

Governance, Risk and Audit Committee



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Monday 5th June 2023

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, 13 June 2023** at **2.00 pm**.

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

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

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

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

Emma Denny
Democratic Services Manager

To: Cllr J Toye, Cllr J Boyle, Cllr S Penfold, Cllr C Cushing, Cllr E Spagnola and Cllr L Vickers

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 7th March 2023.

7. INTERNAL AUDIT PROGRESS & FOLLOW-UP REPORT

15 - 54

Summary: This report examines the progress made between 26 November 2022 to 30 May 2023 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 01508
533873

faye.haywood@southnorfolk

8. INTERNAL AUDIT ANNUAL REPORT & OPINION 2022/23

55 - 74

Summary: This report concludes on the internal audit activity undertaken during 2022/23, it provides an annual opinion concerning the organisation's framework of governance, risk management and control and concludes on the effectiveness of internal audit and provides key information for the annual governance statement.

Conclusions: On the basis of Internal Audit work performed during 2022/23, the Head of Internal Audit is able to give a reasonable (positive) opinion on the framework of governance, risk management and control overall at North Norfolk District Council.

Recommendations:

1. Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit.
2. Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2023.
3. Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2022/23.
4. Note the conclusions of the Review of the Effectiveness of Internal Audit.

Cabinet member(s):

All

Contact Officer, telephone number, and e-mail:

Ward(s) affected:

All

Faye Haywood, Head of Internal Audit

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faye.haywood@southnorfolka

andbroadland.gov.uk

9. PURCHASE OF TWO ADDITIONAL REFUSE COLLECTION VEHICLES

75 - 82

Purchase of two additional refuse collection vehicles	
Executive Summary	This report outlines the requirement for allocation of capital funding for the purchase of two new refuse collection vehicles for the commercial and garden waste collection services delivered by Serco on behalf of the Council. These services have experienced significant customer growth over the last few years and are at a point whereby additional vehicles are required to ensure that the Council can continue to meet customers' expectations and deliver its statutory duties around domestic and commercial waste collections.
Options considered	<p>Do nothing – this would result in a deteriorating service level and loss of customers resulting in lost income for the Council.</p> <p>Hiring additional vehicles – deemed poor value for money.</p> <p>Purchasing second-hand vehicles – no availability of suitable vehicles.</p> <p>Contractor purchasing vehicles – poor value for money and not in line with current fleet.</p>
Consultation(s)	The proposal has been drawn up in conjunction with Serco who have recommended the provision of the additional vehicles and will look to factor their use in to a future round reorganisation.
Recommendations	<p>That Cabinet recommend to full Council an addition to the Capital programme of £385,000 to purchase two new refuse collection vehicles and that the £385,000 be added to the residual £65,000 that is left over from the original budget to purchase refuse vehicles from 2019 to date.</p> <p>That Cabinet recommend to full Council that the purchase be funded by borrowing of £335,000 and a revenue contribution of £50,000.</p>
Reasons for recommendations	To ensure the Council can meet customers' expectations and provide a service that can keep up with the continuing increase in demand for garden and commercial waste collection services. To ensure statutory duties around waste collection can be fulfilled. To

	support the future growth in revenue generating services.
Background papers	None

Wards affected	All
Cabinet member(s)	Cllr. Callum Ringer
Contact Officer	Scott Martin, Environment and Safety Manager, scott.martin@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan:	N/A
Medium Term Financial Strategy (MTFS)	The provision of additional resources on the revenue generating garden and commercial waste services will enable a better level of service delivery and help achieve future customer and revenue growth, supporting the MTFS.
Council Policies & Strategies	None

Corporate Governance:	
Is this a key decision	Yes
Has the public interest test been applied	Is the item exempt, if so, state why.
Details of any previous decision(s) on this matter	N/A

10. CORPORATE RISK REGISTER

83 - 104

To review and note the Corporate Risk Register and consider any necessary recommendations.

