Chair of the Governance, Risk and Audit Committee in consultation with the Section 151 Officer.

**Conclusions:** It is recommended that the Committee note the contents of the report and approve that the Chair of the Committee is given the delegated authority to sign the Accounts in consultation with the Section 151 Officer.

**Recommendations:** **It is recommended that the Committee note the contents of the report and approve that the Chair of the Committee is given the delegated authority to sign the Accounts in consultation with the Section 151 Officer.**

**Reasons for Recommendations:** To complete the audit process for the 2020/21 Statement of Accounts and meet the statutory requirements as soon as possible.

### LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

*2020/21 Statement of accounts published in September 2021 GRAC Agenda*

Cabinet Member(s) Councillor Eric Seward	Ward(s) affected All
Contact Officer, telephone number and email: Tina Stankley, 01263 516439, <a href="mailto:tina.stankley@north-norfolk.gov.uk">tina.stankley@north-norfolk.gov.uk</a>	

## **1. Introduction**

- 1.1 This report provides an update on the progress in completing the audit of the Statement of Accounts for 2020/21 and the plan to sign the final version so that they can be published on the website and meet our statutory requirements.
- 1.2 The Committee received an update report on the draft Statement of Accounts for the 2020/21 financial year on 28 September 2021. The Committee noted the draft, in advance of approval of the final audited version at a date that was to be confirmed
- 1.3 The audit of the 20/21 Accounts is ongoing but nearing completion. There is an expectation that the audit could be completed before the calendar year end and this paper seeks approval to delegate the approval and signing of the Accounts for 2020/21 so that they can also be signed, and a final version published before the year end.

## **2. Main body of report**

- 2.1 The Council prepares its Accounts in line with the CIPFA Code of Practice for Local Authority Accounting. The draft 2020/21 Accounts were required be published by 31st July and audited by 30th November respectively. The Council complied with the publication deadline as they were published on the Council's website on Friday 30th July.
- 2.2 However due to historical resourcing issues the Auditors, Ernst and Young, have not been able to complete the audit but it is nearing completion. The Auditors have indicated that the audit could be completed before the calendar year end. An update is being given verbally by the Auditors at this meeting.
- 2.3 Subject to there being no major issues that reporting to this Committee it is proposed that the approval and sign of the accounts is delegated to the Chair of the Committee so that the Accounts can also be finalised and published before the calendar year end.

## **3. Corporate Plan Objectives**

- 3.1 Financial Sustainability and Growth – The Council needs to produce the accounts each year so that it can demonstrate how resources have been used and so the Council maintains an accurate record of the resources it has available for future use.

## **4. Medium Term Financial Strategy**

There are no direct financial implications surrounding the publication of the Statement of Accounts.

## **5. Financial and Resource Implications**

There are no direct financial implications surrounding the publication of the Statement of Accounts.



**6. Legal Implications**

The Council will have met the statutory requirement to publish an audited Statement of Accounts for 2020/21.

**7. Risks**

None as a direct consequence of this report.

**8. Sustainability**

None as a direct consequence of this report.

**9. Climate / Carbon impact**

None as a direct consequence of this report.

**10. Equality and Diversity**

None as a direct consequence of this report.

**11. Section 17 Crime and Disorder considerations**

None as a direct consequence of this report.

**12. Conclusion and Recommendations**

It is anticipated that the audit of the Accounts for 2020/21 will be completed before the calendar year end and if the Committee approve the delegation of approval and signing of the Accounts to the Chair then the Accounts can be published before the calendar year end too.

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**North Norfolk District  
Council**  
**Audit Results Report**  
Year ended 31 March 2021

28 November 2022

Page 19

**EY**

Building a better  
working world

Agenda Item 8

28 November 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

### 2020/21 Audit Results Report

We are pleased to attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Governance, Risk and Audit Committee.

The audit is designed to express an opinion on the 2020/21 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on North Norfolk District's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements,

This report is intended solely for the information and use of the Governance, Risk and Audit Committee, other members of the Council and senior management. It is not intended to be and should not be used by anyone other than these specified parties. We welcome the opportunity to discuss the contents of this report with you at the Governance, Risk and Audit Committee meeting on the 6 December.

Yours faithfully

*MARK HODGSON*

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

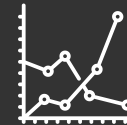
# Contents

01 Executive Summary

02 Areas of Audit Focus

03 Audit Report

04 Audit Differences



05 Value for Money

06 Other Reporting Issues

07 Independence

08 Appendices

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/audit-quality/statement-of-responsibilities/>). 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 April 2018)" issued by the PSAA 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

# Executive Summary



# Executive Summary

## Scope update

In our Audit Plan presented to the 27 September 2022 Governance, Risk and Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan.

Our audit has been performed over a revised Draft Statement of Accounts document, provided to us on the 26 May 2022. This differs to the version originally published on the Council's website on 30 July 2021. The revised set reflected changes based on findings in our 2019/20 audit as well as in respect of grant income treatment. It is the responsibility of the Council to communicate these differences to the Governance, Risk and Audit Committee as deemed necessary or re-publish the draft financial statements.

## Status of the audit

As reported in the Audit Plan, our audit procedures were scheduled to take place between July and September 2022. The Council were not able to fully service the audit in this period, which led to a number of delays in respect of responses to our audit queries during our visit. We did therefore reschedule our procedures to be undertaken during November 2022.

There have been delays in a number of areas, including our risk areas. Whilst we have received cooperation from the Finance staff involved in our audit, the delays have demonstrated capacity issues within the finance team and the Council's ability to service our audit. We understand that a new s151 Officer has recently been recruited to address this issue, and recruitment is ongoing to support the finance team.

As a result, our audit has not been concluded in line with the proposed timeline, and a number of areas are outstanding at the date of issuing this report. Details of our outstanding work can be found on the next page. This has led to additional time being required for the audit which will result in additional audit fees which have been set out at Appendix 7.

# Executive Summary

## Status of the audit

Our audit work in respect of the Council opinion is nearing completion. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- ▶ Property, Plant & Equipment Additions - Awaiting responses from Management to conclude our sample testing on seven transactions.
- ▶ Debtors & Creditors - Awaiting responses from Management to conclude our sample testing on two transactions.
- ▶ Property, Plant & Equipment Valuations - Awaiting responses from Management to conclude our sample testing.
- ▶ Provisions - Awaiting responses from Management to conclude our substantive testing on the appeals provision.
- ▶ Covid Grant Income - Need to complete our substantive procedures.
- ▶ Other Income & Expenditure - Need to conclude our sample testing.
- ▶ Revenue Expenditure Funded from Capital Under Statute (REFCUS) - Awaiting responses from management on one transaction to conclude our sample testing.
- ▶ Collection Fund - Awaiting responses from management to conclude our sample testing.
- ▶ Value for Money - Complete our final risk assessment and conclusion on any significant risks.
- ▶ Journal Entry Testing - Complete our substantive procedures.

### Closing Procedures:

- ▶ Subsequent events review;
- ▶ Agreement of the final set of financial statements;
- ▶ Receipt of signed management representation letter; and
- ▶ Final Manager and Engagement Partner reviews.

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix B.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Narrative Report and Accounts which could influence our final audit opinion, a current draft of which is included in Section 4.



# Executive Summary

## Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 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. 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; 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.

Page 9

## Status of the audit - Value for Money

We have completed an initial Value for Money (VFM) risk assessment and have not identified any risk of significant weakness against the three reporting criteria we are required to consider under the NAO's 2020 Code.

We will revisit our assessment on completion of the audit of the financial statement. As a result, currently we have no matters to report by exception in the auditor's report (see Section 03).

We plan to issue the VFM commentary by the end of January 2023 as part of issuing the Auditor's Annual Report.

## Audit differences

### Uncorrected Audit Differences

- ▶ At the date of issuing this report, there were no uncorrected misstatements in the accounts that have an effect on the surplus/deficit on the provision of services.

### Corrected Audit Differences

- ▶ Property, Plant & Equipment - Management have corrected misstatements amounting to £0.242 million in respect of a land asset that was incorrectly classified as an 'Asset Held for Sale' instead of as a 'Surplus Asset'.
- ▶ Pension Liability - Management have corrected an audit difference in relation to the Pension Liability reducing the liability by £0.818 million, as a result of increases in the valuation of Pension Fund Investments due to timing differences reported through the audit of Norfolk Pension Fund.
- ▶ Receivables - Management have corrected for misstatements in relation to the Bad Debt Provision (Receivables Impairment), where a revised Bad Debt Provision had been calculated but not posted to the General Ledger. This will increase the Net Debtors (reduce the Gross Debtor) balance by £0.085 million.
- ▶ We also identified a number of minor audit disclosure differences in the financial statements, which have been adjustment by Management.



# Executive Summary

## Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as these are performed following the conclusion of our audit. However, as we do expect, based on prior year guidance that the Council would fall below the testing threshold set by the NAO for detailed procedures on the consolidation return (Threshold - £500 million). We do not expect therefore to have any issues to report.

## Control observations

During the audit, we did not identify any significant deficiencies in internal control.

## Independence

Please refer to Section 7 for our update on Independence.



# Executive Summary

## Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of North Norfolk District Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

*Management Override: Misstatements due to fraud or error*

- *At the date of issuing this report, our work in this area is still ongoing. We will update the Committee on our findings once the work is finalised.*

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

- *At the date of issuing this report, our work in this area is still ongoing. We will update the Committee on our findings once the work is finalised.*

*Significant Risk: Accounting for Covid-19 related grant funding*

- *At the date of issuing this report, our work in this area is still ongoing. We will update the Committee on our findings once the work is finalised.*

*Significant Risk: Infrastructure Assets*

*We have completed our work in this area and have no matters to report.*

*Inherent Risk: Valuation of Other Land & Buildings*

- *At the date of issuing this report, our work in this area is still ongoing. We will update the Committee on our findings once the work is finalised. We have identified one classification issue to date.*

*Inherent Risk: Bad Debt Provision and recoverability of Debtors*

- *At the date of issuing this report, our work in this area is still ongoing. We will update the Committee on our findings once the work is finalised. We have already identified an audit difference in relation to the Bad Debt Provision.*

*Inherent Risk: Collection Fund Accounting*

- *At the date of issuing this report, our work in this area is still ongoing. We will update the Committee on our findings once the work is finalised.*

*Inherent Risk: National Non-Domestic Rates Appeals Provision*

- *At the date of issuing this report, our work in this area is still ongoing. We will update the Committee on our findings once the work is finalised.*



## Executive Summary

### Areas of audit focus (Continued)

#### *Inherent Risk: Pensions valuations and disclosures*

- We have completed our work in this area and have identified a difference to report:
- *Management have corrected an audit difference in relation to the Pension Liability reducing the liability by £0.818 million, as a result of increases in the valuation of Pension Fund Investments due to timing differences reported through the audit of Norfolk Pension Fund.*

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no residual further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Governance, Risk and Audit Committee or Management.



# 02

## Areas of Audit Focus



## Areas of Audit Focus

# Significant risk

### Misstatements due to fraud or error

#### 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.

One area susceptible to manipulation is the capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Council's capital programme. The specific procedures undertaken to address this are set out on the next page. This page details standard procedures we undertake to respond to the risk of fraud and error on every engagement.

Page 30

#### What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Identified fraud risks during the planning stages.
- ▶ Inquired of management about risks of fraud and the controls put in place to address those risks.
- ▶ Documented our understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- ▶ Reviewed the accounting estimates for evidence of management bias.
- ▶ Evaluated the business rationale for significant unusual transactions

ISA 240 mandates we perform procedures on: accounting estimates, significant unusual transactions and journal entries to ensure they are appropriate and in line with expectations of the business.

#### What are our conclusions?

At the date of issuing this report, we are still concluding our work in this area. We will provide an update to the Governance, Risk and Audit Committee with our findings once the work is finalised.



## Areas of Audit Focus

### Significant risk

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

##### **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 did we do and what judgements did we focus on?**

In order to address this risk we undertook the following audit procedures:

- ▶ Obtained an analysis of capital additions in the year, reconciled it to the Fixed Assets Register (FAR), and reviewed the descriptions to identify whether there are any potential items that could be revenue in nature
- ▶ Sample tested additions to Property, Plant and Equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised. There were no Investment Property additions.
- ▶ Sample tested REFCUS to ensure that transactions have been appropriately treated as REFCUS.
- ▶ Used our data analytics tool to identify and test journal entries that move expenditure from revenue codes into capital codes.

##### **What are our conclusions?**

At the date of issuing this report, we are still concluding our work in this area. We will provide an update to the Governance, Risk and Audit Committee with our findings once the work is finalised.



## Areas of Audit Focus

### Significant risk

#### Accounting for Covid-19 related grant funding

##### 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.

Page 32

##### What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Sample tested Government Grant income to ensure that they have been correctly classified as specific or non-specific in nature.
- ▶ Sample tested Government Grant income to ensure that they have been correctly classified in the financial statements based on any restrictions imposed by the funding body.
- ▶ Reviewed the instructions and conditions of a sample of grants to corroborate the Council's assessment of whether they were acting as an Agent or Principal in disbursing the grants
- ▶ Compared the Council's assessment of whether they were acting as agent or principal for a sample of Covid related grants to other Councils' assessment to determine whether North Norfolk District were an outlier in their treatment of any particular grant

##### What are our conclusions?

At the date of issuing this report, we are still concluding our work in this area. We will provide an update to the Governance, Risk and Audit Committee with our findings once the work is finalised.





## Areas of Audit Focus

# Significant risk

### Accounting for Infrastructure Assets

#### 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.

Page 33

#### What did we do and what judgements did we focus on?

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.

#### What are our conclusions?

We concluded in 2019/20, that the Council have complied with the Code requirements on the derecognition of Infrastructure Assets.

In 2020/21, additions to infrastructure assets were immaterial and therefore we have concluded that the Council continues to meet the requirements of the Code.



## Areas of Audit Focus

### Inherent risk

#### Valuation of Other Land & Buildings

##### What is the risk?

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.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

Page 34

##### What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Considered the work performed by the Council's valuers (Wilkes Head & Eve), including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample tested key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE, and that any changes were communicated to the valuer
- ▶ Reviewed assets not subject to valuation in 2020/21 to confirm that the remaining asset base was not materially misstated;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation; and
- ▶ Tested accounting entries have been correctly processed in the financial statements.

##### What are our conclusions?

At the date of issuing this report, we are still concluding our work in this area. We will provide an update to the Governance, Risk and Audit Committee with our findings once the work is finalised.

We have identified one classification issue to date. Management have corrected misstatements amounting to £0.242 million in respect of a land asset that was incorrectly classified as an 'Asset Held for Sale' instead of as a 'Surplus Asset'.



## Areas of Audit Focus

### Inherent risk

#### Pension Liability Valuation & other pension disclosures

##### What is the risk?

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.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the Norfolk Pension Fund.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. We undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

##### What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Liaised with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to North Norfolk District Council;
- ▶ Assessed 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
- ▶ Reviewed and tested the accounting entries and disclosures made within North Norfolk District's financial statements in relation to IAS19, considering Fund assets and the Council's liability.

##### What are our conclusions?

We have reviewed the assessment of the Pension Fund actuary by PwC and EY Pensions and have undertaken the work required without identifying any issues.

We have agreed the Council's IAS 19 disclosures to the actuaries' report to ensure these are fairly stated in the accounts.

The Norfolk Pension Fund auditor highlighted a significant movement in the valuation of Investment Assets of the Pension Fund, in their assurance letter to us.

As a result, the Council have received an updated IAS19 report from the Actuary to determine the impact on the Council's Pension Liability. The financial statements have been updated for this revised figure, reducing the net liability by £0.818 million.



## Areas of Audit Focus

# Inherent risk

### Bad debt provision and recoverability of debtors

#### What is the risk?

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.

Page 36

#### What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Reviewed the calculation of the bad debt provision for reasonableness and accuracy; and
- ▶ Considered the recoverability of debts in testing a sample of trade receivables;

#### What are our conclusions?

Our work did not identify any issues with the reasonableness, accuracy or sufficiency of the bad debt provisions held. We have however identified that the Council had not posted a change in the estimate, of £0.083 million, to the General Ledger which is to be adjusted in the revised accounts.

At the date of issuing this report, we are still concluding our work on a sample of debtors. We will provide an update to the Governance, Risk and Audit Committee with our findings once the work is finalised.



## Areas of Audit Focus

### Inherent risk

#### Collection Fund Accounting

##### What is the risk?

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.

Page 37

##### What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- Performed an analytical review of collection fund income, building in any changes in relief as appropriate;
- Documented our understanding of the process for the raising of specific additional reliefs
- Reviewed the Collection Fund disclosures with respect to ongoing guidance in accounting requirements and for compliance with Code requirements

##### What are our conclusions?

At the date of issuing this report, we are still concluding our work in this area. We will provide an update to the Governance, Risk and Audit Committee with our findings once the work is finalised.



## Areas of Audit Focus

# Inherent risk

### National Non-Domestic Rates Appeals Provision

#### What is the risk?

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.

In light of this we consider there to be an inherent risk of misstatement of the Council's NNDR appeals provision.

Page 38

#### What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Confirmed that the Council calculate the appeals provision in house, without use of an NNDR appeals provision specialist; and
- ▶ Assessed the reasonableness of the assumptions and calculations made by the Council on the NNDR appeals provision;

#### What are our conclusions?

At the date of issuing this report, we are still concluding our work in this area. We will provide an update to the Governance, Risk and Audit Committee with our findings once the work is finalised.



# 03 Audit Report



### Our proposed opinion on the financial statements

#### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH NORFOLK DISTRICT COUNCIL

##### Opinion

We have audited the financial statements of North Norfolk District Council for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the Expenditure and Funding Analysis, Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and the related notes 1 to 41 and the Collection Fund and the related notes 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of North Norfolk District Council as at 31 March 2021 and of its expenditure and income for the year then ended; and
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.





### Our proposed opinion on the financial statements

#### Other information

The other information comprises the information included in the 'Statement of Accounts 2020/2021', other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information contained within the 'Statement of Accounts 2020/2021'.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### Matters on which we report by exception

We report to you if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014;
- ▶ we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

#### Responsibility of the Chief Financial Officer

As explained more fully in the 'Statement of Responsibilities' set out on pages 1 to 2, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



**Our proposed opinion on the financial statements**

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud.

The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Council and determined that the most significant are:

- ▶ Local Government Act 1972,
- ▶ Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- ▶ Local Government Act 2003,
- ▶ The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- ▶ The Local Government Finance Act 2012,
- ▶ The Local Audit and Accountability Act 2014, and
- ▶ The Accounts and Audit Regulations 2015.

In addition, the Council has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment legislation, tax legislation, general power of competence, procurement and health & safety.

We understood how North Norfolk District Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the Head of Internal Audit, those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance.



### Our proposed opinion on the financial statements

We corroborated this through our reading of the Council’s committee minutes, Council policies and procedures and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Council’s financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise.

Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the authority’s capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested the appropriateness of the journal and that it was accounted for appropriately. We assessed accounting estimates for evidence of management bias and evaluated the business rationale for significant unusual transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor’s report.

### Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General (C&AG) in April 2021, as to whether North Norfolk District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether North Norfolk District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, North Norfolk District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.



**Our proposed opinion on the financial statements**

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

**Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.



# 04 Audit Differences





# Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

## Summary of adjusted differences

We highlight misstatements greater than £60,000 which have been corrected by management that were identified during the course of our audit.

- ▶ Management have corrected misstatements amounting to £0.242 million in respect of a land asset that is incorrectly classified as an Asset Held for Sale instead of Surplus Assets.
- ▶ Management have corrected for misstatements in relation to a decrease in the return on the Pension Fund’s assets upon receipt of a revised IAS 19 report. Based on a re-run IAS19 report, this is a £0.818 million increase in the net pension liability.
- ▶ Management have corrected for misstatements in relation to the Bad Debt Provision, where a revised bad debt provision had been calculated but not posted to the general ledger. This will increase the net debtors balance by £0.085 million.

Page 4/5

A small number of other disclosure and presentational items have been highlights to management for amendment. We do not deem these to merit inclusion in this report.

## Summary of unadjusted differences

There are no uncorrected material misstatements identified as part of our audit at the time of drafting this report.