COUNTER-FRAUD, CORRUPTION AND BRIBERY UPDATE	
Executive Summary	This counter-fraud update report informs on the Council's arrangements in the fight against fraud and corruption and recent work undertaken to identify how we are addressing and mitigating risk. The Governance Risk and Audit Committee ("GRAC") is informed of the Council's recent incidences of potential fraud and mitigation applied; of a counter fraud checklist and resulting action plan.
Options considered	Whilst this report is intended for general note, GRAC may wish to consider or further review the checklist and risk/mitigation measures.
Consultation	In preparing this report, managers whose area of work presents a higher risk of fraud have been liaised with. These officers have fed into the 'fighting fraud checklist' and have provided information about incidences of potential fraud in the last 12 months. Additionally, there has been consultation with the Chief Financial Officer ("s.151 officer"); Internal Audit Manager, the Council's Management Team, the Corporate Leadership Team ("CLT") and all key officers at the Council whose role is detailed on the attached checklist.
Recommendations	<ol style="list-style-type: none"> 1. To note the update report 2. To review and note the checklist 3. To review and note the action plan 4. To note the fraud assessment update which includes incidences of potential fraud
Reasons for recommendations	To deliver the corporate action plan aims with regard to cost versus risk considerations and with a view to keep our establishment at reasonable and affordable levels whilst addressing the risk of fraud.
Background papers	<p>Appendix A – Fighting Fraud and Corruption Locally -Checklist.</p> <p>Appendix B – Action Plan ensuing from checklist</p> <p>Appendix C – Last Year's Fraud Risk Assessment (2022/23)</p> <p>Appendix D – Corporate Anti-Fraud Action Plan</p>
Links to key documents	<p>Appendix E – Table considering risk areas identified in the 2022/23 Fraud Risk Assessment, and incidences of potential Fraud at NNDC</p> <p>FFCL - Strategy for the 2020's.pdf (cifas.org.uk)</p>

	Tackling fraud and corruption against government (nao.org.uk)
Wards affected	All
Cabinet Members	CLlr Shires
Contact Officer: Cara Jordan, AD Finance Assets Legal cara.jordan@north-norfolk.gov.uk Tel 01263 516373	

Corporate Plan:	Financial Sustainability and Growth
Medium Term Financial Strategy (MTFS)	Proposals not linked to the MTFS
Council Policies & Strategies	Counter Fraud, Corruption and Bribery Policy 2022 Counter Fraud, Corruption and Bribery Strategy

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	<p>Exempt paper - Appendix E(i)</p> <p>For the following reason</p> <p>Information in Appendix E(i) involves the likely disclosure of exempt information as defined in paragraphs 1, 2 and 3, Part 1 of schedule 12A (as amended) to the Local Government Act 1972. These paragraphs relate to:</p> <ol style="list-style-type: none"> 1. information relating to an individual; 2. information which is likely to reveal the identity of an individual; and 3. information relating to the financial or business affairs of any particular person (including the authority holding that information). <p>The public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:</p> <p>Paragraphs 1 & 2: Some incidents detailed in Appendix E(i) relate to one or few individuals whose data protection rights outweigh the public interest in disclosure.</p> <p>Paragraph 3: There are details and amounts of incidences of loss or potential loss in Appendix E(i), as well as detailed information as to how the Council is addressing this. To provide this information to the public may compromise the Council in its aim in protecting its funds for the benefit of the District.</p>
Details of any previous decision(s) on this matter	This is an update report

12. PROCUREMENT EXEMPTIONS REGISTER 9TH FEBRUARY - 25TH MAY 2023 139 - 140

To review and note the Procurement Exemptions Register.

13. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST 141 - 142

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

14. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME 143 - 146

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

15. EXCLUSION OF THE PRESS AND PUBLIC

To pass the following resolution, if necessary:

“That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 1, 2, and 3 of Part I of Schedule 12A (as amended) to the Act.”

Agenda Number	Item	Paragraph of Part 1 Schedule 12A
12 Appendix E		1 - information relating to an individual 2 - information which is likely to reveal the identity of an individual 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information).

And

b. That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:

Paragraphs 1 & 2: Some incidents detailed in Appendix E(i) relate to one or few individuals whose data protection rights outweigh the public interest in disclosure.

Paragraph 3: There are details and amounts of incidences of loss or potential loss in Appendix E(i), as well as detailed information as to how the Council is addressing this. To provide this information to the public may compromise the Council in its aim in protecting its funds for the benefit of the District.

Registering interests

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

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

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

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

Non participation in case of disclosable pecuniary interest

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

Disclosure of Other Registerable Interests

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

Disclosure of Non-Registerable Interests

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

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

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

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

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

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

Table 1: Disclosable Pecuniary Interests

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

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

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

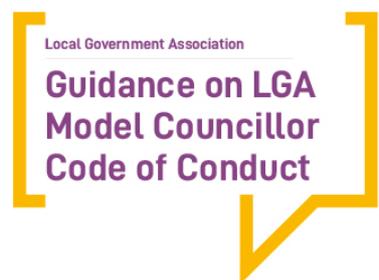
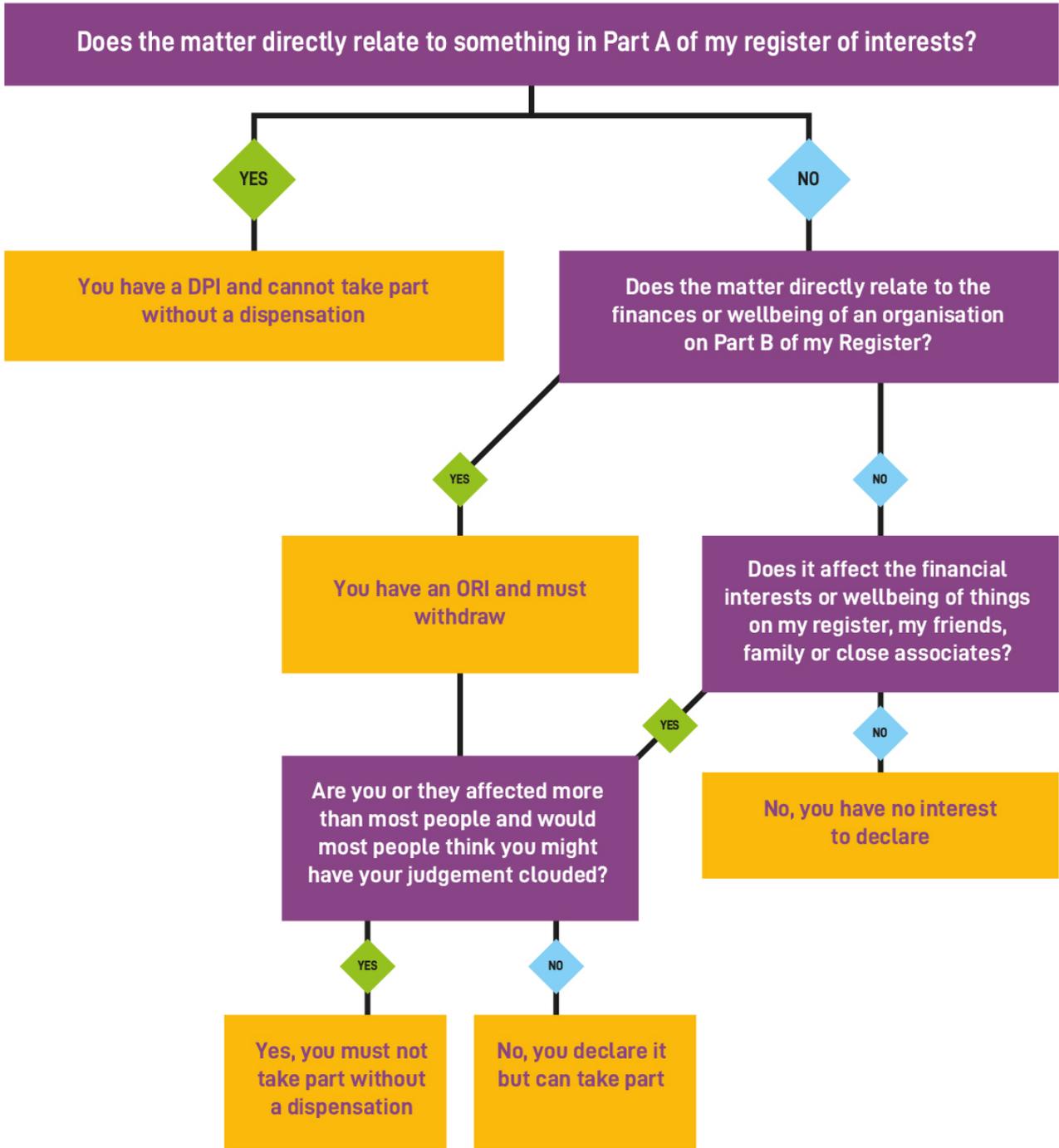
	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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* 'director' includes a member of the committee of management of an industrial and provident society.