05

## Value for Money



# Value for money

## The Council's responsibilities for value for money (VFM)

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 its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the CIPFA code of practice on local authority accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

## Risk assessment

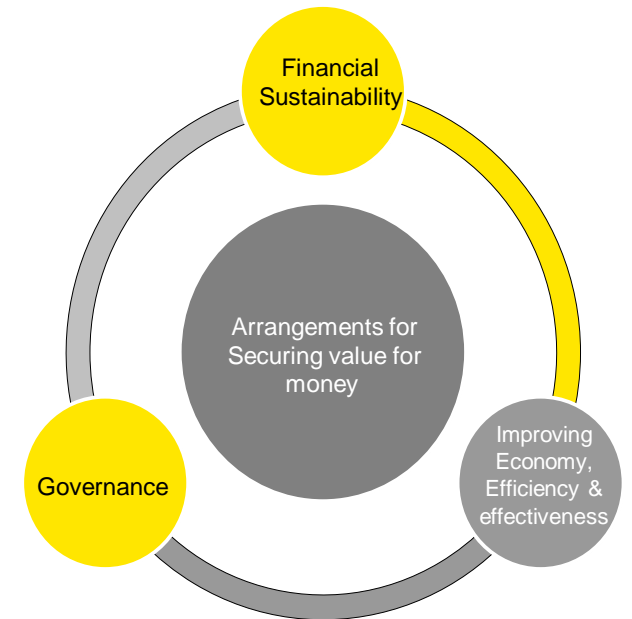
We have completed our initial VFM planning and risk assessment and we have not identified any significant weaknesses in the Council's arrangements.

We will revisit our procedures during the completion of our audit of the financial statements, and confirm whether we have identified any risks of significant weaknesses against the three reporting criteria we are required to consider under the NAO's 2020 Code.

## Status of our VFM work

We are yet to complete the full set of our planned VFM procedures, but currently have no matters to report 'by exception' in our Auditor's Report (See Section 3).

We will issue our commentary on the Council's VFM arrangements within our Auditor's Annual Report, which we plan to issue by the end of January 2023.







## 06 Other reporting issues

# Other reporting issues

### Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Narrative Report with the audited financial statements. Financial information in the Narrative Report and published with the financial statements was consistent with the audited financial statements, subject to completion of our final audit procedures on the Narrative Report.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance. We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

### Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as this will be performed on the final Statement of Accounts. However, based on the draft accounts the Council would fall below the testing threshold set by the NAO for detailed procedures on the consolidation return (Threshold - £500 million). We do not expect therefore to have any issues to report.

### Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

We did not identify any issues which required us to issue a report in the public interest.

## Other reporting issues

# Other reporting issues

### Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations.

We have reported in respect of going concern earlier in this report on page 23. We have no other matters to report.



07

Independence

## Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1<sup>st</sup> April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

### Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are in the next page. Further detail of all fees has been provided to the Governance, Risk and Audit Committee.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

In addition to our audit of the accounts, we will also be performing the Reporting Accounting role for the certification of North Norfolk District's 2020/21 Housing benefits claim. We have adopted the necessary safeguards in our completion of this work and complied with Auditor Guidance Note 1 issued by the NAO in May 2020. We confirm that we have not undertaken any additional non-audit work.

## Other communications

### EY Transparency Report 2022

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 2022:

[EY UK 2022 Transparency Report | EY UK](#)

## Relationships, services and related threats and safeguards

### Services provided by Ernst & Young

	Planned fee 2020/21	Scale fee 2020/21	Final Fee 2019/20
	£'s	£'s	£'s
Total Fee - Code work	41,667	41,667	41,667
Changes in work required to address professional and regulatory requirements and scope associated with risk (see Note 1)	35,298		28,238
<b>Revised Proposed Scale Fee</b>	<b>76,965</b>	<b>41,667</b>	<b>69,905</b>
<b>Additional work:</b>			
2019/20 Additional Procedures required and as reported within the Annual Audit Letter (Note 2)	-	-	53,303
2020/21 Additional Procedures required in response to the additional risks identified in this Audit Plan in respect of: <ul style="list-style-type: none"> <li>Accounting for Covid-19 related Government Grant income, NDR Appeals provision, Collection Fund Accounting, Recoverability of Receivables, Going Concern &amp; Investment Property Valuations and delays in servicing the audit.</li> </ul>	Note 3	-	
<b>Total fees</b>	<b>TBC</b>	<b>41,667</b>	<b>123,208</b>

#### All fees exclude VAT

**Note 1** - For 2019/20 we have proposed an increase to the scale fee to reflect the increased level of audit work required which has been impacted by a range of factors, as detailed in our 2019/20 Audit Results Report. Our proposed increase has been discussed with management and is with PSAA for determination. For 2020/21 the scale fee has again been re-assessed to take into account the same recurring risk factors as in 2019/20 and is subject to approval by PSAA Ltd. The 2020/21 amount reflects the same amount of work at the revised PSAA rate per hour for 2020/21.

**Note 2** - The 2019/20 Additional Procedures fee was reported in our Annual Audit Letter. The fee is subject to formal approval by PSAA Ltd.

**Note 3** - As set out in this report, we have had to perform additional audit procedures to respond to the financial reporting an associated audit risks pertaining to Covid-19. As we are concluding our work in relation to these areas, we cannot quantify the fee impact at this time. We will provide an update on the additional fee implications at the conclusion of the audit and report this within the Annual Audit Letter.






# 08 Appendices

## Appendix A

# Required communications with the Governance, Risk and Audit Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

		 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.	Initial Audit Plan - 06 September 2022
Planning and audit approach	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.	Initial Audit Plan - 06 September 2022
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Initial Audit Plan - 06 September 2022

Page 56



# Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
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"> <li>▶ Whether the events or conditions constitute a material uncertainty related to going concern</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The appropriateness of related disclosures in the financial statements</li> </ul>	Audit Results Report - 28 November 2022
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit Results Report - 28 November 2022
Subsequent events	<ul style="list-style-type: none"> <li>▶ Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.</li> </ul>	Audit Results Report - 28 November 2022

# Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ 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"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements.</li> </ol> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ Any other matters related to fraud, relevant to the Governance, Risk and Audit Committee responsibility.</li> </ul>	Audit Results Report - 28 November 2022
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit Results Report - 28 November 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"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<p>Initial Audit Plan - 06 September 2022</p> <p>Audit Results Report - 28 November 2022</p>

# Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Page 59	<p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> <li>▶ Relationships between EY, the company and senior management, its affiliates and its connected parties</li> <li>▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence</li> <li>▶ Related safeguards</li> <li>▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees</li> <li>▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit</li> <li>▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy</li> <li>▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard</li> <li>▶ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence</li> </ul>	
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	Audit Results Report - 28 November 2022
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ 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</li> <li>▶ Enquiry of the 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 audit committee may be aware of</li> </ul>	Audit Results Report - 28 November 2022




# Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit.</li> </ul>	Audit Results Report - 28 November 2022
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> <li>▶ Written representations we are requesting from management and/or those charged with governance</li> </ul>	Audit Results Report - 28 November 2022
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> <li>▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	Audit Results Report - 28 November 2022
Auditors report	<ul style="list-style-type: none"> <li>▶ Key audit matters that we will include in our auditor's report</li> <li>▶ Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit Results Report - 28 November 2022

## Appendix B

# Outstanding matters




The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
PPE Additions	Awaiting responses from management to conclude our sample testing on seven transactions	Management
Debtors & Creditors	Awaiting responses from management to conclude our sample testing on two transactions	Management
PPE Valuations	Awaiting responses from management to conclude our sample testing	Management
Provisions	Awaiting responses from management to conclude our substantive testing on the appeals provision	Management
Covid Grant Income	Complete our substantive procedures	EY and management
Income & expenditure testing	Conclude our sample testing	EY and management
REFCUS	Awaiting responses from management on one transaction to conclude our sample testing	Management
Collection Fund	Awaiting responses from management to conclude our sample testing	EY and management
Value for Money	Complete our final risk assessment and conclusion on any significant risks	EY and management
Journal Entry Testing	Complete our substantive procedures	EY and management
Receipt of management representation letter	Management to prepare and provide us with their representation letter for the 2020/21 audit	Management

## Appendix B

# Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Subsequent events procedures	Extension of some audit procedures like review of minutes and testing for unrecorded liabilities and provisions up to the date of our auditor's report	EY and management
Checks to the final amended set of accounts	EY to receive final set of accounts with all audit adjustments, and review it for consistency with our schedule of misstatements	EY and management

Page 62

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, but we should point out that key disclosures on going concern remain to be finalised and audited. A draft of the current opinion (with outstanding areas highlighted) is included in Section 3.



# Appendix C - Request for a Management representation letter

## Management Rep Letter



Ernst & Young LLP  
One Cambridge Business Park  
Cambridge  
CB4 0WZ  
Tel: + 44 1223 394400  
Fax: + 44 1223 394401  
ey.com



Tina Stankley  
Section 151 Officer  
North Norfolk District Council  
Council Offices  
Holt Road  
Cromer  
Norfolk  
NR27 9EN

28 November 2022

Ref:  
Your ref:  
Direct line: 01223 394547  
Email: MHodgson@uk.ey.com

Dear Tina,

### North Norfolk District Council – 2020/21 financial year Request for a letter of representation

International Standards on Auditing set out guidance on the use by auditors of management representations (ISA (UK&I) 580) and on possible non-compliance with laws and regulations (ISA (UK&I) 250). I have interpreted this guidance as it affects Local Government bodies and I expect the following points to apply:

- auditors may wish to obtain written representation where they are relying on management's representations in respect of judgemental matters (for example the level of likely incidence of a claim), which may not be readily corroborated by other evidence;
- auditors are likely to request written representations on the completeness of information provided;
- auditors may wish to obtain written representation on issues other than those directly related to the Statement of Accounts;
- the letter is dated on the date on which the auditor signs the opinion and certificate;
- the letter is signed by the person or persons with specific responsibility for the financial statements; and
- the letter is formally acknowledged as having been discussed and approved by the Audit Committee, as those charged with governance of the Council.

I would expect the letter of representation to include the following matters.

#### General statement

That the letter of representations is provided in connection with our audit of the financial statements of North Norfolk District Council ("the Council") for the year ended 31 March 2021.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Council as of 31 March 2021 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

You understand that the purpose of our audit of your financial statements is to express an opinion thereon and that our audit is conducted in accordance with International Standards on Auditing (UK and

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2

Ireland), which involves an examination of the accounting system, internal control and related data to the extent we considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, you make the following representations, which are true to the best of your knowledge and belief, having made such inquiries as you considered necessary for the purpose of appropriately informing ourselves:

#### A. Financial Statements and Financial Records

1. That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Council the Accounts and Audit Regulations 2015 (as amended in 2020 for Covid-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
2. That you acknowledge as members of management of the Council, your responsibility for the fair presentation of the Council's financial statements. You believe the Council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and are free of material misstatements, including omissions. You have approved the Council financial statements.
3. That the significant accounting policies adopted in the preparation of the Council financial statements are appropriately described in the Council financial statements.
4. As members of management of the Council, you believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, that are free from material misstatement, whether due to fraud or error. You have disclosed to us any significant changes in your processes, controls, policies and procedures that you have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. That you believe that the effects of any unadjusted audit differences, summarised in the Audit Results Report, accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.  
  
That you have not corrected these differences identified and brought to your attention by us because (please specify the reasons for not correcting the misstatements).
6. That you have disclosed to us any significant changes in our processes, controls, policies and procedures that you have made to address the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on your system of internal controls. That you do not believe that there are any significant changes.



# Appendix C - Request for a Management representation letter

## Management Rep Letter



### B. Non-compliance with law and regulations, including fraud

1. That you acknowledge that you are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that you are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. That you acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. That you have disclosed to us the results of our assessment of the risk that the Council financial statements may be materially misstated as a result of fraud.
4. You have no knowledge of any identified or suspected non-compliance with laws and regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers") including non-compliance matters:
  - involving financial statements;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
  - involving management, or employees who have significant roles in internal controls, or others; or
  - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### C. Information Provided and Completeness of Information and Transactions

1. You have provided us with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
  - Additional information that we have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.
2. That all material transactions, events and conditions have been recorded in the accounting records and are reflected in the Group and Council financial statements, including those related to the COVID-19 pandemic and to the conflict and related sanctions in Ukraine, Russia and/or Belarus.
3. That you have made available to us all minutes of the meetings of the Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 6 December 2022.



4. That you confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the Council's financial statements.
5. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
6. That you have disclosed to us, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the Council's financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. That from the date of your last management representation letter to us, through the date of this letter, you have disclosed to us any unauthorized access to your information technology systems that either occurred or to the best of your knowledge is reasonably likely to have occurred based on your investigation, including of reports submitted to you by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to your information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

### D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to us and are appropriately reflected in the Council's financial statements.
2. That you have informed us of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. That you have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the Council's financial statements (please specify the Notes) all guarantees that you have given to third parties.

### E. Subsequent Events

1. That other than the disclosure described in Note 5 (Events after the balance sheet date) to the Group and Council's financial statements, there have been no events, including events related to the COVID-19 pandemic, or related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

### F. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2020-21.
2. You confirm that the content contained within the other information is consistent with the financial statements.





# Appendix C - Request for a Management representation letter

## Management Rep Letter



5

### G. Accounting Estimates

1. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:
  - That you believe the measurement processes, including related assumptions and models, you used in determining accounting estimates is appropriate and the application of these processes is consistent.
  - That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
  - That the assumptions you used in making accounting estimates appropriately reflects your intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
  - That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

### H. Expenditure Funding Analysis

1. You confirm that the financial statements reflect the operating segments reported internally to the Council.

### I. Going Concern

1. That the Council has prepared the financial statements on a going concern basis and that Note 41 - Going Concern to the financial statements discloses all of the matters of which you are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, your future financial plans and the veracity of the associated future funding allocations from the Department for Levelling Up, Housing and Communities, the sufficiency of cash flows to support those financial plans.

### J. Ownership of Assets

1. That except for assets recognised as right-of-use assets in accordance with IFRS 16 Leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.

### K. Reserves

1. You have properly recorded or disclosed in the Council's financial statements the useable and unusable reserves.

### L. Valuation of Property, Plant and Equipment Assets

1. That you agree with the findings of the experts engaged to evaluate the valuation of the Council's Property, Plant and Equipment and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included within the Council's financial statements and the



6

underlying accounting records. That you did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and that you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.

2. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
3. You confirm that the significant assumptions used in making the valuation of Property, Plant and Equipment appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.
4. You confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on Property, Plant and Equipment valuations and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
5. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 pandemic.
6. You confirm that you have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.
7. You confirm that for assets carried at historic cost, that no impairment is required.

### M. Retirement benefits

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the actuarial assumptions underlying the pension scheme liabilities are consistent with your knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.
2. You agree with the findings of the specialists that you engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
4. You confirm that the significant assumptions used in making the valuation of the pension scheme liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.



# Appendix C - Request for a Management representation letter

## Management Rep Letter

Page 66



7

5. You confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the Pension Scheme Liability and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.

### N. Other Estimates – NDR Appeals provision

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the assumptions underlying the NDR Appeals provision are consistent with your knowledge of the business.

2. You agree with the findings of the specialists that you engaged to evaluate the NDR Appeals provision and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

3. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

4. You confirm that the significant assumptions used in making the valuation of the NDR Appeals provision appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.

5. You confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the NDR Appeals Provision and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.

### O. Other Estimates – Expected Credit Losses

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the assumptions underlying the Expected Credit Losses are consistent with your knowledge of the business.

2. You agree with the findings of the specialists that you engaged to evaluate the Expected Credit Losses and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Council's financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.



8

3. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

4. You confirm that the significant assumptions used in making the valuation of the Expected Credit Losses appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.

5. You confirm that the disclosures made in the Council's financial statements with respect to the accounting estimate(s) are complete, including the effects of the Covid-19 pandemic on the Expected Credit losses and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Council's financial statements due to subsequent events, including due to the Covid-19 Pandemic.

### P. Specific Representations

We require one specific representations in addition to those above.

#### Infrastructure Assets – Coastal Protection

1. You confirm that any additions to Coast Protection Infrastructure assets are an additional layer to the already existing asset, and a new asset is not created.

2. You further confirm that you review the useful economic life of each aspect of Coastal Protection – specifically the original asset layer upon which additions to that asset are made and are satisfied that those asset lives are appropriate.

I would be grateful if you could provide a letter of representation, which is appropriately signed and dated (by the s151 officer and Chair of Governance, Risk and Audit Committee) on the proposed audit opinion date (date to be advised) on formal headed paper.

Yours sincerely


Mark Hodgson  
Associate Partner  
Ernst & Young LLP  
United Kingdom

## Appendix D

### Implementation of IFRS 16 Leases

In previous reports to the Governance, Risk and Audit Committee, we have highlighted the issue of new accounting standards and regulatory developments. IFRS 16 introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases. The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

IFRS 16 does not come into effect for the council until 1 April 2024. However, officers should be acting now to assess the council's leasing positions and secure the required information to ensure the council will be fully compliant with the 2024/25 Code. The following table summarises some key areas officers should be progressing.

IFRS 16 theme	Summary of key measures 
Data collection	<p>Management should:</p> <ul style="list-style-type: none"> <li>▶ Put in place a robust process to identify all arrangements that convey the right to control the use of an identified asset for a period of time. The adequacy of this process should be discussed with auditors.</li> <li>▶ Classify all such leases into low value; short-term; peppercorn; portfolio and individual leases</li> <li>▶ Identify, collect, log and check all significant data points that affect lease accounting including: the term of the lease; reasonably certain judgements on extension or termination; dates of rent reviews; variable payments; grandfathered decisions; non-lease components; and discount rate to be applied.</li> </ul>
Policy Choices	<p>The council needs to agree on certain policy choices. In particular:</p> <ul style="list-style-type: none"> <li>▶ Whether to adopt a portfolio approach</li> <li>▶ What low value threshold to set and agree with auditors</li> <li>▶ Which asset classes, if any, are management adopting the practical expedient in relation to non-lease components</li> <li>▶ What is managements policy in relation to discount rates to be used?</li> </ul>
Code adaptations for the public sector	<p>Finance teams should understand the Code adaptations for the public sector. The Code contains general adaptations, (e.g. the definition of a lease); transitional interpretations (e.g. no restatement of prior periods) and adaptations that apply post transition (e.g. use of short-term lease exemption).</p>
Transitional accounting arrangements	<p>Finance teams should understand the accounting required on first implementation of IFRS 16. The main impact is on former operating leases where the authority is lessee. However, there can be implications for some finance leases where the council is lessee; and potentially for sub-leases, where the council is a lessor, that were operating leases under the old standard.</p>
Ongoing accounting arrangements	<p>Finance teams need to develop models to be able to properly account for initial recognition and subsequent measurement of right of use assets and associated liabilities. This is more complex than the previous standard due to more regular remeasurements and possible modifications after certain trigger events.</p>
Remeasurements and modifications	<p>Finance teams need to familiarise themselves with when the 'remeasurement' or 'modification' of a lease is required and what to do under each circumstance. A modification can lead to an additional lease being recognised. It is also important to know when remeasurements require a new discount rate is to be applied to the lease.</p>

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Page 68  
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# North Norfolk District Council

Annual Audit Letter for the year  
ended 31 March 2020

28 November 2022

Page 69

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

Building a better  
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Agenda Item 9

# Contents

		<b>Page</b>
Section 1	Executive Summary	3
Section 2	Purpose and Responsibilities	7
Section 3	Financial Statement Audit	9
Section 4	Value for Money	12
Section 5	Other Reporting Issues	14
Section 5	Focused on your future	17
<b>Appendices</b>		
Appendix A	Audit Fees	21

Page 70

Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psa.co.uk](http://www.psa.co.uk)).