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

Table 2: Other Registrable Interests

<p>You have a personal interest in any business of your authority where it relates to or is likely to affect:</p> <ul style="list-style-type: none">a) any body of which you are in general control or management and to which you are nominated or appointed by your authorityb) any body<ul style="list-style-type: none">(i) exercising functions of a public nature(ii) any body directed to charitable purposes or(iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)



GOVERNANCE, RISK AND AUDIT COMMITTEE

Minutes of the meeting of the Governance, Risk and Audit Committee held on Tuesday, 7 March 2023 at the Council Chamber - Council Offices at 2.00 pm

Committee

Members Present:

Mr J Rest (Chairman)
Dr P Bütikofer

Mr C Cushing
Mr P Fisher

Officers in

Attendance:

Head of Internal Audit (HIA), Democratic Services Manager (DSM), Chief Executive (CE), Assistant Director for Finance, Assets, Legal & Monitoring Officer (MO), Director for Resources / S151 Officer (DFR) and Corporate Programme and Project Manager (CPPM)

71 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Cllr S Bütikofer and Cllr S Penfold.

72 SUBSTITUTES

None.

73 PUBLIC QUESTIONS

None received.

74 DECLARATIONS OF INTEREST

None declared.

75 ITEMS OF URGENT BUSINESS

None received.

76 MINUTES

Minutes of the meeting held on 6th December 2022 were approved as a correct record and signed by the Chairman.

77 STRATEGIC ANNUAL INTERNAL AUDIT PLAN 2023-24

The HIA introduced the report and informed Members that the Plan would cover the period from April 2023 to March 2024, and had been developed with input from senior managers, with attention paid to risks identified within the Corporate Risk Register. She outlined all planned audit work with an indication of scheduling for each quarter and invited Members to review the Plan and provide feedback. The HIA stated that it had been recommended as part of an external quality assessment undertaken by the Chartered Institute of Internal Auditors, that consideration be given to seeking alternative assurances for any top scoring risks. She added that

appendix 5 identified the top two risks and any alternative assurance options that might be available.

Questions and Discussion

- i. Cllr C Cushing asked whether the Plan would consider existing risks and any issues that had caused particular concerns in the past. The HIA confirmed that existing risks would be taken into account alongside key areas that would usually require assurance gradings. She added any previous limited assurance gradings were also considered to determine whether they should be revisited alongside any deeper audits of specific issues.
- ii. The recommendations were proposed by Cllr P Fisher and seconded by Cllr C Cushing.

RESOLVED

The Committee considers and approves: a) the Internal Audit Charter; b) the Internal Audit Strategy; c) the Strategic Internal Audit Plans 2023/24 to 2026/27; and d) the Annual Internal Audit Plan 2023/24.

78 GRAC ANNUAL SELF-ASSESSMENT

The HIA introduced the item and suggested that Members may want to consider any specific areas of concern for the cohort of new Members to address following elections in May, though it was recognised that the Committee worked effectively within its terms of reference. She added that if deemed necessary, Members could make changes to any answers given in the previous year, which would then be addressed accordingly.

Questions and Discussion

- i. The Chairman noted that no assessments were scored below four, but suggested that core skills needed be addressed through periodic training to ensure that all Members had the required knowledge to sit on the Committee. The HIA suggested that Members may want to consider an action to consider the independence of the Committee, and noted that future self-assessments would be completed in a different format.

RESOLVED

That the Committee discuss the attached checklist at Appendix 1 to this report from 2022 and consider whether any of the scoring requires amending or whether improvement actions need to be developed in any areas.

79 DRAFT STATEMENT OF ACCOUNTS 2021-22

The DFR introduced the report and informed Members that the Draft Statement of Accounts had not been prepared in time for the meeting and were still in the process of being finalised. She added that delays had been caused by staff shortages and the need to prioritise closing the budget gap, and as a result the accounts process had suffered. It was suggested that the delays demonstrated the associated risk of not having a fully resourced Finance Team, though this was being addressed as part of a recruitment exercise. The DFR stated that she expected to have the draft accounts complete by late spring, and would present them at the June Committee

meeting.

Questions and Discussion

- i. Cllr P Bütikofer referred to the legal implications of not publishing audited accounts and stated that the Council had not met the statutory requirement to publish an audited statement of accounts for 2020/21 or 2021/22. The DFR replied that there had been a number Councils across the Country that had not published their audited statement of accounts within the statutory timeframe, and it did not appear that there was any significant sanctions placed on Councils as a result. The CE added that in addition to internal pressures, the external audit sector had been particularly stretched during and after the pandemic, which had caused many Councils not to meet the statutory deadlines for publication of audited accounts.
- ii. Cllr C Cushing asked what the impact of not having audited accounts would be, and what recruitment plans were in place to allow officers to catch-up with outstanding audit work. He added that beyond audit there was a perception that reports were consistently late and this had to be addressed as a priority. The CE replied that the Council had been without a DFR and S151 Officer from May until November 2022, though statutory responsibilities had been met by a mutual aid arrangement with Breckland DC. He added that there had also been a long-term sickness absence within the Finance Team, and whilst the DFR had focused on setting a balanced budget, efforts would now turn to recruitment and adequate resourcing of the Finance Team. Cllr C Cushing asked whether issues would be resolved by June when the Committee would next meet, to which the DFR replied that she was in the process of developing job descriptions for the current vacancies and these would be advertised as soon as possible.
- iii. The recommendations was proposed by Cllr P Butikofer and seconded by Cllr C Cushing.

RESOLVED

That the Committee notes the contents of the report and approve that the Statement of Accounts for 2021/22 are brought back to the next Governance, Risk and Audit Committee.

80 REVIEW OF NORTH WALSHAM HERITAGE ACTION ZONE PROJECT GOVERNANCE

The CPPM introduced the report and informed Members that it had come to the Committee following a recommendation from the Overview & Scrutiny Committee to consider whether the project had adhered to the Council's project governance and management framework. She added that the review had found that the project had adhered to the framework, with further details included in the report.

Questions and Discussion

- i. Cllr C Cushing stated that he had raised issues, particularly with the risk register and noted his concerns that there was very little information on the register to explain risks or mitigation, which was not good practice from a project management perspective. He added that if risk registers were not being properly managed, he had concerns that other aspects of the project

may also be improperly managed, and there may be lessons to learn to improve. The CPPM replied that from a governance perspective the risk register had been regularly updated and discussed at every project board meeting. Cllr C Cushing stated that any outside individual should be able to review the risk register, but he did not feel it would be possible in this case, and if risks were being regularly updated, it was possible that they were not being properly managed or understood.

- ii. Cllr P Fisher stated that he had recently visited the area to see the implementation of the scheme, and it was encouraging that the project would soon be finished ahead of schedule, taking into account the impact of bad weather and other mitigating factors.
- iii. The Chairman stated that the risk register contained 34 risks with approximately 30% given a red RAG status, which was a cause for concern. The CE replied that the pre-mitigation register would show a higher number of red RAG statuses. He added that many of the red statuses took into account potential risks that had not occurred, whilst the post-mitigation register showed a much improved picture. It was suggested that it would be of greater concern if the number of red RAG statuses had remained the same post-mitigation. The CE stated that some risks remained that were related to increased costs and the need for additional funding, but taking into account contract and materials inflation, this had to be expected and would remain a red status risk. It was noted that mitigation action had included the purchase of materials upfront, but increased labour costs remained an issue and would be for all building projects for the foreseeable future. The Chairman accepted that risks had reduced significantly post-mitigation and did not present the same level of concern.
- iv. Cllr C Cushing stated that the risk register should present the current position and therefore questioned whether any historic information relating to pre-mitigation risks was necessary. The CE replied that this format could be reviewed and considered against best practice of other local authorities. The HIA stated that Internal Audit had a risk management assessment scheduled as part of the upcoming audit programme, and risk registers would be considered as part of this work with recommendations made where necessary. She added that in some cases it could be helpful for management to see pre-mitigation risks, but ideally it would be best to see a consistent approach used across all projects and risk registers.