This 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 (updated April 2018)' issued by PSAA 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 statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



Section 1

# Executive Summary

Page 71

# Executive Summary

We are required to issue an Annual Audit Letter to North Norfolk District Council following completion of our audit procedures for the year ended 31 March 2020. Covid-19 had an impact on a number of aspects of our 2019/20 audit. We updated our audit procedures to take account of the following issues:

Area of impact	Commentary
<b>Impact on the delivery of the audit</b>	
<ul style="list-style-type: none"> <li>▶ Changes to reporting timescales</li> </ul>	<p>As a result of Covid-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, were published and came into force on 30 April 2020. This announced a change to the publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities. Given the nature of the Value for Money risks that we encountered during the audit, this deadline was not achievable. We reported at the earliest opportunity and ensured that the Council published appropriate wording on its website by the 30 November 2020 date.</p>
<b>Impact on our risk assessment</b>	
<ul style="list-style-type: none"> <li>▶ Valuation of Property Plant and Equipment and Investment Property</li> </ul>	<p>The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty over the valuations in place at the 31 March 2020. Caveats around this material uncertainty were included in the year-end valuation reports produced by the Council's external valuer.</p>
<ul style="list-style-type: none"> <li>▶ Disclosures on Going Concern</li> </ul>	<p>Financial plans for 2020/21 and medium term financial plans required revision to take account of Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Council would not appropriately disclose the key factors relating to going concern, underpinned by Management's assessment with particular reference to Covid-19.</p>
<b>Impact on the scope of our audit</b>	
<ul style="list-style-type: none"> <li>▶ Information Produced by the Entity (IPE)</li> </ul>	<p>We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems because of remote working protocols. We undertook the following to address this risk:</p> <ul style="list-style-type: none"> <li>▶ Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and</li> <li>▶ Agree IPE to scanned documents or other system screenshots.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Consultation requirements</li> </ul>	<p>Additional EY consultation requirements were required concerning the impact on auditor reports.</p>



# Executive Summary (cont'd)

The tables below set out the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
<b>Opinion on the Council's:</b>	
▶ Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2020 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published within the Statement of Accounts was consistent with the financial statements.
▶ Concluding on the s arrangements for securing economy, efficiency and effectiveness	We modified our Value for Money Conclusion on an exception basis. We concluded that the Council had put in place proper arrangements to secure value for money in its use of resources, with the exception of arrangements in relation to Informed Decision Making - Maintaining a sound system of Internal Control.

Page 73

Area of Work	Conclusion
<b>Reports by exception:</b>	
▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	We were not required to perform any procedures.

# Executive Summary (cont'd)

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 18 March 2022, with a verbal update to the 27 September 2022 meeting of the Governance, Risk and Audit Committee.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 30 September 2022.

Page 74

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work and, in particular given the challenging priorities they faced as a result of their work in responding to the Covid-19 pandemic, their collaborative approach which enabled us to complete the 2019/20 audit by working remotely.

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

Section 2

# Purpose and Responsibilities

Page 75



# Purpose and Responsibilities

## The Purpose of this Letter

The purpose of this Annual Audit Letter is to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2019/20 Audit Results Report to the Governance and Audit Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

## Responsibilities of the Appointed Auditor

Our 2019/20 audit work has been undertaken in accordance with the Audit Plan that we issued on 6 May 2020 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
  - ▶ On the 2019/20 financial statements; and
  - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
  - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
  - ▶ Any significant matters that are in the public interest;
  - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
  - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £500 million. Therefore, we did not perform any audit procedures on the return.

## Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

# Financial Statement Audit

Page 77



# Financial Statement Audit

## Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health. We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on the 30 September 2022.

Our detailed findings were reported to the Governance, Risk and Audit Committee on the 30 March 2022 and the 27 September 2022. The key issues identified as part of our audit were as follows:

Risks	Conclusion
Misstatements due to fraud or error	We did not identify any matters to report to the Council.
Incorrect capitalisation of revenue expenditure	We identified two non-material classification differences which were adjusted for within the authorised financial statements.
Valuation of Property, Plant and Equipment	<p>We did identified two over-valuation differences which were adjusted for within the authorised financial statements.</p> <p>We had to perform additional procedures over the valuations in light of the valuation report having a 'material uncertainty' clause in place as a result of the Covid Pandemic in relation to a number of the assets.</p> <p>We had to perform a significant level of additional procedures to gain sufficient appropriate assurance for Infrastructure Assets (Coastal Protection) and the compliance with the accounting treatment requirements of the CIPFA Code of Practice.</p>
Pension liability	We did not identify any matters to report to the Council.
Omission or understatement of NDR appeals provision	<p>We did not identify any matters to report to the Council in relation to the provision.</p> <p>We did identify an issue with the Collection Fund accounting entries as a result of a system report issue. These were corrected within the revised financial statements.</p>
Going Concern Disclosures	The Council assessed the impact of Covid-19 on its income, expenditure, cash and reserves position into 2020/21 and 2021/22 and made an appropriate disclosure in the statements.

# Financial Statement Audit (cont'd)

## Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £1.2 million (2018/19: £1.379 million), which is 2% of gross expenditure on the provision of services reported in the accounts.</p> <p>We consider gross expenditure on the provision of services to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	<p>We agreed with the Governance, Risk and Audit Committee that we would report to the Committee all audit differences in excess of £66,000.</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits: We agreed all disclosures back to source data and approved amounts in line with bandings disclosed in the financial statements.
- ▶ Related party transactions: We tested the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence applying a reduced materiality level equal to the reporting threshold.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

Section 4

# Value for Money

Page 80





# Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

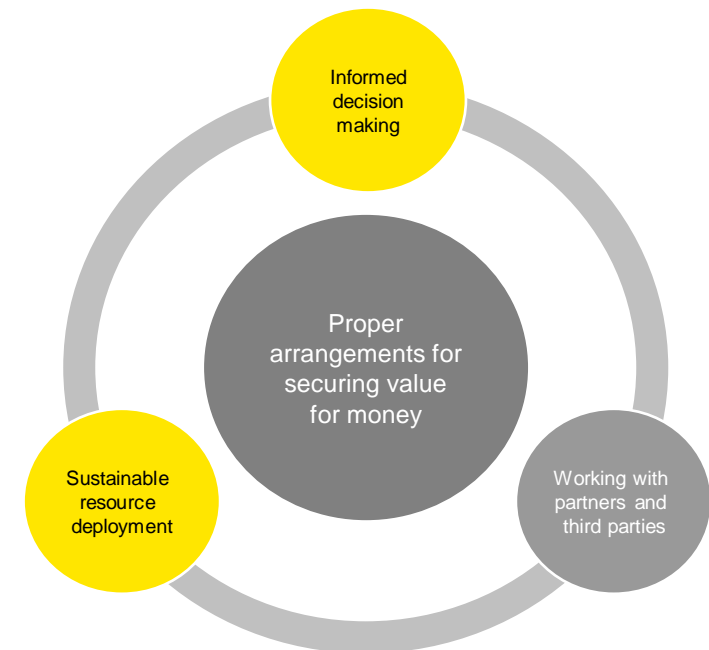
- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Authorities' response to Covid-19 only as far as it relates to the 2019/20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019/20 VFM arrangements conclusion.

We identified two significant risks in relation to these criteria. These are set out on the next page.

We performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Based on our findings, we issued a qualified 'except for' value for money conclusion on 30 September 2022.



# Value for Money

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:

*“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”*

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

## What is the significant value for money risk?

The Council was the subject of two police investigations relating to issues arising during the 2019/20 financial year; as follows:

- ▶ Investigation undertaken by Cambridgeshire Constabulary in the period July 2020 - March 2021 in relation to a “whistle-blower” allegation into a breach of internal controls by members of the senior leadership team relating to a procurement matter in May 2019; and

- ▶ Investigation undertaken by Norfolk Constabulary in November / December 2019 into the loss of £1,000 of cash from the digital mailroom.

Internal Audit investigations and additional reviews in respect of these issues have subsequently identified a number of areas for improvement.

These issues highlight potential weaknesses with the non-compliance of internal policies and procedures and as such we are categorizing them as a significant risk.

## What arrangements did the risk affect?

Maintaining a sound system of internal control

## What are our findings?

In order to address this risk we have:

- ▶ Engaged EY Forensics to examine and review the ‘whistle-blower’ allegation alongside the Cambridgeshire Police investigation’;
- ▶ Reviewed the EY Forensics report and any governance issues identified, and the Council’s response to those issues;
- ▶ Reviewed the findings of any Internal Audit reviews and considered the Internal Audit recommendations from these reviews and the status of the implementation of those recommendations; and
- ▶ Assess whether any additional audit procedures are required and performed them where relevant.

Our findings are set out on the following pages.

# Value for Money

## What are our findings?

### Procurement of a Capability Review

#### Background

In January 2020, we received notification of a Whistleblowing allegation through the Public Interest Disclosure Act (1998). It is important to note that the same PIDA submission had already been made to Norfolk Police - as the primary Proscribed person.

The whistleblowing allegation related to an issue that occurred in May 2019 - the 2019/20 financial year - and respective audit year.

The allegation focussed on the tender process for the procurement of a Capability Review - a review of the corporate structure at the Council - and specifically the use of a tender waiver form for that process, that was alleged to have been back dated by two officers of the Council.

Norfolk Police were the primary proscribed person, but in June 2020 - Norfolk Police handed over the investigation responsibility to Cambridgeshire Police to maintain independence, given the collaborative working between Norfolk Police and the Council.

Cambridgeshire Police's investigation commenced in July 2020 and ran through August and into September 2020. Our EY Forensic team was deployed and were able to shadow that investigation through a Memorandum of Understanding.

The Police case was passed to the Crown Prosecution Service (CPS) on the 16 September 2020. The CPS concluded that it would not pursue a criminal prosecution. Formally, the Police case remained open until 19 March 2021, when it was closed.

#### The Issue

The crux of the issue is that the Council's financial regulations were not complied with in respect of the procurement of a Capability Review in May 2019.

Following the May 2019 elections, the incoming administration wanted to review the existing corporate management structure. The contracted Capability Review provider are known in the Local Government sector and were recommended by a member of the incoming administration for the review.

# Value for Money

## What are our findings?

The key findings of the investigation were:

- ▶ no formal tender process was undertaken and no other quotes were obtained as required by the Council's financial regulations;
- ▶ the proper procurement exemption process was not followed in the procurement of a Capability Review;
- ▶ no formal contract was in place between the Capability Review provider and the Council; and
- ▶ two leading members of the incoming administration were central to the selection of the Capability Review provider which the Investigating Officer viewed as being inappropriate due to their role as Councillors.

Page 8  
# There are some circumstances when it is not possible to follow the extant procurement policy, and in such cases a procurement exemption form is required, setting out the reasons that the policy could not be followed. The reasons given for not going through the procurement exemption process for the procurement of a Capability Review are not in line with the acceptable rationale within the relevant Council guidance.

The procurement exemption form (PEF) was 'dated' 20 May 2019. However, an internal Council IT investigation identified that the Council proforma was downloaded and printed from the Council's system on the 9 October 2019. The completed PEF was handwritten and signed by two officers of the Council.

The Capability Review provider commenced work in late May 2019. There was no formal contract in place based on the Council's standard terms and conditions between the Council and the Capability Review provider.

Following the Police Investigation and review of the case file by the CPS, criminal proceedings were not pursued against the Council's two officers.

# Value for Money

## What are our findings?

EY Forensics undertook a review of all PEF forms for 2018/19 and 2019/20. With the exception of the Capability review PEF, the critical factors listed in the PEFs appear to be in line with the Council's procurement exemption guidance. No other forms were handwritten as the Capability Review PEF has been. However, there is one PEF from 2018/19 that has not been signed by anyone - contrary to the approval process for such forms.

Internal Audit undertook a review of procurement and contract management arrangements as part of their annual audit plans for 2019/20 and 2020/21 and, in response to the issue outlined above, an additional review specifically of procurement exemptions granted in 2019/20 and up to the date of their review. These reviews raised many of the same significant weaknesses highlighted above, and a number of recommendations have been made to improve arrangements and ensure compliance with regulations and standing orders. These reviews and recommendations have been reported to the Council's Governance, Risk and Audit Committee

### Weaknesses in arrangements

1. The rationale for following the Procurement Exemption policy was not in line with Council guidance.
2. The date that the Procurement Exemption Form was downloaded for use, and the date that it was signed by the two officers is different. The date it is 'signed' is significantly before the date the form itself was downloaded, suggesting that it was 'backdated', which is a clear override of the Council's procurement controls.
3. The Council's standard contract was not used for the engagement with the Capability Review provider. This exposes the Council to potential risk, given the standard terms and conditions of the Council did not form part of the contract.
4. The Council's process for completing and authorising PEF's was not followed on more than one occasion.

### Internal Council Investigation

In the Autumn of 2019, the issue became known within the Council by Senior Officers, when a Freedom of Information (FoI) request was made. In responding to the request, it became apparent that there was a potential issue over the process in which the Capability Review contract was awarded. Some investigative work was undertaken, including a review by the Council's IT department.

# Value for Money

## What are our findings?

### Other considerations

As part of our wider audit responsibilities:

1. We have reviewed the contract from an accounting transaction perspective. The Council can contract with a consultancy firm for a review of this nature. The cost of the contract with the Capability Review provider at c£30,000 is not out of line with what we would expect to see for a review of this type. We are therefore satisfied that the transaction was not unlawful and was not so unreasonable in value that wider value for money or public interest reporting considerations are required.
2. We reviewed the Council's disciplinary procedures and identified that the Council did not have an Employment and Appeals Committee in place at the commencement of the municipal year, as required with appropriate membership, training and support.

### The action required by North Norfolk District Council to address the weakness:

The Council's Internal Control environment, including financial regulations and standing orders need to be adhered to in full for each and every transaction.

This issue is evidence of a weakness in proper arrangements in how North Norfolk District Council maintain a sound system of internal control.

### Recommendations

1. The Council should ensure that the recommendations made by Internal Audit with respect to procurement exemptions are completed in line with the agreed timeframe.
2. The Council should ensure that all Procurement Exemptions Forms are subject to robust review for adherence to Council policy.
3. All Procurement Exemption Form's should be summarised and reported to the Governance, Risk and Audit Committee on a regular reporting cycle.
4. The Council should establish a standing Employment and Appeals Committee, which is in place at the commencement of each municipal year.
5. The Membership of the Employment and Appeals Committee should be provided with appropriate training to allow them to fulfil their responsibilities in a timely manner.
6. Any Employment and Appeals Committee meeting should be formally recorded and those minutes agreed as an accurate record of the meeting.

# Value for Money

## What are our findings?

### Cash Loss from the Digital Mail Room

#### Background

We have also been made aware through Internal Audit and media coverage of a cash loss of £1,000 from the Council's digital mail room in October 2019.

Following a report to Internal Audit on 17 October 2019, an investigation was undertaken into the missing cash from the digital mail room. This investigation was unable to establish whether the cash had been lost or stolen.

This matter was subsequently reported to, and subject to an investigation by, Norfolk Constabulary, who concluded that there was insufficient evidence to continue with the investigation.

#### The Issue

Whilst the amount is clearly immaterial (in terms of the Council's financial statements) and covered by insurance, it is clear that the processes surrounding the Council's standard procedures have been undermined, which would suggest a weak control environment and financial control arrangements.

Both the investigations undertaken by Internal Audit and Norfolk Constabulary were inconclusive and unable to identify whether the cash was lost or stolen. The Internal Audit Report included 5 recommendations to strengthen cash handling procedures and prevent any reoccurrence of cash loss. A follow-up report to Governance, Risk and Audit Committee in August 2020 confirms that all recommendations have been implemented.

#### Conclusion

This issue does not form part of our 'except for' modified Value for Money Conclusion, as the impact of the weakness in arrangements are not deemed to be quantitatively significant and we recognise that the Internal Audit recommendations have been implemented in full.

# Value for Money

## What are our findings?

### Other Matters

#### Background

As part of our VFM work we undertake a number of standard procedures to inform our assessment of the Council's arrangements, including reviews of Committee reports and minutes, media and internal audit reports made during the year.

#### The Issue

Performance reports are usually presented to Cabinet on a quarterly basis, however there were no such reports during 2019/20.

Following Council elections and a change in administration in May 2019, the new Corporate Plan 2019 - 2023 was not approved until November 2019. With no Corporate Plan in place and no performance targets or measures to report on, there were no performance reports presented to Cabinet during the 2019/20 financial year.

Internal Audit's programme of work for 2019/20 included a review of project management which identified a number of issues including ineffective governance arrangements, lack of input from areas such as finance and legal into project appraisals and project objectives and milestones not being adequately defined or reported on. As a result of this, two individual projects were subsequently selected for further review, with further suggested actions for implementation. In 2020/21 internal audit undertook an additional review of the Cromer Sports Hub Project which resulted in a no assurance rating and six urgent recommendations being made due to inadequate project governance arrangements.

#### Weaknesses in arrangements

1. There were no performance reports presented to Cabinet during the 2019/20 financial year.
2. Inadequate governance arrangements were in place in relation to project management.

#### The action required by North Norfolk District Council to address the weakness:

The Council's Internal Control environment needs to be strengthened in relation to performance reporting and project management arrangements. This issue is evidence of a weakness in proper arrangements in how North Norfolk District Council maintain a sound system of internal control.

#### Recommendation

1. The Council should ensure that the recommendations made by Internal Audit are implemented in line with the agreed timeframe.



A photograph of a business meeting in progress. Several people are seated around a dark wooden conference table, looking at documents. A woman with blonde hair is in the foreground, resting her chin on her hand and looking intently at the papers. Other participants are visible in the background, some standing and some seated. The scene is brightly lit, suggesting a modern office environment.

Section 5

# Other Reporting Issues

# Other Reporting Issues

## **Whole of Government Accounts**

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes. The Council is below the specified audit threshold of £500 million.

Therefore, we were not required to perform any audit procedures on the consolidation pack.

## **Annual Governance Statement**

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any matters to report.

## **Report in the Public Interest**

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

## **Written Recommendations**

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

## **Objections Received**

We did not receive any objections to the 2019/20 financial statements from members of the public, although we were required to consider and take into account a whistleblowing notification under the Public Interest Disclosure Act (PIDA) - 1998. This formed part of our work which led to the modification of the Value for Money Conclusion (see Section 4).

## **Other Powers and Duties**

We did not identify any issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

# Other Reporting Issues (cont'd)

## **Independence**

We communicated our assessment of independence in our Audit Results Report to the Governance and Audit Committee on 30 March 2022 and updated on the 27 September 2022. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

## **Control Themes and Observations**

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive audit approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Council or the Governance, Risk and Audit Committee.

Section 6

# Focused on your future



# Focused on your future

The NAO has a new Code of Audit Practice for 2020/21. The impact on the Council is summarised in the table below.

## Council 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 new Code

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.

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# Focused on your future

## 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.

Section 8

# Audit Fees

Page 95

# Audit Fees

In the Audit Results Report we indicated that we had carried out additional work as a result of the impact of Covid-19 that necessitated an additional audit fee. We have now quantified this fee. We have discussed the proposed additional fee with the Chief Finance Officer after providing supporting details. We will now seek formal approval from PSAA.

Description	Final Fee 2019/20	Planned Fee 2019/20	Scale Fee 2019/20	Final Fee 2018/19
	£'s	£'s	£'s	£'s
Total Audit Fee - Code work	41,667	41,667	41,667	41,667
Additional Scale Fee Variation - 2018/19 additional procedures in relation to Property, Plant and Equipment, Financial Instruments and Going Concern	-	-	-	8,702
Changes in work required to address professional and regulatory requirements and scope associated with risk - Note 1	28,238	28,238	-	N/A
2019/20 additional procedures required in relation to the significant VFM risks, including engagement of EY Forensics leading to the qualification of the VFM Conclusion, the public reporting of the matter and formally dealing with the Whistleblowing Notification under the Public Interest Disclosure Act (PIDA).	29,705	17,153	-	-
<b>Revised Proposed Scale Fee</b>	<b>99,610</b>	<b>87,058</b>	<b>41,667</b>	<b>50,369</b>
<b>Additional work:</b>				
Assessment of Going Concern in light of Covid-19 including consultation process and documentation and the reassessment of materiality and identification of any further audit risks (including in relation to VFM)	4,170			
Infrastructure Asset Accounting - Coastal Protection, Property, Plant & Equipment procedures to address the RICS material uncertainty clause	11,835			
Audit Adjustments and Additional Audit Procedures relating to REFCUS and Collection Fund accounting entries	7,593			
<b>Total Audit Fee</b>	<b>123,208</b>			

Note 1 - For 2019/20, we have proposed an increase to the scale fee to reflect the increased level of audit work required which has been impacted by a range of factors, as detailed in our Audit Plan. Our proposed increase has been discussed with management and is with PSAA for determination.



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Page 97



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## **Progress and Follow Up Report on Internal Audit Activity: 17 September to 25 November 2022**

### **Summary:**

This report examines the progress made between 17 September 2022 to 25 November 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

Contact Officer, telephone number, and e-mail:

Ward(s) affected:

All

Faye Haywood

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## **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.