RESOLVED

To review and note the report and associated risk register.

81 REVIEW OF REEF PROJECT RECOMMENDATIONS

The CPPM introduced the report and informed Members that it had previously been considered by the Overview & Scrutiny Committee in January, who had recommended that the lessons learnt appendix be considered by GRAC, in order to provide further input and agree any future actions.

Questions and Discussion

- i. Cllr C Cushing asked how the lessons learned would be fed back into future projects, and who would be responsible for this. The CPPM replied that the

CDU would be responsible for creating a library of lessons learned and would ensure that they were applied to all projects going forward. Cllr C Cushing stated that a more agile project management methodology may have allowed for the Reef project to be adapted as it progressed, and asked whether there would be an opportunity to introduce this methodology in the future. The CPPM confirmed that all opportunities would be considered to improve the management of Council projects.

RESOLVED

That GRAC review the recommendations identified within the lessons learnt log (Attached at appendix A) and consider any necessary actions or further recommendations.

82 CORPORATE RISK REGISTER

The DFR introduced the item and informed Members that a written report had not been included due to difficulties extracting information from the Inphase system. She added that she could provide a brief verbal update and noted that in terms financial risks, the Council had now set a balanced budget, but this had placed significant pressure on the Council to find savings. It was noted that a 3% funding guarantee from Central Government had also aided the process, whilst continued increases in interest rates had prompted a review of the Council's savings and investments. The DFR stated that the Council maintained low levels of borrowing for cash flow purposes, but this was standard practice for most authorities. On operational matters, it was reported that there were no new major risks identified, and risks relating to the loss of digital information had been mitigated with increased firewall protection. She added that macroeconomic risks remained, though there were signs that the rate of inflation was beginning to slow, but interest rates remained high which had a significant impact on borrowing. It was noted that there was an expectation that revenue support and energy grants would continue for the foreseeable future, which had an associated impact on Council resources. The DFR stated that strategic risks remained around major projects and nutrient neutrality, but the new joint venture with AW would begin to mitigate this risk. She added that the UK Shared Prosperity Fund would require careful consideration to identify risks, alongside funding received from Central Government to provide housing for refugees. It was noted that the Local Plan had now been approved for inspection, which would begin to reduce related risks. Finally, it was noted that approval of the solar port project at the Reef would help to address the Council's carbon footprint, and subsequently help mitigate the associated net zero risks.

Questions and Discussion

- i. It was confirmed following a question from the Chairman that a written summary of the commentary would be shared with Committee Members via email once the information was available. He added that without a written report the Committee could only be expected to note the verbal update.

RESOLVED

To note the verbal update.

83 PROCUREMENT EXEMPTIONS REGISTER 23 NOVEMBER 22 - 8 FEBRUARY 23

The MO introduced the report and informed Members that there had been two exemptions granted in the period covered by the report, with the main exemption relating to the implementation of the Network Surety IT firewall service, which was a contract extension required at short notice to mitigate security risks.

RESOLVED

To review and note the Procurement Exemptions Register.

84 GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

The DSM informed Members that the actions listed had been completed including the Business Continuity Policy which had been approved by Cabinet following a recommendation from the Committee. She added that she expected the action to include the in-year budget overspend within the Corporate Risk Register to be evidenced at the next meeting.

RESOLVED

To note the update.

85 GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

The DSM informed Members that the work programme for June would include the Draft Statement of Accounts as discussed, alongside the Counter-Fraud Corruption and Bribery Policy, and cyclical reports expected from Internal and External Audit.

RESOLVED

To note the Work Programme.

86 EXCLUSION OF THE PRESS AND PUBLIC

The Chairman stated that in order to discuss the details of the Council's Asset Register, it would be necessary to propose that under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 3 & 5 of Part I of Schedule 12A (as amended) to the Act. He added that the public interest in maintaining the exemption outweighed the public interest in disclosure for the following reasons:

Agenda Item Numbers	Paragraphs of Part 1 Schedule 12A
13 - Appendix	3

Information relating to the financial or business affairs of any particular person (including the authority holding that information). The appended report contains commercially confidential information.