## **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 Dec 2022

# Eastern Internal Audit Services



North Norfolk District Council

Internal Audit Update – Progress and Follow Up

Period Covered: 17 September 2022 to 25 November 2022

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

## CONTENTS

1. INTRODUCTION.....	2
2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN .....	2
3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK .....	2
4. THE OUTCOMES ARISING FROM OUR WORK .....	2
APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK.....	5
APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES .....	6
APPENDIX 3 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS.....	10
APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20..	11
APPENDIX 5 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21..	12
APPENDIX 6 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22 ..	13
APPENDIX 7 – EXEMPT APPENDIX EXECUTIVE SUMMARIES.....	<b>Error! Bookmark not defined.</b>

## 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 NN2305 Accounts Payable audit has been deferred to 2023/24, as outlined in the September 2022 progress report. Since then, there has been additional changes as highlighted below:

Audit	Change
NN2304 – Risk Management	Risk Management audit has been deferred to 2023/24 to allow the newly appointed Director of Resources time to assess the risk management framework and feed into the scoping process.
NN2315 – Finance System Implementation	A position statement was originally planned to provide assurance over the management of the finance system implementation. The Head of Internal Audit is now providing advisory support to the project board ahead of go live currently scheduled for December 2022.

## 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 67 days of programmed work have now been completed, equating to 43% of the Internal Audit Plan for 2022/23.
- 3.3 The revised internal audit plan 2022/23 is on track for completion ahead of the Annual Head of Internal Audit opinion.

## 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, Internal Audit has issued three reports:

Audit	Assurance	P1	P2	P3
NN2311 Pier Pavilion	Limited	4	3	1
NN2313 Building Control	Reasonable	0	1	2
NN2309 Legal Services	Substantial	0	0	0

The Executive Summary of these reports are attached at **Appendix 2 and exempt Appendix 7**, full copies of these reports can be requested by Members.

4.5 As can be seen in the table above and as a result of these audits 11 recommendations have been raised by Internal Audit. In addition, three Operational Effectiveness Matters have been proposed to management for consideration.

## 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. 11 recommendations have been closed in the period between 17 September and 25 November 2022. A total of 15 important and 10 needs attention priority recommendations are currently outstanding. A further 20 recommendations are not yet due.
- 5.5 At the request of the Committee at the last meeting, any recommendation deadlines that have been extended more than four times are highlighted in red.
- 5.6 **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	
<b>Quarter 1</b>											
Corporate Health and Safety	NN2303	10	10	10	Final report issued on 5 September 2022.	Reasonable	0	1	5	1	September 2022
<b>TOTAL</b>		<b>10</b>	<b>10</b>	<b>10</b>							
<b>Quarter 2</b>											
Pier Pavilion	NN2311	8	8	8	Final report issued on 18 November 2022.	Limited	4	3	1	2	December 2022
Building Control	NN2313	8	8	8	Final report issued on 17 October 2022.	Reasonable	0	1	2	1	December 2022
<b>TOTAL</b>		<b>16</b>	<b>16</b>	<b>16</b>							
<b>Quarter 3</b>											
Risk Management	NN2304	6	0	0	Audit Deferred to 2023/24.						
Accounts Payable (Insurance)	NN2305	12	0	0	Audit Deferred to 2023/24.						
Council Tax and NNDR	NN2306	15	15	12	Fieldwork underway.						
Local Council Tax Support and Housing Benefits	NN2307	15	15	10	Fieldwork underway.						
Legal Services	NN2309	10	10	10	Final report issued on 7 November 2022.	Substantial	0	0	0	0	December 2022
Property Services Operational	NN2310	10	10	1	APM issued 21 November 2022						
<b>TOTAL</b>		<b>68</b>	<b>50</b>	<b>33</b>							
<b>Quarter 4</b>											
Corporate Governance	NN2301	8	8	1	APM issued 22 November 2022						
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							
<b>TOTAL</b>		<b>50</b>	<b>50</b>	<b>1</b>							
<b>IT Audits</b>											
Applications review: Finance System Upgrade	NN2315	10	10	1	Support to project board commenced						
Disaster Recovery	NN2316	10	10	0							
<b>TOTAL</b>		<b>20</b>	<b>20</b>	<b>1</b>							
<b>Follow Up</b>											
Follow Up	N/A	10	10	6							
<b>TOTAL</b>		<b>10</b>	<b>10</b>	<b>6</b>							
<b>TOTAL</b>		<b>174</b>	<b>156</b>	<b>67</b>			<b>4</b>	<b>5</b>	<b>8</b>	<b>4</b>	
<b>Percentage of plan completed</b>				<b>43%</b>							

## APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

### Executive Summary – NN2313 Building Control

#### OVERALL ASSESSMENT



#### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risk: "non-compliance with Building Control statutory requirements".

#### SCOPE

This audit was deferred from the 2020/21 plan to prioritise assurance on the Covid-19 Pandemic. Building Control was last reviewed in 2017/18. Our review was to provide assurance over policies and procedures including implications of the Building Safety Act 2022, plan checks, inspections, fees and income, and performance of the service.

#### KEY STRATEGIC FINDINGS

- Plan checks and inspections are conducted in accordance with legislation and local procedures.
- All plan approvals and completion certificates are approved by the Building Control Manager. However, this does not comply with the scheme of delegation.
- Testing identified one case where the completion certificate was not issued for four months after job was complete and all evidence received.
- There is no regular reconciliation of income between Building Control's records and Finance records.

#### GOOD PRACTICE IDENTIFIED

- The Council offers a discount for paying inspection fees up front, which reduces the time and cost of invoicing and chasing unpaid fees.
- The service is introducing tablets for surveyors to enable fully mobile and more efficient ways of working.

#### ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	1	2	1

## Findings



### Directed Risk:

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

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GP Page 107 c	<b>Governance Framework</b>	There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1	-
	<b>Risk Mitigation</b>	The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
	<b>Compliance</b>	Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	2, & 3	-

### Other Findings



Governance Framework - Information is provided on the Council's website about how to apply for building regulation approval, including advice on whether approval is needed, what type of application to submit and fees and charges for different application types. There is a web form for submitting applications along with information about applying through other means - the Planning Portal, email and post.



Governance Framework - Applications are validated on receipt by a Technical Officer, to check that the application form has been completed correctly, that any supporting documents have been included and that the correct fee has been paid. A validation check sheet is completed which shows the date the application was received and the date that it was valid.



Governance Framework - For full plans, there are two fees: a plan charge and an inspection charge. Only the plan charge is required at the plan checking stage, although applicants receive a discount of £25 if they also pay the inspection charge up front. For building notices and regularisation applications, there is a single fee which is payable at the time of the application.



Governance Framework - Building Control fees are currently being reviewed and updated to reflect changes in costs. The new hourly rate will be approximately £70 per hour (increased from £60) and the new fees are expected to be introduced from January 2023.



Governance Framework – There are procedures and practice notes to provide guidance on processes and using the system. Some of these have not yet been updated since the move to Uniform, but this work is ongoing, hence no recommendation has been raised.



Risk Mitigation - There are two risks relating to Building Control recorded on the service risk register, relating to retention and recruitment of staff, and statutory non-compliance, which has a score of 9 against a target of 9. Measures are in place to mitigate these risks and progress is reported on regularly through the Council's risk management system.



Compliance - All applications had been made using one of the standard application methods, either using the web form on the Council's website or completing and posting a paper form.



Compliance - Through testing, it was confirmed that completion certificates were only issued after the completion inspection had been undertaken, all paperwork received and the inspection fee received.



Compliance - Testing confirmed that applications are not considered valid and no work is done on them until the correct fee is received.



## 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	<b>Performance Monitoring</b> 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.	In place	-	1
S	<b>Sustainability</b> The impact on the organisation's sustainability agenda has been considered.	In place	-	-
Page 109	<b>Resilience</b> Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

## Other Findings



Performance Monitoring - There are reports used internally for measuring validation timescales, surveyor checking times, and statutory determination dates, to ensure compliance with internal and statutory targets.



Sustainability - The service is moving to using tablets for recording inspections, which is likely to be fully operational by the end of 2022. This will reduce travel by enhancing remote working capabilities and reduce paper use as all documents will be stored electronically.



Resilience - Local Authority Building Control (LABC) is organising a new national training scheme for surveyors and the Council has created two new trainee posts within the team that they hope to recruit to through the national scheme, in order to improve resilience and alleviate recruitment challenges.



Resilience - Under the new Building Safety Act 2022 all surveyors will need to undertake regular formal assessment of competence. The Council has signed up to the LABC programme for its surveyors to be validated under the scheme, to ensure ongoing compliance with statutory requirements.

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

			Completed bt 17 September 2022 and 25 November 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
<b>Audit Ref</b>	<b>Audit Area</b>	<b>Assurance Level</b>													
<b>2019/20 Internal Audit Reviews</b>															
NN2004	S106 Agreements	Reasonable					4					4			
NN2005	Accountancy Services	Substantial			1						0				
NN2006	Accounts Receivable	Reasonable						2				2			
NN2009	Planning and Development	Reasonable					2					2			
NN2017	GIS Application	Reasonable					1					1			
<b>2020/21 Internal Audit Reviews</b>															
NN2107	Procurement Contract Management	Position Statement		1			1					1			
<b>2021/22 Internal Audit Reviews</b>															
NN2203	Performance Management, Corporate Policy and Business Planning	Reasonable						1				1			
NN2205	Project Management Framework	Reasonable			1							0			
NN2210	Customer Services	Substantial						1				1			
NN2207	Accounts Receivable	Substantial						2				2			
NN2204	Counter Fraud and Corruption	Limited										0	3		
NN2206	Accountancy Services	Substantial			1							0			
NN2212	Environmental Charter	Reasonable			1					1	1	2			1
NN2213	Waste Management	Reasonable			1		2			1	1	4			
NN2202	Key Controls and Assurance	Reasonable		2			2					2			
NN2214	Environmental Health	Reasonable		1	2		1					1			
NN2208	Income	Reasonable						1				1			
<b>2022/23 Internal Audit Reviews</b>															
NN2303	Corporate Health and Safety	Reasonable										0		1	5
NN2313	Building Control	Reasonable									1	1		1	1
NN2311	Pier Pavilion	Limited										0	4	3	1
<b>TOTALS</b>			<b>0</b>	<b>4</b>	<b>7</b>	<b>0</b>	<b>13</b>	<b>7</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>25</b>	<b>4</b>	<b>8</b>	<b>8</b>

## APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Audit	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	31/12/2022	5	Outstanding	Actions delayed by software provider delivering training, and confirmation of S106 Monitoring Officer funding.
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	31/01/2023	5	Outstanding	Actions delayed by software provider delivering training, data input requirements, and confirmation of S106 Monitoring Officer. Public facing launch no later than 5 December 2022.
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	6	Outstanding	Actions delayed by software provider delivering training, data input requirements, and confirmation of S106 Monitoring Officer. Public launch no later 5 December 2022.
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	31/12/2022	6	Outstanding	Actions delayed by software provider delivering training, data input requirements, and confirmation of S106 Monitoring Officer.
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	6	Outstanding	Planning Service Improvement Plan agreed draft recommendations at September O&S. Reporting outcomes on pre applications to January O&S.

Audit	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	31/12/2022	7	Outstanding	Recruitment in progress - applications received.

#### APPENDIX 5 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
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	31/03/2023	3	Outstanding	The update of the Corporate Business Continuity plan is ongoing but has been delayed by incident response coordination work (severe weather, Spring Tides, the death of HM Queen Elizabeth II, Avian influenza). The Corporate Business Continuity Plan needs input from the Business Impact Analysis of each team. The BIAs will be sent out in October, with the Corporate BC Plan going to GRAC on 7 March 2023, together with the accompanying Emergency Response Plan, ahead of the Cabinet meeting.



## APPENDIX 6 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2212 Environmental Charter	Recommendation 1: Arrange reporting of progress and milestones to update and inform the public, Members and Corporate Leadership Team with progress on the delivery of Environmental Charter objectives.	Important	Climate and Environmental Policy Manager	31/10/2022	31/12/2022	1	Outstanding	In progress. NZSAP Board has been established and reporting schedule being established in conjunction with the CDU.
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	31/03/2023	2	Outstanding	Initial discussions have taken place between officers of the three Councils and Breckland Council are leading the development of the revised Inter Authority Agreement for later agreement.
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	31/12/2022	1	Outstanding	<p>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.</p> <p>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</p>
NN2213 Waste Management	Recommendation 3: Once the outcomes of the gap analysis have been agreed, an action plan to be put in place that is monitored regularly, to ensure that outstanding items are fully resolved.	Important	Authorised Officer through Contract Supervising Officer	30/09/2022	31/03/2023	1	Outstanding	Discussions have been held with Serco to determine the priority for the remaining items to be delivered or those which are no longer relevant to the contract. Timescales for delivery have been given to Serco for some high priority items for various dates up to end of the 22/23 financial year.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
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 Borough 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. A conversation has been initiated between the Council and BKLWN.
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	A temporary resource has been brought in from July 22 to work through queries generated by a report to highlight differences between expected and received income. This process has been effective in recovering income due to the council. There remain issues with the Assure system generating correct reports/letter to licence holders and this continues to be pushed with the software provider for a resolution.

By virtue of  
Regulation 21(1)(A) of the Local Authorities (Executive  
Arrangements) (Access to Information) (England)  
Regulations 2000.

Document is Restricted

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## **BUSINESS CONTINUITY POLICY AND BUSINESS CONTINUITY MANAGEMENT FRAMEWORK**

**Summary:** The current Business Continuity Policy has been separated into two documents, the Business Continuity Policy and the Business Continuity Management Framework, as part of a review of business continuity documentation and to comply with an audit recommendation.

**Options considered:** Retaining the current Business Continuity Policy.

**Conclusions:** Not applicable.

**Recommendations:** **To recommend that Cabinet agree to adopt the revised Business Continuity Policy and the new Business Continuity Management Framework**

**Reasons for Recommendations:** To enhance understanding of the Business Continuity Management Framework. To comply with an audit recommendation.

### **LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW**

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

None
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Cabinet Member(s) Cllr Nigel Lloyd	Ward(s) affected All
Contact Officer, telephone number and email: Alison Sayer, 01263 516269, alison.sayer@north-norfolk.gov.uk	

### **1. Introduction**

1.1 As part of an audit of Procurement and Contract Management (NN/21/07), audit recommendation 3 is: '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.' The suite of Business Continuity documentation has been reviewed.

### **2. Changes introduced**

2.1 The current Business Continuity Policy includes only a short section on the strategic framework and at very high level. To enhance understanding of the Business Continuity Management (BCM) process, and to comply with the

audit recommendation, a separate Business Continuity Management Framework has been created which contains more detail on the process generally, and specifically in relation to suppliers and procurement. The BCM Framework links to the Council's Risk Management Policy and Framework. The Business Continuity Policy has been revised and made more concise.

**3. Corporate Plan Objectives**

- 3.1 The Business Continuity Management process supports all Corporate Plan objectives; the aim of the Business Continuity Policy is to ensure the Council can continue to fulfil its critical functions in the event of disruption; the aim of the Business Continuity Management Framework is to develop a resilient Council.

**4. Medium Term Financial Strategy**

N/A

**5. Financial and Resource Implications**

None

**6. Legal Implications**

None

**7. Risks**

None

**8. Sustainability**

Not applicable

**9. Climate / Carbon impact**

Not applicable

**10. Equality and Diversity**

Not affected

**11. Section 17 Crime and Disorder considerations**

Not applicable

**12. Conclusion and Recommendations**

The recommendation is to agree to adopt the revised Business Continuity Policy and the new Business Continuity Management Framework.

# Business Continuity Management Framework

December 2022

Version 1.0

## Record of Amendments

Date	Details	Amended by
11/11/2022	Framework created.	A Sayer



NORTH  
NORFOLK  
DISTRICT  
COUNCIL

## Contents

Foreword.....	3
Context.....	4
1. Aim and Objectives .....	4
2. An effective BCM programme .....	5
2.1. Policy and Programme Management .....	5
2.2. Analysis .....	7
2.3. Design.....	8
2.4. Implementation .....	10
2.5 Validation .....	11
2.6 Embedding Business Continuity.....	12
3. Monitoring and review of the BCM Framework.....	12
4. Related policies and plans.....	13



## Foreword

The residents and businesses of North Norfolk expect the services provided by the Council to be delivered effectively and consistently. It is important to ensure there are procedures in place to enable the Council to continue to provide services in the face of a range of potential disruptions.

All departments must ensure they have effective Business Continuity arrangements in place not just because it is good management practice but also because it is a requirement of the Civil Contingencies Act 2004.

North Norfolk District Council's Business Continuity Plans identify the procedures and resources required to prepare for and respond to disruptions that may affect its ability to provide essential services.

This Business Continuity Framework establishes the basis on which the Corporate Business Continuity Plan and individual Business Continuity Plans are developed, implemented and reviewed.

Signed:

Steve Blatch

Chief Executive

North Norfolk District Council

Signed:

Tim Adams

Leader of the Council

North Norfolk District Council

## **Context**

Business Continuity is both good management practice and a statutory requirement for local authorities under the Civil Contingencies Act (CCA) 2004.

Business Continuity Management (BCM) is a process which identifies and prepares for potential disruptions and seeks to ensure that steps are taken to increase the resilience of “prioritised activities” in advance of a disruption, enabling the Council to maintain delivery of essential functions. BCM is not a one-off project; it is an ongoing activity that should be embedded into the core of the organisation.

This framework explains what Business Continuity Management is, how it is adopted at North Norfolk District Council, and establishes the basis within which the Corporate Business Continuity Plan and service Business Continuity Plans are developed, implemented and reviewed, so that the Council meets its duties in legislation and complies with best practice.

The short-term objective of BCM is to ensure that during a business disruption critical services continue uninterrupted. The longer-term objective of BCM is to ensure that the Council can resume normal services as quickly as possible in the aftermath of any disruption / emergency event.

The framework should be read in conjunction with the Business Continuity Policy and the Corporate Business Continuity Plan.

### **1. Aim and Objectives**

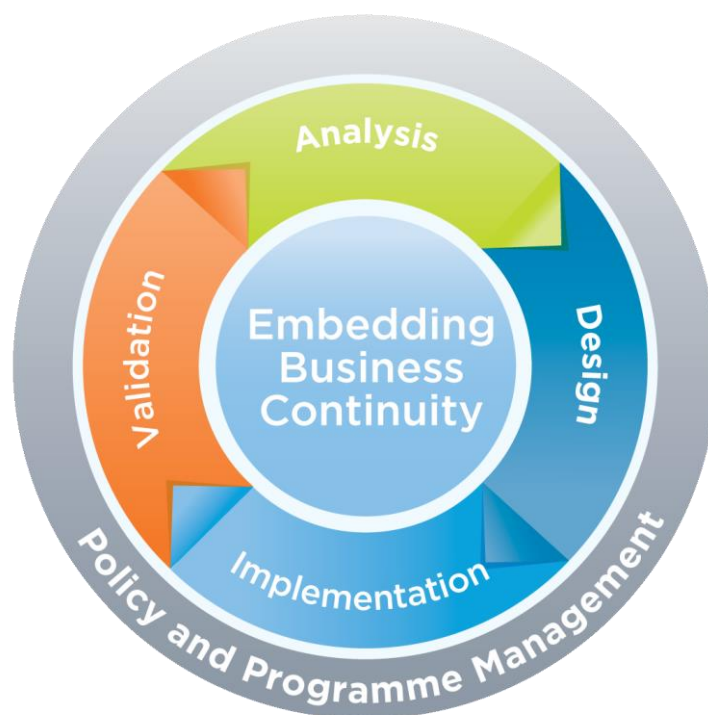
The aim of the Business Continuity Management Framework is to develop a resilient Council. The objectives are to:

- Ensure, where practicable, the Council can continue to deliver its Key Activities in the event of a disruption
- Identify areas of vulnerability in Council services so that effective mitigation measures can be put in place
- Prioritise corporate functions and responsibilities which are essential for the Council to deliver so that overall priorities for recovery are clear
- Describe contingency arrangements to respond to serious disruption, allocating resources and priorities for action to recover critical functions and prepare for return to normal working as quickly as possible
- Describe the communication strategy to ensure information is disseminated effectively during a service disruption
- Ensure all Council service areas are involved in the preparation of service level Business Continuity Plans, to inform the Corporate Business Continuity Plan and so that there is an effective and consistent response to service continuity
- Provide a basis for cost benefit analysis based on risk appetite to determine which specific risk prevention and mitigation actions will be adopted corporately and within service areas

- Build on work already in place for risk management, ensuring existing processes are integrated into the BCM Framework and BC Plans that this is incorporated appropriately into BC plans
- Develop a process to monitor, review, update and validate the Corporate BC Plan and Service BC Plans
- Deliver training and awareness programmes for staff, Elected Members, suppliers, partners and contractors
- Carry out regular tests of plans to validate and further develop BC arrangements
- Embed BCM throughout the organisation.