The exclusion was proposed by Cllr P Bütikofer and seconded by Cllr C Cushing.

RESOLVED

- 1. That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business on the grounds that they involve the likely disclosure of exempt**

information as defined in paragraphs 3 & 5 of Part I of Schedule 12A (as amended) to the Act.

2. That the public interest in maintaining the exemption outweighed the public interest in disclosure for the following reasons:

Agenda Item Numbers	Paragraphs of Part 1 Schedule 12A
13 - Appendix	3

Information relating to the financial or business affairs of any particular person (including the authority holding that information). The appended report contains commercially confidential information.

87 REVIEW OF COUNCIL'S ASSET REGISTER

The Chairman introduced the item and noted that it had been prepared at the request of the Committee to provide Members with an opportunity to review the Council's assets, ask officers any relevant questions and consider recommendations, if necessary.

Questions and Discussion

- i. Cllr C Cushing referred to a car park and stated that the value seemed relatively low given its location, and asked who valued the assets. The DFR replied that it could be that the asset had not been valued for some time, and a revaluation may be required in accordance with the normal five year timetable. She added that the report also explained that the register was kept for accounting purposes and it may be that the listed values would not reflect market values, if any assets were to be sold. It was noted that others may be direct replacement costs or existing use values, and most assets would not be listed as market values. Cllr C Cushing asked how often each asset was reviewed to consider whether it would be beneficial to sell, to which the DFR replied that from an accounting perspective assets were not reviewed in this manner. She added that the authority was obliged to value its assets every five years on a rolling programme, but unless it had been deemed potentially beneficial to sell an asset, a market value would not be sought.
- ii. Cllr C Cushing noted that in some cases it would cost more to maintain an asset than the benefit it would provide, and asked whether there were any profit or loss assessments made on this basis. The DFR replied that this was not done on a routine basis, but it would be considered in advance of any significant repair works to determine whether it would be more cost effective to dispose of the asset.
- iii. The Chairman referred to an asset that had recently been sold and noted that the sale value was much higher than the value listed on the register. The DFR replied that the value listed on the register would be for existing use, whereas the market value had been higher, as could be expected. It was confirmed following a question from the Chairman that the listed value of the Pavilion Theatre did not include the Pier, and the DFR added that the value may represent the replacement value. The Chairman asked whether the values listed were used for insurance purposes, as land values would remain

even without buildings. The DFR replied that values were not used for insurance purposes as assets would be subject to a separate valuation process for this.

- iv. The CE stated that the register was useful to understand the Council's portfolio, but it should be noted that some assets were subject to planning policy retention and could not be sold without changes to existing policy, which would effect asset values. He added that external consults had previously been used to identify sites that held potential value to the Council, should a decision ever be made for disposal. It was noted that future administrations may choose to act upon this, should any asset values outweigh the public benefit they provided, but the disposal of assets would always be a political decision. The CE stated that significant improvement works had been made on a number of the Council's public convenience assets, which was a political decision that had been made on the basis of their value to the public.
- v. Cllr C Cushing referred to the work undertaken by consultants and asked whether this could inform the basis of any future decisions. The CE outlined key proposals made as part of the consultants work, but noted that the majority had not progressed as they had not been supported by Members at the time. He added that all proposals could potentially be revisited by a new administration, should they choose to do so. It was suggested that there was an expectation that many coastal assets presented significant commercial value, but the CE noted that there were a number of factors unique to each location that may impact asset values which would have to be taken into account.
- vi. *The meeting returned to public session*

RESOLVED

That the Committee note the contents of the report and Appendix A.

The meeting ended at 3.10 pm.

Chairman

PROGRESS AND FOLLOW UP REPORT ON INTERNAL AUDIT ACTIVITY: 26 NOVEMBER 2022 TO 30 MAY 2023

Summary: This report examines the progress made between 26 November 2022 to 30 May 2023 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):

Ward(s) affected:

All

All

Contact Officer, telephone number, and e-mail:

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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 final 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 now completed, 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 June 2023.