## 2. An effective BCM programme

The elements comprising Business Continuity Management are set out in the Business Continuity Institute's Good Practice Guidelines, 2018. The Business Continuity Lifecycle is shown below:



### 2.1. Policy and Programme Management

#### Legislation and Guidance

As a defined Category 1 responder under the Civil Contingencies Act 2004, NNDC must demonstrate that it meets the requirements for Business Continuity as detailed within this legislation. In addition, NNDC must ensure that it complies with the Business Continuity Good Practice Guidelines (GPG) 2018.

## Governance Risk and Audit Committee (GRAC)

This group agrees, supports and guides the BCM work across the authority. This group is responsible for ensuring the CLT is kept informed of progress toward embedding BCM practices.

## Business Continuity Policy

The policy outlines the approach to BCM within NNDC. The policy describes the governance arrangements which have been agreed by the Corporate Leadership Team and Members.

Related roles and responsibilities are as follows:

### Chief Executive

- To be a positive champion for BCM across the Council
- Ultimately responsible for the Council's overall BCM arrangements

### Corporate Leadership Team (CLT)

- Has overall responsibility for NNDC's services and their continuity
- Maintains an overview of the work associated with Business Continuity, with one member of the Team having overarching responsibility
- Enables the embedding of BCM across the Council
- Ensures that this framework and associated plans are implemented and resourced appropriately
- Supports business continuity planning activity

### Resilience Manager (Civil Contingencies Team)

- Responsible for coordinating the BCM programme, supporting the implementation of the BCM process and ensuring information is collated for GRAC
- Makes available best practice tools (such as templates) to support Service Managers
- Supports and advises service areas
- Identifies training needs and supports delivery
- Undertakes basic Quality Control – reviews BIAs and service BC Plans
- Supports the facilitation of testing and exercising of the Council's BCPs when requested by the Chief Executive, Directors or Service Managers
- Following an incident, facilitates debriefing session(s) if required
- Leads on the council's statutory duty to promote BCM in the community

### Service Managers

- Lead on Business Continuity arrangements within their service area
- Ensure the BC Plan for their service area remains current
- Review the Business Impact Analysis for their service area every two years
- Attend training commensurate with their role
- Identify staff from their teams that have a role to play in any recovery for suitable training
- Implement the agreed arrangements in the event of a disruption
- Advise the Resilience Manager of any changes that may impact on the contents or procedures outlined in this policy

#### All Staff

- Familiarise themselves with BC arrangements within their area
- Attend training commensurate with their role
- Engage with testing and exercising

#### 2.2. Analysis

It is vital to understand the critical activities of NNDC. These are the Key Activities which must be maintained as a priority during an incident. A Business Impact Analysis (BIA) must be completed for all services delivered by the authority.

The purpose of the BIA is to:

- List the organisation's services and the Key Activities supporting these
- Document the impacts over time that would result from loss or disruption of a service/activity, aligned with the Council's Risk Management Policy and Framework
- Identify when a disruption would cause significant adverse impacts on services
- Determine priorities for continuity and recovery
- Identify the dependencies and resources that are required to achieve service expectations
- Prevent incidents from occurring by taking preventative steps in advance of, or whilst developing, a BC plan.

Key Activities which have an impact score of 4 ('Major') or 5 ('Extreme') within a week are considered 'Critical activities' for NNDC. Mitigations are considered in more detail for these activities.

Critical activities and non-critical activities have been reviewed and agreed by the Corporate Leadership Team. Critical activities are documented in the Corporate Business Continuity Plan. Departments have considered risks to their critical activities. Many of these risks have already been captured and are being managed on the Corporate Risk Register.

To implement this we will:

- Complete the Business Impact Analysis for each service area every 2 years, this must be consistently completed across the organisation
- Complete the BIA at a high level, capturing activities broadly; avoiding operational detail will minimise the resource required and ensure activities can be prioritised consistently across the organisation.
- Agree NNDC-Critical activities and non-critical activities through CLT
- Demonstrate that departments have taken steps to increase the resilience of their service/critical activities
- Ensure steps are taken to connect the Risk Management process and Business Continuity process actively, to remove duplication
- Ensure all services will have agreed Recovery Timescales assigned to them.

### 2.3. Design

Once critical activities have been agreed and have recovery timescales assigned to them, it is important that services consider how these timescales may be met in the event of an incident.

There are different solutions to help ensure continuity of services, those considered by NNDC are categorised as follows:

- People (skills and knowledge)
- Premises (buildings and facilities)
- Resources (IT, information, equipment, materials, etc.)
- Suppliers (products and services supplied by third parties)

The table below details the actions required to ensure activities are more resilient and the level of disruption experienced in an incident will be minimised when these are embedded.

<p><b>People</b></p> <ul style="list-style-type: none"><li>• Ensure that succession planning is considered appropriately.</li><li>• Ensure key processes are documented and process maps written, enabling others who are less familiar with tasks to complete or support activities.</li><li>• Ensure critical skills for prioritised activities are documented.</li><li>• Ensure there is a process to support the transfer of knowledge for those joining the authority, leaving the authority and transferring to new departments.</li><li>• Ensure staff are trained appropriately and are aware of their BC roles and responsibilities. Ensure there is clarity on out-of-hours working arrangements and remuneration during BC disruptions.</li><li>• Ensure managers share the contents of their Business Continuity plan with their team.</li><li>• Ensure managers keep a copy of their plan(s) securely (which is not dependent on a network connection; for example print a hard copy and keep it securely offsite).</li><li>• Consider how critical activities would be maintained and which services would be potentially suspended in the event of having 25% + staff off sick e.g. as a result of Pandemic Influenza</li><li>• Ensure managers have arrangements to multi-train/skill all appropriate staff, so that activities are not reliant on a small number of individuals.</li><li>• Ensure staff skills not utilised within their existing roles are captured to allow maximum flexibility or redeployment.</li><li>• Test staff contact numbers regularly.</li><li>• Ensure contact details in Business Continuity plans are reviewed every 6 months.</li><li>• Encourage staff to take advantage of the NNDC Well Being programme which includes developing personal resilience.</li></ul>
<p><b>Premises</b></p> <ul style="list-style-type: none"><li>• Ensure that Fakenham Connect is available as a Work Area Recovery site for critical services.</li><li>• Assess other suitable sites for Work Area Recovery purposes in the event of the Cromer office being inaccessible.</li><li>• Ensure an assessment is made on the resilience of existing and future premises.</li></ul>

- Ensure evacuation procedures are in place which minimise disruption and support recovery.
- Develop plans for key premises.

### **Information and Technology**

- IT Services must have suitable BC plans in place that link with service/departmental BC plans
- Service BC plans with Critical Activities must include their IT requirements/software to enable IT Services to prioritise systems recovery
- IT Services to develop and maintain a Disaster Recovery plan including arrangements for Cyber attack and National Power Outage/rolling power outage.
- Maintain sufficient planned capacity for remote working – with critical services having priority.
- Ensure IT Continuity/Disaster Recovery arrangements and plans are developed and exercised.
- Ensure staff follow all relevant IT guidelines i.e. not saving key documents in locations colleagues cannot access.
- Ensure IT work is developed in accordance with requirements of the agreed critical activities.
- Ensure consideration is given to Business Continuity arrangements within ICT projects.
- Copies of vital records and essential documentation should be kept separate from originals, possibly at a work area recovery location.
- Where services can continue without IT, “manual workarounds” should be documented.
- IT Services should include Business Continuity within their ICT contracts and involve the Civil Contingencies Team within the process.
- IT Services should have a clearly documented process for managing ICT disruptions affecting external clients and ensuring effective communications with clients.
- IT Services will provide ongoing briefings to CLT to ensure they are aware of the risks to business continuity of any new technology introduced.
- Ensure that guidelines exist on the use of personal devices in an incident.e.g. using WhatsApp on personal devices.

### **Suppliers**

- As NNDC is a commissioning organisation BC must be an important part of all procurement documents and procedures.
- Critical suppliers (suppliers supporting our critical activities) must have Business Continuity arrangements, including documented plans.
- Business Continuity must be referenced within the contractual process as well as in the contract itself.
- Business Continuity must be actively promoted to the supply chain.
- Business Continuity must be included as part of the QA and review process of provider’s arrangements.
- NNDC must review a sample of providers/suppliers BC arrangements each year.

### **General**

- All departments to assess the risks which could impact their critical activities and ensure that these, together with mitigation measures, have been documented appropriately on risk registers.

To implement this we will:

- Review the above actions for increasing service resilience annually with the service managers
- Liaise with Directors and Assistant Directors to ensure that appropriate action is being taken.

#### *2.4. Implementation*

As a result of the Business Impact Analysis (BIA), and the development of the above actions to enable continuity and support recovery, BC plans must be created and developed/updated. The term “business continuity plan” is defined as “documented procedures that guide organisations to respond, recover, resume, and restore to a pre-defined level of operation following disruption.”

Documents include:

- A Corporate Business Continuity Plan to guide the Council in response to an incident affecting the council's ability to deliver its services, each service is to be responsible for creating its own BC plan. The Corporate BC Plan is to be reviewed annually, updated every two years and be tested at least once every three years.
- Each service to be responsible for maintaining their own BC plans and procedures in accordance with the Business Impact Analysis and corporate policies and procedures. The BC Plans to be reviewed annually and the BIAs to be reviewed every two years
- The maintenance of other suitable documentation, processes and procedures to assist the Council in meeting the requirements of the Civil Contingencies Act 2004

Business continuity plans should be held securely online and in hard copy securely offsite, so that managers have access to a copy in the event of losing access to IT. Consideration should be given to having plans available on Resilience Direct as a backup (facilitated through the Civil Contingencies Team).

Service managers should share the contents of the BC plan with the team, with due regard to the General Data Protection Regulation, so the team is aware of the plan and requirements in the response to an incident.

Critical or prioritised activities have a shorter recovery timescale or “Recovery Time Objective” than other activities and so will be given priority during service disruptions or major incidents. It is imperative that there are comprehensive Business Continuity plans in place for all critical activities. Activities which are not critical may have simplified BC plans.

The content of plans is shown below.

#### **Corporate BC Plan**

The Corporate Business Continuity Plan identifies recovery objectives, the structure for implementation, mitigation measures and the communication process to keep staff, members, partners and the public informed. It includes:

- Critical activities as agreed by CLT
- Invocation procedures
- IT system priorities
- Work area recovery strategy and arrangements
- Key contacts
- Roles and Responsibilities
- Incident categories



- Incident action checklists

### **Service/Team plans**

Service/Team Plans draw on the recovery objectives from the Business Impact Analysis and set out the team's response during a disruption. They include:

- Team priorities
- Invocation procedures
- Numbers of staff required and when
- Resources required and when – including IT systems and software. This must be agreed through the BIA and recovery timescales.
- Key requirements such as vital data or equipment
- Incident action checklists
- Key contacts

**Note:** Teams undertaking NNDC Critical activities must have comprehensive Business Continuity plans.

### **To implement this we will:**

- Review the Business Continuity Framework every two years
- Review the Corporate and service BC plans once a year
- Ensure all teams undertaking corporately agreed critical activities have comprehensive BC plans.

## *2.5 Validation*

Validation is achieved through a combination of the following three activities:

- **Exercising** – a process to train for, test, assess, practice and improve the business continuity capability of the organisation
- **Maintenance** - a process to ensure that the organisation's business continuity arrangements and plans are kept relevant, up-to-date, and operationally ready to respond
- **Review** - a process for assessing the suitability, adequacy and effectiveness of the business continuity programme and identifying opportunities for improvement

To meet the requirements of best practice as set out in the Good Practice Guidelines (GPG) service plans must be exercised (tested) at least once a year. In the event of a service having several live incidents, it may be acceptable not to run an exercise that year, provided that the incident is fully debriefed, and any necessary changes are made to the plan.

Following disruption to 'business as usual' a debrief must always take place with lessons identified being captured. The debrief can be completed by the team itself or in collaboration with the Civil Contingencies Team. It is important for BC arrangements to be updated and for plans and procedures to be kept up-to-date as a result of these actions.

Audits should be completed regularly to check plans are fit for purpose and are being updated and are kept current.

### **To implement this we will:**

- Establish an exercise and training programme
- Ensure the Corporate BC plan is validated annually and that senior managers are involved and briefed
- Complete a debrief after every incident and cascade the results to those involved. For a significant incident a face to face debrief will be organised, for a minor incident an email asking for feedback may be more appropriate
- Ensure departments have an annual programme of exercises
- Ensure each plan is exercised annually.

## *2.6 Embedding Business Continuity*

To be successful, BCM must become part of the culture of NNDC. The culture plays an important role in the effectiveness of embedding the business continuity programme and the overall level of organisational resilience.

Awareness-raising events such as training, workshops, exercises and regular management briefings will help to ensure that staff are aware of why BCM is important to NNDC.

### **To embed Business Continuity into the organisation we will;**

- Consider the willingness of individuals to undertake BC-related tasks, such as maintaining plans, in addition to their normal roles
- Share best practice information within departments
- Implement a programme of training at different levels within the organisation
- Ensure exercises are being completed at appropriate intervals
- Highlight concerns and non-compliance to CLT
- Agree a programme of communications to NNDC staff with the Communications Team to develop awareness and understanding
- Establish levels of awareness of Business Continuity within the organisation and then review this on an annual basis.

## **3. Monitoring and review of the BCM Framework**

- The BCM Framework will be reviewed every two years, when there are significant structural re-organisations, or when new duties or responsibilities are taken on. It is the responsibility of the Corporate Leadership Team, Assistant Directors and Service Managers to notify the Resilience Manager of any significant changes that occur between these updates.
- Periodically and in line with the Council's auditing policy, the Corporate BC Plan and service BC Plans may be audited by either the internal audit team or external auditors appointed by the Council. The Resilience Manager will complete audits on a minimum of 20% of Business Continuity plans each year

The Resilience Manager will:

- Follow the work plan which includes checking that the activities undertaken are in line with the BCM Framework
- Produce an annual report for review by the Governance Risk and Audit Committee which will outline the achievements and challenges of the programme for each year. The report will be made available and circulated to the Corporate Leadership Team

- Ensure service BC plans are reviewed by the plan owners every 12 months, with a 6-monthly check on all contacts
- Produce a BCM progress report for CLT/GRAC once a year or when there is an organisational requirement

The Governance, Risk and Audit Committee will:

- Monitor risks associated with and the effectiveness of Business Continuity Management (BCM) arrangements
- Review the BC Framework and associated documentation

Cabinet will:

- Set the strategic direction of Business Continuity Management across the Council
- Approve the Business Continuity Management Framework

#### **4. Related policies and plans**

- Business Continuity Policy
- Corporate Business Continuity Plan
- Business continuity plans for individual service areas
- Business continuity risks identified in the Corporate Risk Register
- Risk Management Policy and Framework
- Emergency Response Plan.

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# Business Continuity Policy

December 2022

Version 3.0

## Record of Amendments

Date	Details	Amended by
11/11/2022	Policy fully revised. Terminology updated following reorganisation.	A Sayer



NORTH  
NORFOLK  
DISTRICT  
COUNCIL

# Business Continuity Policy Version 3.0

## Contents

Foreword.....	3
Context.....	4
Aim and Objectives .....	4
Policy statement .....	4
Policy requirements .....	5
Policy monitoring.....	5
Policy review .....	5
Roles and responsibilities .....	5
Related policies and plans.....	6
Relevant legislation.....	6

**Foreword**

The residents and businesses of North Norfolk expect the services provided by the Council to be delivered effectively and consistently. It is important to ensure there are procedures in place to enable the Council to continue to provide services in the face of a range of potential disruptions.

North Norfolk District Council's Business Continuity Plans identify the procedures and resources required to prepare for and respond to disruptions that may affect its ability to provide essential services.

The Business Continuity Policy establishes the basis on which the Corporate Business Continuity Plan and individual Business Continuity Plans are developed, implemented and reviewed.

Signed:

Steve Blatch

Chief Executive

North Norfolk District Council

Signed:

Tim Adams

Leader of the Council

North Norfolk District Council

### Context

The Civil Contingencies Act 2004 places a duty on local authorities to ensure they have in place Business Continuity Management arrangements.

Business Continuity Management (BCM) is the process that helps North Norfolk District Council (NNDC) to prevent or minimise the impact of disruptions and ensure that whenever disruptive incidents occur:

- Critical operations continue and products and services are delivered at predefined levels
- The return to 'business as usual,' or 'the new normal,' is achieved as quickly as possible.

This policy establishes the basis for the BCM Framework, within which the Corporate Business Continuity Plan and service Business Continuity Plans are developed, implemented and reviewed.

### Aim and Objectives

The aim of the policy is to ensure the Council can continue to fulfil its critical functions in the event of disruption.

The objectives of the policy are to ensure that the Council:

- Can respond to a business disruption through embedding BCM processes and developing the overarching Corporate Business Continuity Plan (BC Plan) and underlying service BC Plans in accordance with best practice
- Understands its critical activities and maintains the capability to resume operations within agreed timeframes
- Increases resilience within the organisation by supporting the protection of critical assets and data (electronic or otherwise) through a coordinated approach to management & recovery
- Minimises impacts to both the Council and its stakeholders using a well-managed response structure
- Builds on work already in place for risk management, ensuring existing processes are integrated into the BCM Framework
- Includes all departments in the preparation of the Corporate BC Plan, so that there is an effective and consistent response to service continuity
- Develops a process to monitor, review, update and validate the Corporate BC Plan and Service BC Plans.

### Policy statement

The policy of North Norfolk District Council is to ensure that the duties set out in the Civil Contingencies Act 2004 are met, through the application of the Business Continuity Institute's 'Business Continuity Good Practice Guidelines (GPG)' so that the Council can respond appropriately to business disruptions. Specifically, it is the policy of the Council, as far as reasonably practicable, to maintain the continuity of its activities, systems, facilities and services and, where these are disrupted by any event, to enable it to return to 'business as usual' operations as soon as possible.

This policy is intended to ensure:



## Business Continuity Policy Version 3.0

- The concept of business continuity management and the Council's approach is understood by all stakeholders
- Business continuity plans are developed to enable the council to respond to disruptive incidents
- These plans are systematically maintained and validated
- Staff are adequately trained and supported to respond to business continuity incidents.

### Policy requirements

- The development of a Business Continuity Framework setting out the BCM principles and how they will be applied at NNDC, in accordance with the Business Continuity GPG. The BC framework to be reviewed every two years
- The maintenance of a Corporate Business Continuity Plan to guide the Council in response to an incident affecting the council's ability to deliver its services. This to be reviewed annually, updated every two years and be tested at least once every three years
- Each service to be responsible for maintaining their own BC plans and procedures in accordance with the Business Impact Analysis and corporate policies and procedures. The BC Plans to be reviewed annually and the BIAs to be reviewed every two years
- The maintenance of other suitable documentation, processes and procedures to assist the Council in meeting the requirements of the Civil Contingencies Act 2004
- An appropriate roster of trained council staff to carry out the roles and responsibilities listed in the Corporate Business Continuity Plan.

### Policy monitoring

The Resilience Manager will:

- Follow the work plan which includes checking that the activities undertaken are in line with this policy
- Produce an annual report for review by the Governance Risk and Audit Committee which will outline the achievements and challenges of the programme for each year. The report will be made available and circulated to the Corporate Leadership Team.

The Governance, Risk and Audit Committee will:

- Monitor risks associated with and the effectiveness of Business Continuity Management (BCM) arrangements
- Review the BC Policy and associated documentation.

### Policy review

- The Policy will be reviewed every two years, when there are significant structural re-organisations, or when new duties or responsibilities are taken on. It is the responsibility of the Corporate Leadership Team, Assistant Directors and Service Managers to notify the Resilience Manager of any significant changes that occur between these updates.
- Periodically and in line with the Council's auditing policy, the Corporate BC Plan and service BC Plans may be audited by either the internal audit team or external auditors appointed by the Council.

### Roles and responsibilities

## Business Continuity Policy Version 3.0

### Corporate Leadership Team

- Act to enable the embedding of Business Continuity Management across the Council
- Ensure that this Policy and associated plans are implemented and resourced appropriately.

### Director for Communities

- Ensure adoption of and adherence to Policy

### Assistant Director Environment & Leisure Service

- Implementation of Policy

### Resilience Manager

- Implementation of Policy
- Overall responsibility for coordinating the BCM programme.

### Governance, Risk and Audit Committee

- Review the BC Policy and associated documentation

### Cabinet

- Set the strategic direction of Business Continuity Management across the Council
- Approve the Business Continuity Policy, which does not form part of the Council's Policy Framework.

### **Related policies and plans**

- Business Continuity Framework
- Corporate Business Continuity Plan
- Business continuity plans for individual service areas
- Business continuity risks identified in the Corporate Risk Register
- Risk Management Policy and Framework
- Emergency Response Plan.

### **Relevant legislation**

- The Civil Contingencies Act 2004.

## CIVIL CONTINGENCIES REPORT 2022

<b>Summary:</b>	Annual report from the Resilience Manager on Civil Contingencies.
<b>Options considered:</b>	This is a briefing report only.
<b>Conclusions:</b>	Not applicable.
<b>Recommendations</b>	<b>To note the report and the council's contributions to the Norfolk Resilience Forum and the response to incidents.</b>
<b>Reasons for Recommendations:</b>	A better understanding of the challenges in the past year and the role of the Norfolk Resilience Forum in emergency preparedness planning and incident response will help to discharge our obligations under the Civil Contingencies Act, 2004.

### LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

N/A

<b>Cabinet Member(s)</b>	<b>Ward(s) affected</b>
Nigel Lloyd	All

Contact Officer, telephone number and email: Alison Sayer, Resilience Manager, 01263 516269, [alison.sayer@north-norfolk.gov.uk](mailto:alison.sayer@north-norfolk.gov.uk)

#### 1. Introduction

- 1.1 It has been exceptionally busy year again for the Civil Contingencies Team, at times dealing with multiple concurrent incidents. The Resilience Manager returned from long term sick leave in January, completing a phased return to work in March. The North Norfolk Safety Advisory Group has seen a 28% increase in the number of events. There has been an increase in the number of Norfolk Resilience Forum meetings as a result of exercise planning activity and post-Covid catching up.

#### 2. Emergency Planning

- 2.1 **Norfolk Resilience Forum** - The Civil Contingencies Act, 2004 sets out a number of duties around emergency preparedness and response. As a Category 1 Responder under the Act the council has a duty to assess risk, put emergency plans in place and to share information and cooperate with other local responders. In respect of emergency preparedness planning this is generally achieved through the Norfolk Resilience Forum (NRF) with an annual programme of multi-agency meetings progressing work streams and reviewing plans. North Norfolk District Council pays an annual contribution to the NRF towards administration costs and the training and exercising programme. The council's contribution has stayed the same for the past two

years (£2,386) but this is likely to change since a review of the structure of the NRF secretariat is currently being undertaken.

With the Covid-19 response winding down, the NRF introduced an accelerated programme of Risk Assessment reviews, held fortnightly with a pool of emergency planners from across Norfolk and introduced a weekly Risk and Information Group meeting to enhance preparedness. Changes to emergency planning nationally, increasing preparedness activity at the same time as maintaining response capability, is expected to mean changes to Local Resilience Forum structures next year.

- 2.2 **Exercises** – Multiple exercise planning meetings have been held this year re Exercise Birch (Bacton Gas Terminal mandatory Control of Major Accident Hazards (COMAH) exercise), Exercise Lemur (NRF power outage exercise) FloodEx22 (national flood exercise) and Exercise Bacton Vanguard (local exercise for Bacton, Walcott and Ostend).
- 2.3 **Exercise Birch** - The terminal operators were hosted in the Committee Room at NNDC on 8 September for part of Exercise Birch which tested the revised External Response Plan for Bacton Gas Terminal, evacuation procedures, IT, communications and virtual attendance of the Tactical Coordination Group.
- 2.4 **Exercise Lemur** - was developed by the Emergency Planning College and approved by the Cabinet Office as an off-the-shelf tabletop exercise package that all Local Resilience Forums were asked to undertake. On 18 October Norfolk Exercise Lemur brought NRF agencies together with national ones such as British Telecom, National Grid and UK Power Networks to explore the local issues around a National Power Outage (NPO). This exercise was held in preparation for Exercise Mighty Oak, which is a national Government-led NPO exercise being held at the end of March 2023. Seven key workstreams have been identified as a result of learning from Norfolk Exercise Lemur which need to be progressed before Exercise Might Oak and which will include participation from several NNDC departments.
- 2.5 **FloodEx22** - The national flooding exercise 'FloodEx22' finally took place 14-18 November 2022, having been rescheduled initially due to Covid-19 and postponed again from 19-23 September 2022 due to the death of HM Queen Elizabeth II. This exercise was designed to test national and county response, information exchange and mutual aid during back-to-back major flooding events in the River Trent catchment and also along the East Coast from Northumbria to Kent. Exercise planning for this was very time-consuming both nationally and locally. One of the local objectives was to test the Multi-agency Information Cell (MAIC) concept developed in Norfolk. The last date change resulted in a reduction in the availability of many agencies to participate fully and a downsizing of the scope of the exercise. It is anticipated that NNDC will take the opportunity to test local evacuation response in 2023 to support the objectives of the NRF. The national flooding exercise will be repeated in 2025.
- 2.6 **Exercise Bacton Vanguard** - is a local evacuation and communications exercise based around Bacton, Walcott and Ostend. The exercise has been fully planned with local agencies and it is envisaged that it will take place in 2023, following the learning identified from FloodEx22, to further test the MAIC.

- 2.7 The British Red Cross has revised its support offer in respect of Rest Centres and has voided the Memorandum of Understanding. Although there is a mutual aid agreement between districts to support one another it is acknowledged that all districts would be stretched if there was a need to open more than couple of rest centres at the same time. Work is ongoing to address this.
- 2.8 The Norfolk Local Authorities' Airwave radio contract extension was discontinued as of 31 March. Airwave handsets can be borrowed from the Police during incidents if needed.
- 2.9 Three virtual meetings of the Senior Flood Warden Liaison Group have been held in the last 12 months and materials have been produced to support communities with high proportions of second homes, to recruit new flood wardens and to support new teams.
- 2.10 Community engagement – a few communities have shown interest in developing Community Emergency Plans, this is supported on a one-to-one basis.
- 2.11 The Council's Operational Flood Plan has been updated. Work is currently ongoing to review the NNDC Emergency Response Plan which is planned to go to Cabinet in May 2023.
- 2.12 Fuel station forecourt visits have been undertaken to ensure supply for critical workers. NNDC was the first district to complete this, retaining all six existing stations and added one more to improve coverage.
- 2.13 **Norfolk Strategic Flooding Alliance** – The NSFA group is currently chaired by Lord Dannatt and brings together agencies such as the Environment Agency, Anglian Water, Independent Drainage Boards and members of the Norfolk Resilience Forum. The purpose is to collaborate and improve response and recovery to flood situations, identify key geographical areas of risk and develop flood mitigation measures. A strategic flood meeting was held at Potter Heigham on 13 April with representatives from NNDC, the Environment Agency, Broads Authority and Anglian Water, Directors from Herbert Woods, Duncan Baker MP and Lord Dannatt's representative. As a result of this meeting improvements to flood defences have been undertaken.
- 2.14 The Environment Agency acknowledges that the intelligence, pictures and videos from the council and coastal and river flood wardens has been very useful to them. The Flood Alert level in the Potter Heigham area is still being finessed. A change to the Flood Alert level at Bacton and Walcott is imminent, which is a vindication of the Sandscaping project.
- 2.15 **Avian Influenza** – The Trading Standards team at the County Council leads on outbreaks in captive birds, but NNDC took the lead for Wild Bird issues liaising extensively with the Animal and Plant Health Agency, Department for Food and Rural Affairs and the Department for Levelling up, Housing and Communities to help ensure that best practice is shared and lessons are identified.
- 2.16 **Other incidents in the past 12 months** – The Environment Agency has issued a host of coastal flood alerts, over the past year for the North Norfolk

Coastline and inland locations affected by the Broads rivers such as Potter Heigham. Each occurrence requires a minimum of notification and coordination and follow up and, depending upon the severity, physical response.

Since the last annual report to the Governance Risk and Audit Committee the following incidents have required a response:

- Coordination of response to flood alerts on 4-6 February and re Storms Dudley, Eunice and Franklin in mid-February including multi-agency response to severe weather and power outages.
- Coordination of response to Storm Malik and Storm Corrie in March
- Liaison re Vale Road cliff slip 5 Feb
- Liaison re fuel protests by Just Stop Oil from 22 March onwards
- Liaison re unexploded ordnance at Walcott on 5 April and 24 August, and another UXO in Blakeney on 31 Aug
- Liaison re fuel protests from April onwards
- Liaison re Monkeypox ongoing from May
- Response to severe hot weather
- Onsite response to the wildfire in Ashmanhaugh in July
- Operation London Bridge reporting in September
- High Spring Tides 12-16 September
- Onsite Potter Heigham flood defence coordination 5 November

2.17 **The North Norfolk Safety Advisory Group** has seen a 28% increase in the number of events compared with pre-pandemic levels; 124 in 2022 (excluding the Queen's Platinum Jubilee Celebrations) compared with 97 in 2019. Several of the events have required enhanced support and there have been 18 meetings with event organisers. One-to-one support has been provided to the new event manager for the Roman Catholic Shrine at Walsingham and Parish Council meetings for events in Walsingham have been attended. The aim for 2023 is to introduce a new event planning template and to triage events by introducing a Score Rating Matrix based on key risk factors such as the event type, past history, expected numbers, sale of alcohol, presence of demountable structures, traffic management etc. These changes should streamline the process and help to reduce the administrative burden.

### **3 Business Continuity**

3.1 The Business Continuity Management Policy has been reviewed and a new Business Continuity Management Framework has been developed. These documents are for review by GRAC at the December meeting. The Corporate Business Continuity Plan is currently being reviewed and will go to Cabinet in May.

3.2.1 The council has continued to maintain all its critical activities, and to maintain service to our customers. The council's business continuity management arrangements have been tested fully and proven to work; the changes noted above are enhancements to make the council more resilient.

### **4 Staffing**

4.1 Due to reorganisation within the Environment and Leisure Service, there will shortly be a change to both job title and line management of the

Environmental Health Admin Team Leader. The level of support for Resilience will be retained and 0.5 of the post will be paid for through the Civil Contingencies budget, as at present.

## **5 Conclusion**

The Civil Contingencies Team and the wider council has continued to discharge its responsibilities under the Civil Contingencies Act, 2004.

## **6 Implications and Risks**

It is acknowledged that response to concurrent severe weather incidents while engaged in additional national exercise planning and work around National Power Outage planning will be a challenge.

## **7 Financial Implications and Risks**

There are no financial implications and risks directly arising from this report.

## **8 Sustainability N/A**

There are no sustainability implications directly arising from this report.

## **9 Equality and Diversity**

There are no equality and diversity implications directly arising from this report.

## **10 Section 17 Crime and Disorder considerations**

There are no Section 17 Crime and Disorder implications directly arising from this report.

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## Corporate Risk Register

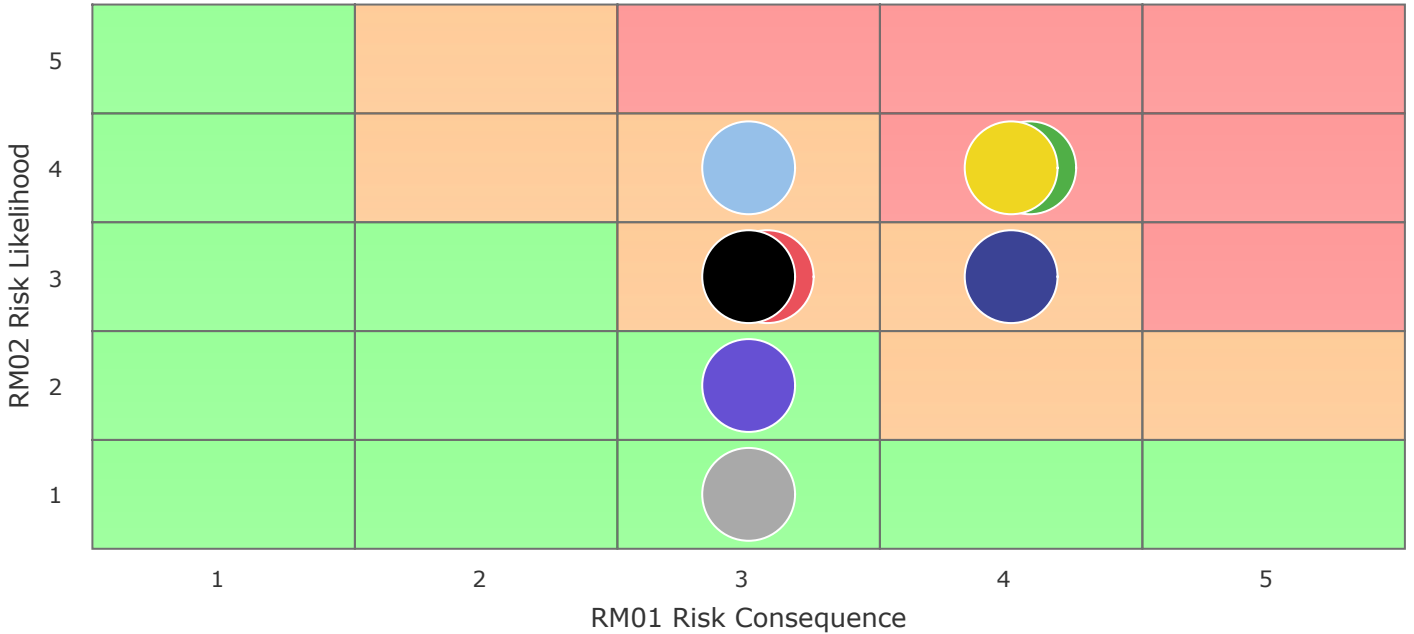
### Contents

	Page
Strategic Risk Matrix	1
Overview	2
Risk Scoring Key	4
SR 001 Financial (including credit & counterparty)	5
SR 002 Operational	9
SR 003 Macroeconomic	14
SR 004 Strategic	18
SR 005 Environmental and Social	22
SR 006 Governance	27
SR 007 Reputation	31
SR 008 Corporate project related risks	34



# 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

The overall risk profile for the Council has remained largely the same. Three strategic risk scores have gone up, three down and two the same. This is a reflection of the dynamic situation affecting the country and the Council. Factors that have had influence on these changes include the cost of living crisis, inflationary pressures in the form of increased costs, wages and construction supplies and costs.

Key factors relating to strategic risk areas included;

- SR 001 Financial (including credit & counterparty) – The cost of inflation continues to rise and has risen to 11.1% (November 2022). This will add cost pressures for the authority in respect of pay settlement, energy cost rises and other commodity purchase. This will also impact significant contracts currently and in future years. These pressures are being kept under regular review and reported with mitigation quarterly. The results of the Autumn Budget Statement will be integrated into future budgets.
- SR 002 Operational - The authority hosted a Cost of Living summit event on 3 November 2022, from which an action plan is being developed. This anticipates further demand being placed on Council services including; housing and homelessness advice, applications for benefit and hardship support and the Council being asked to provide practical and financial assistance to food banks, food hubs and energy support programmes.
- SR 005 Environmental and Social - The Council launched an alternative calculator for the assessment of nutrient neutrality. The alternative calculator will reduce required mitigation by between 30 to 50 percent. This will ensure that development proposals are more viable and can be delivered. In addition, revised mapping has been issued which removes North Walsham from the area requiring mitigation. North Walsham is a key strategic centre. North Norfolk was selected by DEFRA as one of two local authorities for the Coastal Transition Accelerator Programme (CTAP) to investigate, develop, deliver and learn new approaches to support communities to transition away from coastal erosion. This Programme replaces the Flood Coast Resilient Innovation Programme (Resilient Coast) in North Norfolk which was in preparation last year. This new programme provides a significant opportunity to develop local initiatives from which the learning can be transferred to other local authorities and shape the future national approach to coastal change management.
- SR 006 Governance - A new Director for Resources and Section 151 officer has been appointed with effect from 21 November 2022 thereby strengthening the statutory officer team. 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. After clarification of the treatment of infrastructure assets by CIPFA at a national level the Council's 2019/20 accounts were finally signed off on 30 September 2022.
- SR 007 - During the period September to November 2022 the Council received some negative customer comment around the introduction of new waste and recycling collection rounds which initially saw a higher number of missed bins and incomplete rounds than would normally be the case. The introduction of any new system requires a bedding in period and the Council's contractor advised in their programme that this might take up to twelve weeks, This issue was raised at Full Council on 16 November 2022 when improvement over the previous eight weeks were reported and the situation continues to be monitored. High numbers of calls to the Council's contact centre during the period saw response times lengthen although this situation is now returning to normal levels.
- The council produced and circulated to all households its second edition of the

Outlook publication promoting the Council's services and support for its communities, with a four page Cost of Living feature, in November 2022. In terms of wider corporate reputation delivery of the North Walsham Heritage Action Zone project continues with the Market Place improvement programme which will see some disruption in the town centre during the construction phase.

- SR 008 – Corporate project related risks – North Walsham High Street Heritage Action Zone - The fixed budget for the project (with substantial external funding), in the face of inflationary pressures since the scheme was conceived in 2020, has meant that the scheme has had to be tailored to fit. Further funding is therefore required in order to complete the improvements to the satisfaction of the Council and local stakeholders. A report recommending this is going to Cabinet on 5 December 2022.

# Risk scoring key

## Corporate Risks

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

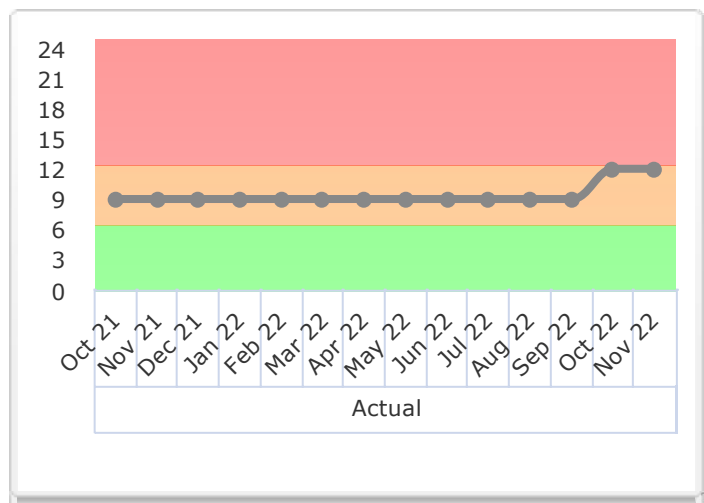
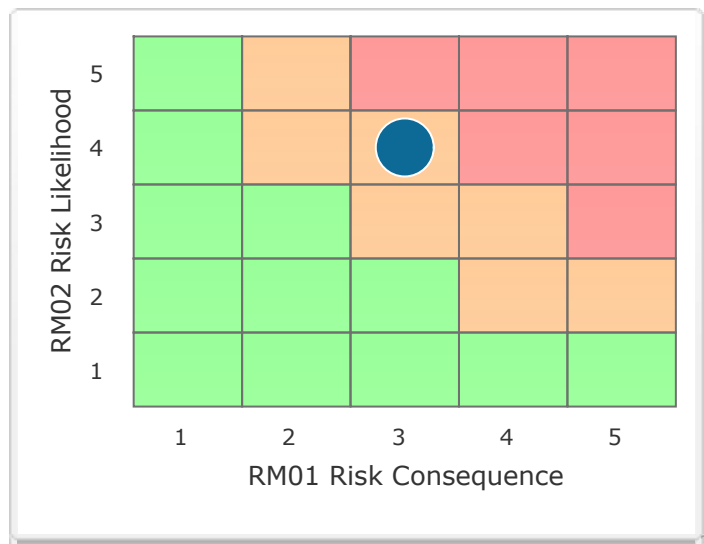
<b>Impact Type</b>	<b>Catastrophic 5</b>	<b>Critical 4</b>	<b>Moderate 3</b>	<b>Marginal 2</b>	<b>Negligible 1</b>
<b>Objectives</b>	The key objectives in the Corporate Plan will not be achieved.	One or more Key Objectives in the Corporate Plan will not be achieved.	Significant impact on the success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

Likelihood ratings and dimensions are tabled below:

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

## SR 001 Financial (including credit & counterparty)

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



### Latest Update

		31/10/2022
SR 001 Financial (including credit & counterparty) : Status	Score	12.00
	Target	4.00
	Performance	<span style="color: orange;">●</span>
	Direction of change	<span style="color: red;">↑</span> <span style="color: red;">✗</span>
	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. The Bank of England base rate has now increased to 3.00% and the impact of these changes on the Council's investment returns will be assessed.</p> <p>Similarly the cost of inflation continues to rise and has risen to 11.1% (November 2022). This will add cost pressures for the authority in respect of pay settlement, energy cost rises and other commodity purchase. This will also impact significant contracts currently and in future years. These pressures are being kept under regular review and reported with mitigation quarterly.</p>

		31/10/2022
SR 001 Financial (including credit & counterparty) : RM01 Risk Consequence	Score	3
	Target	2
	Direction of change	→
SR 001 Financial (including credit & counterparty) : RM02 Risk Likelihood	Score	4
	Target	2
	Direction of change	↑×

## SR 001 Financial (including credit & counterparty)

### Associated Corporate Risks


		31/10/2022
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. Any changes due to announcements in the autumn statement on 17 November 2022 will be incorporated into budgets.

### Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Sep 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"/> 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	✔

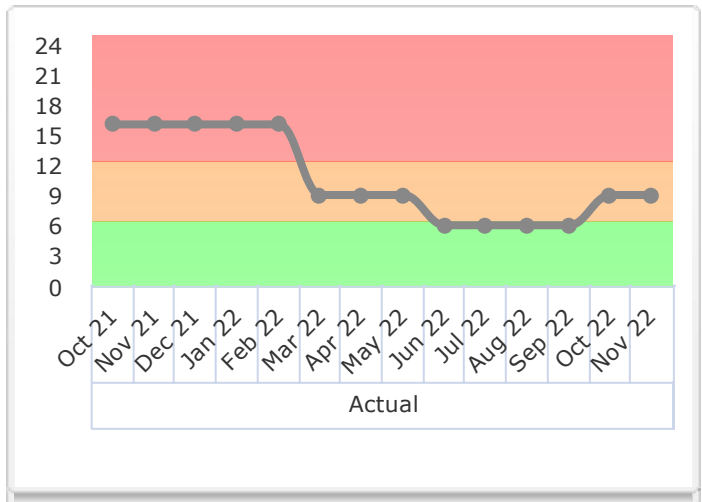
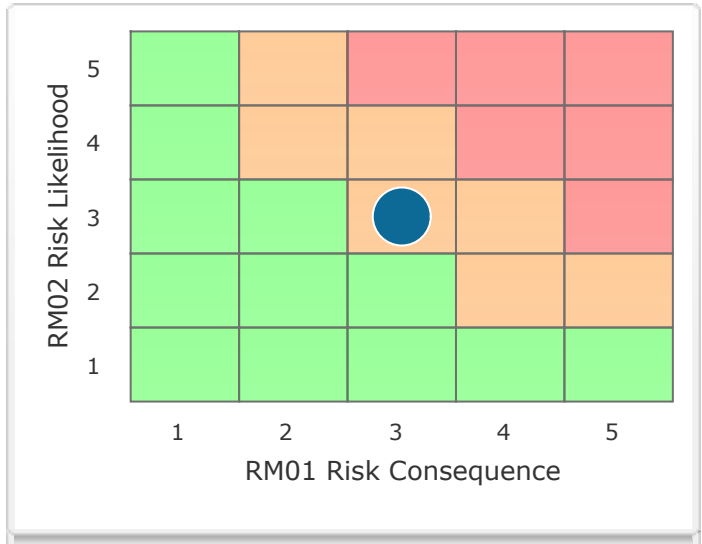


**Outstanding**

	Stage	Responsible		Sep 22
<input checked="" type="checkbox"/> Monitoring impact of the business rates retention	Blocked	Alison Chubbock	Performance	
			Comments	

## SR 002 Operational

Responsibility	Resources
Risk Description	<p><b>OPERATIONAL:</b> 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

31/10/2022		
SR 002 Operational : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	↗
	Comments	<p>Preparations for forthcoming winter response in terms of adverse weather and storm surge events were the subject of a workshop in 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. The authority hosted a Cost of Living summit event on 3 November 2022, from which an action plan is being developed. This anticipates further demand being placed on Council services including; housing and homelessness advice, applications for benefit and hardship support and the Council being asked to provide practical and financial assistance to food banks, food hubs and energy support programmes.</p>

31/10/2022		
SR 002 Operational : RM01 Risk Consequence	Score	3
	Target	2
	Direction of change	↑X
SR 002 Operational : RM02 Risk Likelihood	Score	3
	Target	2
	Direction of change	→

 Associated Corporate Risks

		31/10/2022
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 current threat level remains high. Recent IT staffing issues require additional mitigation to maintain the protections in place to ensure continued high level of countermeasures.
CR 009 Poor Procurement : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	
CR 013 Emergency event : Status	Score	12.00
	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 was a winter assurance workshop in October. A separate group looking at industrial action which might affect Norfolk Resilience Forum partners and NNDC by extension.
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	Sep 22
<input checked="" type="checkbox"/>	Adequate budget provision both from revenue and capital to support R&M works and capital investment	Cara Jordan	✓
<input checked="" type="checkbox"/>	Adequate staff or appropriately qualified external contractor support	Cara Jordan	✓

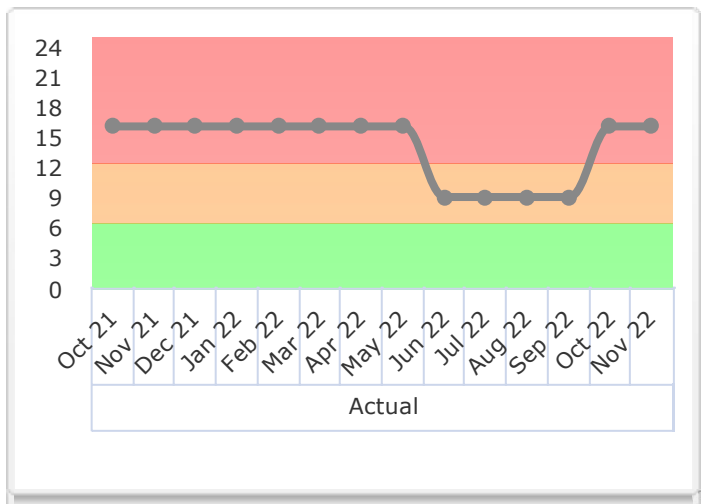
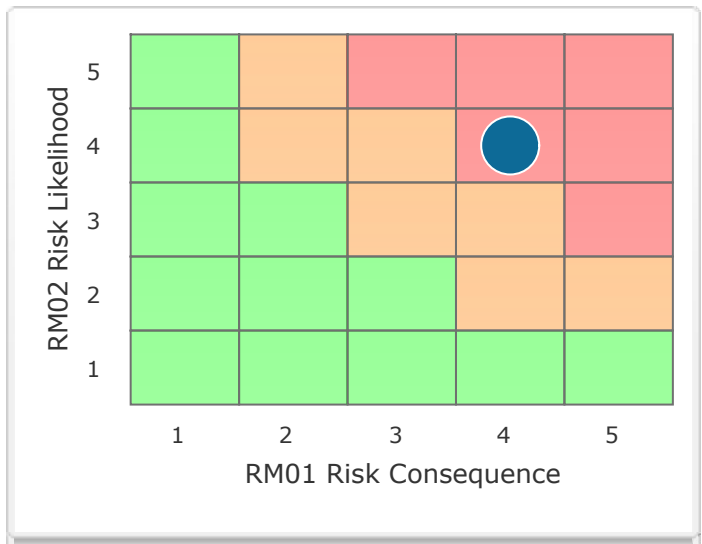
	Responsible	Sep 22
<input checked="" type="checkbox"/> Asset Condition Surveys	Cara Jordan	✔
<input checked="" type="checkbox"/> Business cases for commercialisation of assets to deliver future income and efficiencies	Alison Chubbock	✔
<input checked="" type="checkbox"/> Compliance policies in place and up to date	Cara Jordan	✔
<input checked="" type="checkbox"/> Compliance works undertaken in a timely fashion	Cara Jordan	✔
<input checked="" type="checkbox"/> Procure a Strategic Development Partner	Cara Jordan	✔
<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	✔
<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	✔

	Responsible	Sep 22
<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		Sep 22
<input checked="" type="checkbox"/> Production and approval of the Asset Management Plan	In Progress	Renata Garfoot	Performance	●
			Comments	Documents have been reviewed and drafted awaiting updated financial information to be included.
<input checked="" type="checkbox"/> CC 002 ER1 Review Emergency Response Plan	In Progress	Alison Sayer	Performance	●
			Comments	Ongoing consideration of amendments to the ERP due to: <ul style="list-style-type: none"> <li>• revisions to the Norfolk Emergency Response Guidance (Oct)</li> <li>• additions to response around National Power Outages (Oct) and</li> <li>• additions to the National Risk Register (received Nov)</li> </ul> Review is on schedule.
<input checked="" type="checkbox"/> Develop 'People Strategy'	In Progress	James Claxton	Performance	●
			Comments	The HR Manager has a draft version that needs some input from CLT.

## SR 003 Macroeconomic

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



### Latest Update

		31/10/2022
SR 003 Macroeconomic : Status	Score	16.00
	Target	12.00
	Performance	▲
	Direction of change	↗
	Comments	<p>Following the Chancellor's Autumn Statement on 17 November 2022 which said the country faces difficult times ahead with a recession lasting into 2024, high inflation and anticipated rising unemployment we have to expect that the challenging economic circumstances will have an impact on the performance of the North Norfolk economy and therefore on demand for many council services. The Council held a cost of living summit on 3 November 2022 to understand across the public and voluntary sectors demand for services and support and will closely monitor service demand and implications for the Council's finances which will be reflected in preparation of the 2023/24 budget.</p>

		31/10/2022
SR 003 Macroeconomic : RM01 Risk Consequence	Score	4
	Target	3
	Direction of change	↑X
SR 003 Macroeconomic : RM02 Risk Likelihood	Score	4
	Target	4
	Direction of change	↑X





## Associated Corporate Risks

		31/10/2022
CR 026 Impact of economic fluctuations on the North Norfolk economy : Status	Score	15.00
	Target	4.00
	Performance	▲
	Direction of change	→
	Comments	Whilst the economy has adjusted to the impact of the pandemic there are a number of legacies that still cause concern. Labour supply shortages and inflationary pressures continue to impact on a wide variety of sectors in the local economy, which impacts on economic growth prospects.

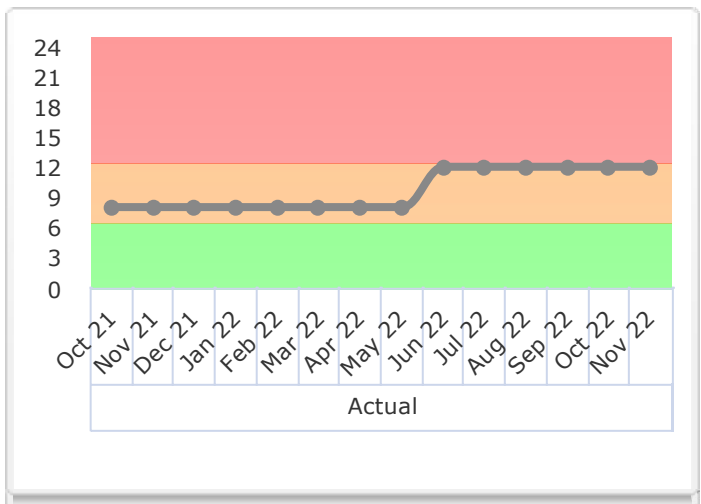
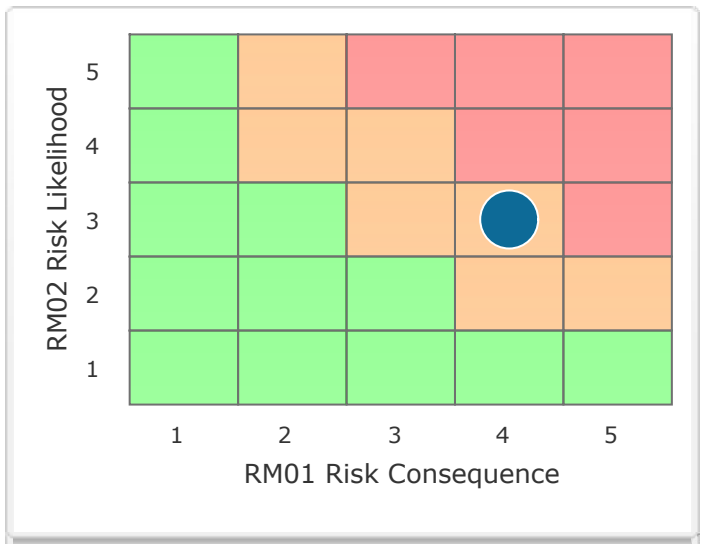
## Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Sep 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	✔


	Stage	Responsible	Performance	Sep 22
<p> 2.2.1 Economic Growth Strategy (2020 - 2023)</p>	<p>In Progress</p>	<p>Stuart Quick</p>	<p>Performance</p>	<p style="text-align: center;"></p> <p>Comments</p> <p>Work is presently underway to develop a new 'online' platform, which will facilitate and enable a more modern, fluid and responsive approach to economic support delivery, particularly during this challenging climate for businesses and communities.</p> <p>The intention is to maintain effective methods of supporting the local economy and responding to the existing and changing needs of local businesses through the following activities.</p> <ul style="list-style-type: none"> <li>• Preparing and analysing evidence relating to local economic context and business needs, including contextual data and that gathered through surveys and business engagement;</li> <li>• Establishing a new digital 'hub' for engaging with the local business community. This will act as an interactive portal for businesses to access information and respond to relevant initiatives;</li> <li>• Developing schemes under the anticipated UKSPF and REPF (once established by Government) and administering the consequential business support/grant initiatives. This will also include the project development with Levelling Up Funds, if the submitted bids are successful);</li> <li>• Utilising, adapting and managing the Council's (business) estate (i.e. NNDC owned business premises) to help respond to demand for premises; and</li> <li>• Continuing to engage with the local visitor and hospitality sector via Visit North Norfolk and to develop collaborative marketing campaigns, itineraries etc. and sector support;</li> <li>• Liaising with, and where necessary helping to facilitate, organisations that represent commercial enterprises (chambers of trade, business forums, federations and groups) at the town, District and County level to establish and share best practice, foster collaboration and resilience.</li> </ul>

## SR 004 Strategic

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



Latest Update

		31/10/2022
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. In the Chancellor's Autumn Statement on 17 November 2022 it was suggested that a Norfolk County Deal might be announced imminently and local partners are awaiting that statement at the current time.</p> <p>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 and is developing a prospectus to spend that money for submission to Government by the end of November.</p> <p>The Council also submitted Levelling Up applications for projects at Fakenham and Cromer the outcome of which is now anticipated before the end of December 2022.</p> <p>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>

		31/10/2022
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

		31/10/2022
CR 027 Strategic financial and performance management : Status	Score	12.00
	Target	4.00
	Performance	<span style="color: orange;">●</span>
	Direction of change	<span style="color: red;">↑</span> <span style="color: red;">✗</span>
	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. Cabinet agreed at its meeting on 6 September 2022 to allocate the 2021/22 surplus of £615,740 to general reserves to offset anticipated overspend in the 2022/23 budget as a result of rapidly rising inflation. A report to Cabinet on 7 November 2022 on period 6 budget statement anticipated a year end overspend of £909,235 which would mean a further draw on reserves if this was to be the outcome at year end.

## Control, Contingency & Mitigating Actions

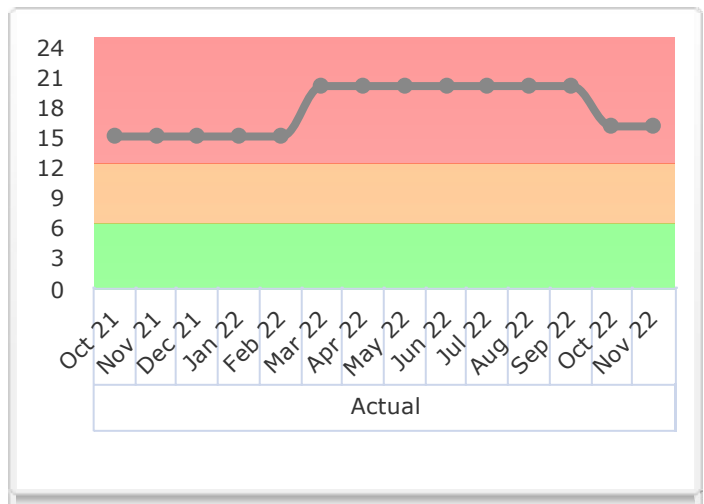
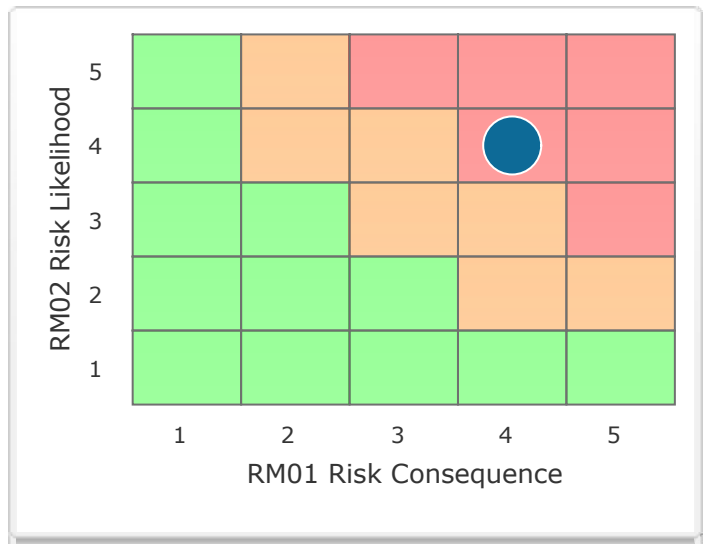
Implemented		
	Responsible	Sep 22
<input checked="" type="checkbox"/> Annual review of the Council's reserves	Alison Chubbock	<span style="color: green;">✔</span>
<input checked="" type="checkbox"/> Budget Process / Budget Monitoring	Lucy Hume	<span style="color: green;">✔</span>
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	<span style="color: green;">✔</span>
<input checked="" type="checkbox"/> Medium Term Financial Strategy	Alison Chubbock	<span style="color: green;">✔</span>
<input checked="" type="checkbox"/> Refresh the project management framework	Kate Rawlings	<span style="color: green;">✔</span>
<input checked="" type="checkbox"/> Review the Corporate Plan 2019-23 post Covid-19	Steve Blatch	<span style="color: green;">✔</span>

**Outstanding**

	Stage	Responsible		Sep 22
<input checked="" type="checkbox"/> Emerging Local Plan	In Progress	Mark Ashwell	Performance	
			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. There is increasing confidence that mitigation proposals will be delivered by mid 2023 and further delays in Plan submission are now unlikely. Subject to consideration of public consultation responses it is hoped that the Plan will be submitted by Feb 2023.

## SR 005 Environmental and Social

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



Latest Update

		31/10/2022
SR 005 Environment & Social : Status	Score	16.00
	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> <p>The Council launched an alternative calculator for the assessment of nutrient neutrality. The alternative calculator will reduce required mitigation by between 30 to 50 percent. This will ensure that development proposals are more viable and can be delivered. In addition, revised mapping has been issued which removes North Walsham from the area requiring mitigation. North Walsham is a key strategic centre.</p>

		31/10/2022
SR 005 Environment & Social : RM01 Risk Consequence	Score	4
	Target	2
	Direction of change	↓✓
SR 005 Environment & Social : RM02 Risk Likelihood	Score	4
	Target	2
	Direction of change	→



 Associated Corporate Risks

		31/10/2022
CR 002 Flooding, erosion and loss of assets and delivery of services : Status	Score	20.00
	Target	12.00
	Performance	▲
	Direction of change	➔
	Comments	Coastal and Climate risk remain high for North Norfolk and over time will increase based on climate change forecasts. NNDC has invested in coastal protection and management over a long period of time, however, with aging infrastructure, depleting beaches and sea level rise, erosion remains a primary risk for our coast. The Council continues to invest in erosion risk management measures including maintenance of existing assets and capital schemes where it is viable to do so. In many locations it is not possible to prevent erosion and there is a need to seek ways to support communities and individuals to transition away from risk. North Norfolk was selected by DEFRA as one of two local authorities for the Coastal Transition Accelerator Programme (CTAP) to investigate, develop, deliver and learn new approaches to support communities to transition away from coastal erosion. This Programme replaces the Flood Coast Resilient Innovation Programme (Resilient Coast) in North Norfolk which was in preparation last year. This new programme provides a significant opportunity to develop local initiatives from which the learning can be transferred to other local authorities and shape the future national approach to coastal change management.
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. The Council launched an alternative calculator for the assessment of nutrient neutrality. The alternative calculator will reduce required mitigation by between 30 to 50 percent. This will ensure that development proposals are more viable and can be delivered. In addition, revised mapping has been issued which removes North Walsham from the area requiring mitigation. North Walsham is a key strategic centre.

 Control, Contingency & Mitigating Actions

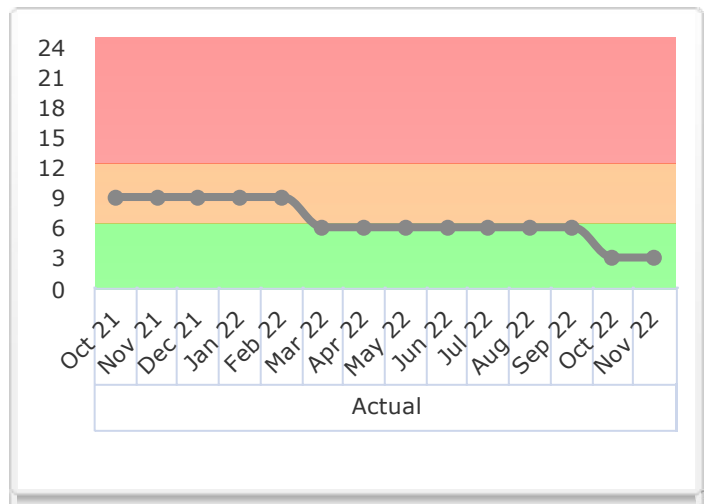
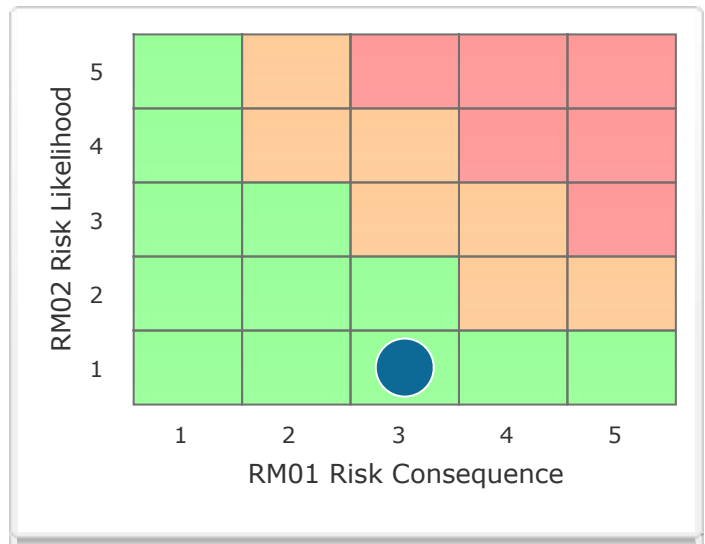
Implemented		
	Responsible	Sep 22
<input checked="" type="checkbox"/> 4.3.1 Baseline carbon audit and carbon reduction action plan	Robert Young	★
<input checked="" type="checkbox"/> Bacton and Walcott coastal management scheme	Rob Goodliffe	✔
<input checked="" type="checkbox"/> Coastal Monitoring	Rob 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	Sep 22	
<input checked="" type="checkbox"/> CM 002 Refurbish coastal defences at Mundesley	In Progress	Tamzen Pope	Performance	●	
			Comments	Mundesley detailed design has been received and is being reviewed by NNDC and Balfour Beatty (as part of the Pre-Construction contract). MMO consultation has delayed the completion of the Environment Statement - revised proposal to be provided by Mott MacDonald this week. MMO licence application and planning application will be submitted once the Environment Statement has been received. Documents to apply for additional funding are being developed following conversations with the Environment Agency.	
<input checked="" type="checkbox"/> CM 016 10 year capital programme	In Progress	Tamzen Pope	Performance	★	
			Comments	Works are progressing on Cromer and Mundesley. Development of other projects on our 10 year capital programme are being planned however have not yet started.	

## 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

31/10/2022		
SR 006 Governance : Status	Score	3.00
	Target	4.00
	Performance	★
	Direction of change	↓
	Comments	<p>A new Director for Resources and Section 151 officer has been appointed with effect from 21 November 2022 thereby strengthening the statutory officer team.</p> <p>Full Council, at its meeting on 16 November 2022, resolved that the Local Government Association should be appointed to undertake a review of the Council's constitution over the period December 2022 to May 2023.</p>

		31/10/2022
SR 006 Governance : RM01 Risk Consequence	Score	3
	Target	2
	Direction of change	→
SR 006 Governance : RM02 Risk Likelihood	Score	1
	Target	2
	Direction of change	↓

## Associated Corporate Risks

		31/10/2022
CR 028 Governance failures : Status	Score	4.00
	Target	4.00
	Performance	★
	Direction of change	↓
	Comments	<p>The Council received its annual audit results report letter for 2019/20 from external auditors Ernst &amp; 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. After clarification of the treatment of infrastructure assets by CIPFA at a national level the Council's 2019/20 accounts were finally signed off on 30 September 2022.</p> <p>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. The Council's new permanent Director for Resources and Section 151 officer, Tina Stankley, took up her appointment with effect from 21 November 2022, strengthening the Council's statutory officer appointments.</p>

## Control, Contingency & Mitigating Actions

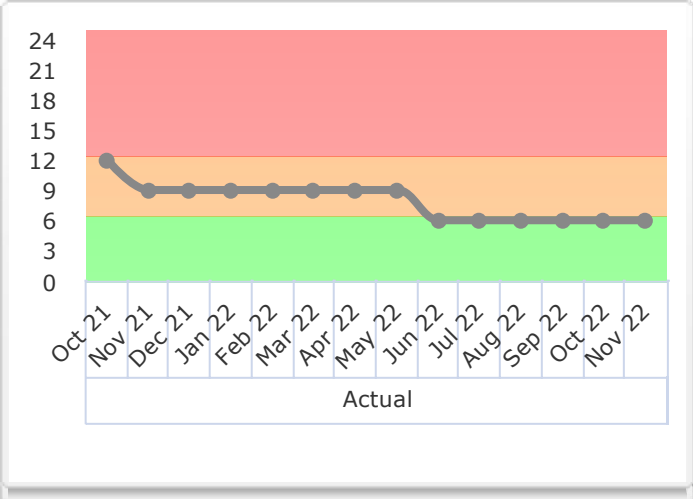
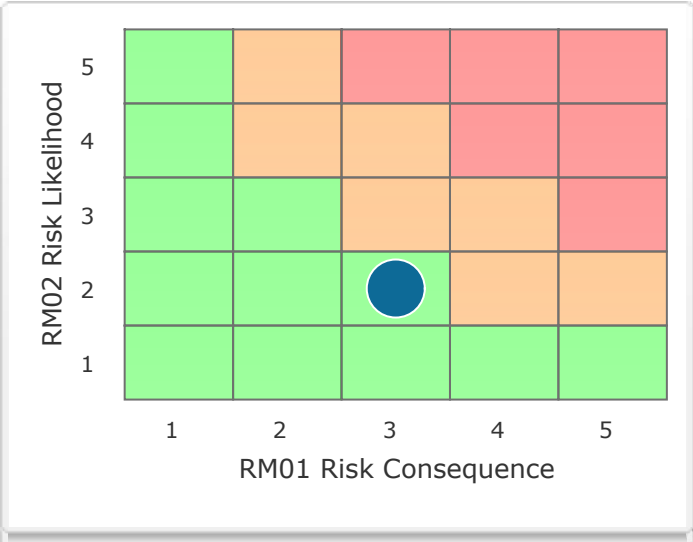
Implemented		
	Responsible	Sep 22
<input checked="" type="checkbox"/> Annual Assurance Statements	Alison Chubbuck	✔
<input checked="" type="checkbox"/> Annual Audit Report	Lucy Hume	✔
<input checked="" type="checkbox"/> Annual Governance Statement 2019/20 supported by assurance framework	Alison Chubbuck	✔
<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 Gifford	✔
<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 Chubbuck	✔

**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



		31/10/2022
SR 007 Reputation : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	<p>During the period September to November 2022 the Council received some negative customer comment around the introduction of new waste and recycling collection rounds which initially saw a higher number of missed bins and incomplete rounds than would normally be the case. The introduction of any new system requires a bedding in period and the Council's contractor advised in their programme that this might take up to twelve weeks, This issue was raised at Full Council on 16 November 2022 when improvement over the previous eight weeks were reported and the situation continues to be monitored. High numbers of calls to the Council's contact centre during this period saw response times lengthen although this situation is now returning to normal levels. The council produced and circulated to all households its second edition of the Outlook publication promoting the Councils services and support for its communities, with a four page Cost of Living feature, in November 2022. In terms of wider corporate reputation delivery of the North Walsham Heritage Action Zone project continue with the Market Place improvement programme which will see some disruption in the town centre during the construction phase.</p>

		31/10/2022
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

This report does not contain any data

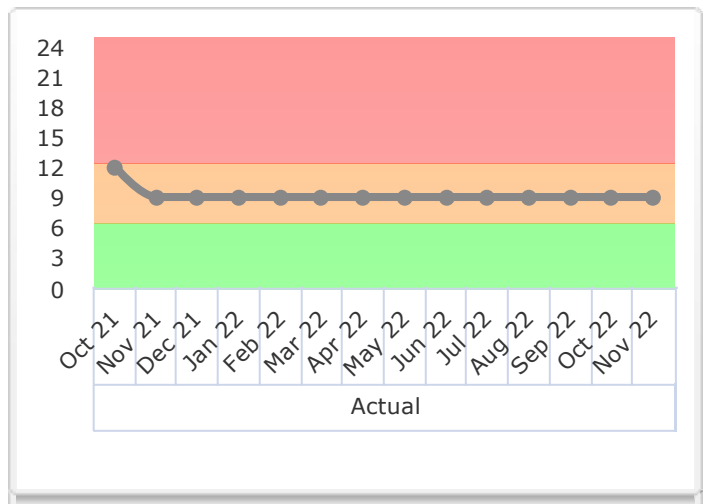
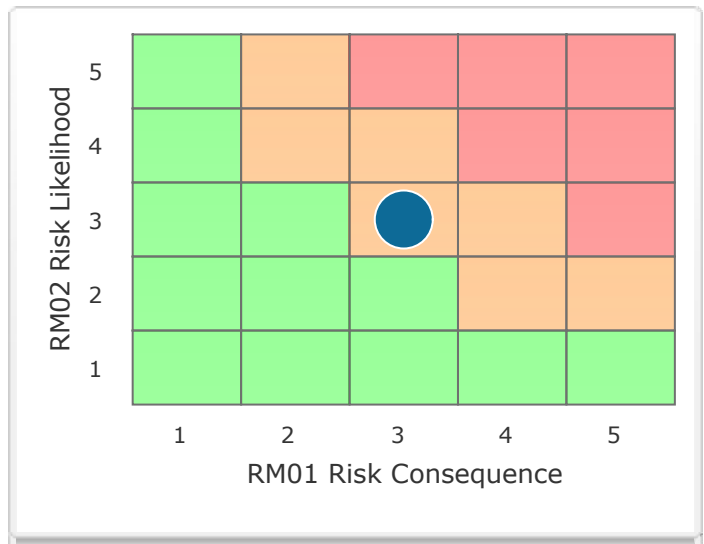
## Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Sep 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
This report does not contain any data

## 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

		31/10/2022
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 continues with the Market Place improvement programme 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>

		31/10/2022
SR 008 Corporate project related risks : RM01 Risk Consequence	Score	3
	Target	2
	Direction of change	➔
SR 008 Corporate project related risks : RM02 Risk Likelihood	Score	3
	Target	2
	Direction of change	➔

## SR 008 Corporate project related risks

### Associated Corporate Risks

		31/10/2022
CR 030 Sheringham Leisure Centre : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	The final account remains to be settled. Information from the construction company is awaited before the final accounts can be agreed.
CR 032 Fakenham new roundabout - Delivery of highway infrastructure (roundabout) on A148 : Status	Score	9.00
	Target	6.00
	Performance	●
	Direction of change	➔
	Comments	<p>Increased costs over recent months has lead to this scheme not being able to be delivered during 2022. Positive discussions have been held with the applicant and their representatives and a way forward identified.</p> <p>Existing Controls Emerging Local Plan</p> <ul style="list-style-type: none"> <li>• Stakeholders monthly meeting</li> <li>• Regular dialogue with Norfolk County Council</li> <li>• Liaising with NNDC Chief Executive</li> <li>• Keeping ward Members informed</li> <li>• Funding opportunities explored</li> <li>• Applications to carry over existing funding being submitted (November 2022).</li> </ul> <p>Further action to achieve target risk score</p> <ul style="list-style-type: none"> <li>• Close liaison with stakeholders in exploring potential funding opportunities.</li> <li>• Continued input and financial support in relation to design to ensure that infrastructure is able to be delivered during 2023.</li> </ul>
CR 033 North Walsham High Street Heritage Action Zone - project incomplete : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➔
	Comments	<p>Existing Controls</p> <ul style="list-style-type: none"> <li>• Project Board</li> <li>• Procedures for management</li> <li>• Project risk register</li> <li>• Pre purchased materials</li> <li>• De scoped the scheme</li> <li>• Value engineered</li> <li>• Professional advisors</li> </ul> <p>The fixed budget for the project (with substantial external funding), in the face of inflationary pressures since the scheme was conceived in 2020, has meant that the scheme has had to be tailored to fit. Further funding is therefore required in order to complete the improvements to the satisfaction of the Council and local stakeholders. A report recommending this is going to Cabinet on 5 December 2022.</p>



# Control, Contingency & Mitigating Actions

Implemented		
	Responsible	Sep 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				
	Stage	Responsible		Sep 22
<input checked="" type="checkbox"/> Emerging Local Plan	In Progress	Mark Ashwell	Performance	●
			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. There is increasing confidence that mitigation proposals will be delivered by mid 2023 and further delays in Plan submission are now unlikely. Subject to consideration of public consultation responses it is hoped that the Plan will be submitted by Feb 2023.

# Agenda Item 14

## EXEMPTIONS GRANTED FROM 7 SEPTEMBER 2022 TO 23 NOVEMBER 2022

Date	Contractor	Type of Work	Amount (rounded to nearest pound)	Exemption
04/10/22	Kings & Barnhams	Electrical Works MTC	£120,000	(I) the contract is an extension to an existing contract and a change of supplier would cause disproportionate technical difficulties, diseconomies of scale or significant disruption to Council services (such as software procurement)
09/11/22	Locata Housing Services	Supply of IT housing software – managing temporary accommodation rent accounting and update to lettings system.	£20,400	(I)The enhancement is a bolt on to an existing contract which is not due to expire until September 2024 and a change of supplier would cause disproportionate technical difficulties, diseconomies of scale and significant disruption to our Housing Options Service.

### Notes

- The previous period reported to GRAC was for the period 6 June 2022 to 6 September 2022. In that period 3 exemptions were reported to the Committee.
- The next reporting period to GRAC will follow on from the last reporting period.

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## GOVERNANCE, RISK & AUDIT COMMITTEE ON 27<sup>th</sup> SEPTEMBER 2022 – OUTCOMES & ACTIONS LIST

MINUTE NO.	AGENDA ITEM AND ACTION	ACTION BY
45	<b>EY EXTERNAL AUDIT - INITIAL AUDIT PLAN</b>	
	<p><b>RESOLVED</b></p> <p>To review and note the Initial External Audit Plan.</p>	<b>GRAC</b>
46	<b>PROGRESS AND FOLLOW UP REPORT ON INTERNAL AUDIT ACTIVITY: 1 APRIL 2022 TO 16 SEPTEMBER 2022</b>	
	<p><b>RESOLVED</b></p> <p>To receive and note the internal audit progress and the progress made against internal audit recommendations within the period covered by the report.</p>	<b>GRAC</b>
47	<b>MONITORING OFFICER'S ANNUAL REPORT 2021/2022</b>	
	<p><b>RESOLVED</b></p> <p>To receive and note the Monitoring Officer's Annual Report.</p>	<b>GRAC</b>
48	<b>GOVERNANCE, RISK &amp; AUDIT COMMITTEE - ANNUAL REPORT 2021-22</b>	
	<p><b>RESOLVED</b></p> <p>To recommended that Council notes the report, affirms the work of the Governance, Risk &amp; Audit Committee, and considers any concerns raised within the report.</p>	<b>Council</b>
49	<b>PROCUREMENT EXEMPTIONS REGISTER 6 JUNE 2022 TO 6 SEPTEMBER 2022</b>	
	<p><b>RESOLVED</b></p> <p>To review and note the Procurement Exemptions Register.</p>	<b>GRAC</b>
50	<b>CORPORATE RISK REGISTER</b>	
	<p><b>RESOLVED</b></p> <p>To review and note the Corporate Risk Register</p>	<b>GRAC</b>

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

Date	Topic	Lead Officer	Comments	Cycle
<b>14<sup>th</sup> June 2022</b>				
	EY Annual Audit Letter 2019/20	External Audit – Mark Hodgson	TBC	Annual
	Counter-Fraud, Corruption and Bribery Policy Update	Assistant Director Finance, Assets and Legal – Cara Jordan	To review and approve the updated Policy	Tri-annual
	Progress report on Internal Audit Activity	Internal Audit – Faye Haywood		Quarterly
	Annual Report/Opinion & Review of the Effectiveness of Internal Audit	Internal Audit – Faye Haywood		Annual
	Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
	Corporate Risk Register	Assistant Director Finance, Assets and Legal – Cara Jordan	To review the corporate risk register	Quarterly
	AGS 21/22 & Local Code of Corporate Governance	Assistant Director Finance, Assets and Legal – Cara Jordan	Review & approve AGS & Local Code of Corporate Governance	Annual
<b>12<sup>th</sup> July 2022</b>	<b>TBC</b>			
	Meeting Cancelled			
<b>27<sup>th</sup> Sept 2022</b>				
	Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
	Monitoring Officer's Report	Monitoring Officer – Cara Jordan		Annual
	Follow-up on Internal Audit Recommendations	Internal Audit – Faye Haywood	To include update on historical recommendations	Quarterly
	Progress Report on Internal Audit Activity	Internal Audit – Faye Haywood	To review progress on active internal audit recommendations	Quarterly
	Corporate Risk Register	Assistant Director Finance, Assets and Legal – Cara Jordan	To review the corporate risk register	Quarterly
	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
<b>6<sup>th</sup> Dec 2022</b>				
	Corporate Risk Register	Director for Resources		Quarterly
	Progress & Follow-up Report on Internal Audit Activity	Internal Audit	To review progress on internal audit recommendations	Quarterly
	Civil Contingencies Update	Resilience Manager		Annual
	Business Continuity Framework	Resilience Manager		
	Procurement Exemptions Register	Monitoring Officer	To review Procurement Exemptions	Quarterly
	Final statement of accounts/ sign-off 2020/21	Chief Technical Accountant		Annual
	External Audit Results report 2020/21 TBC	External Audit		Annual
	External Audit Letter 2020/21	External Audit		Annual
<b>7<sup>th</sup> March 2023</b>				
	Draft Statement of Accounts 2021/22	Chief Technical Accountant	To review the draft statement of accounts	Annual
	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			
	Review of Council's Asset Register	Chief Technical Accountant	To review the number and value of Council assets	Committee Request

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

<b>2023</b>				
	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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