Eastern Internal Audit Services



North Norfolk District Council

Internal Audit Update – Progress and Follow Up

Period Covered: 26 November 2022 to 30 May 2023

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

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1. INTRODUCTION

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

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 Since the plan's approval in March 2022, three audits have been deferred to 2023/24:
 - NN2304 Risk Management;
 - NN2305 Accounts Payable;
 - NN2315 Finance System Implementation.

The reasons for these audit deferrals have been outlined in the September and December 2022 Progress and Follow Up reports. No further significant changes have been made to the plan.

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 158 days of programmed work have been completed, equating to 100% of the Internal Audit Plan for 2022/23.

4. THE OUTCOMES ARISING FROM OUR WORK

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

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

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

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

No Assurance: Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

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

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

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

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

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

4.4 During the period covered by the report, Internal Audit has issued seven reports in final:

Audit	Assurance	P1	P2	P3
NN2306 Council Tax and NNDR	Substantial	0	0	1
NN2307 Local Council Tax Support and Housing Benefits	Substantial	0	0	2
NN2301 Corporate Governance	Substantial	0	0	2
NN2314 Development Management	Reasonable	0	1	1
NN2316 Disaster Recovery	Reasonable	0	1	3
NN2308 Payroll and HR	Substantial	0	0	3
NN2302 Key Controls and Assurance	Limited	6	7	1

The Executive Summary of these reports are attached at **Appendix 2**, 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 28 recommendations have been raised by Internal Audit. In addition, seven Operational Effectiveness Matters have been proposed to management for consideration.

4.6 In addition, two Position Statements have been issued: one for Economic Growth; and one for Property Services Operational. The Economic Growth Position Statement has concluded with no suggested actions/improvements, and the following findings:

- A Local Partnership Group, including representatives from the Council, public sector, private sector and civil society organisations, has been set up to agree the priorities for investment in North Norfolk.
- A Project Board is being established to oversee the performance and delivery of the UK Shared Prosperity and Rural Fund grants.
- All of the money received for year one of the UKSPF (2022/23) was utilised by the end of the year.
- The interventions planned will help to support the Council’s objectives in relation to sustainability.

The Property Services Operational Position Statement has concluded with 22 suggested improvements. The key points are summarised below. An assurance audit of this area has been scheduled for quarter four of the 2023/24 internal audit plan to revisit progress against the suggested improvements.

- A Value for Money (VFM) report is produced, verified by Finance and presented to senior management and Cabinet that looks at whether the purchase of Temporary Accommodation against the current spend on Emergency Accommodation has produced savings.
- The temporary housing assets be recorded in the Asset Register (where appropriate) in consultation with External Audit.
- A series of recommendations have been raised about the management of Health and Safety Compliance for Temporary Accommodation assets.
- A control be introduced that enables the identification and recording of changes in tenancy.
- A system of reviewing the quality of the completed reactive works / jobs needs to be put in place.
- Programming, budgets vs actual cost and strategic direction are included within the 2023/24 service review to increase awareness of Public Conveniences' issues across the Council.
- Investigation with finance should take place to identify differences between the figures recorded in the financial ledger and the service area.
- Consider the use of the condition surveys to incorporate budget information on forecasted works to support budget allocations of a capital and revenue nature for future periods.

4.7 Advice and guidance were also provided in relation to the Council's Project Management Framework. No areas of fundamental concern were found. A number of proposed revisions to the wording within the framework were provided in the form of tracked changes. Inclusion of additional requirements on stakeholder engagement and risk management was raised, as was a query as to how CLT prioritise projects and what CLT reporting is required. All the queries raised have been resolved.

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. 27 recommendations have been closed in the period between 26 November 2022 to 30 May 2023. A total of 23 (one urgent, nine important and 13 needs attention priority) recommendations are currently outstanding. A further 23 recommendations are not yet due.

5.5 **Appendix 4, 5, 6 and 7** provide the committee with details of urgent and important priority recommendations that are overdue by the year in which they were raised. Management responses and a new deadline have been indicated for each where available.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 1											
Corporate Health and Safety	NN2303	10	10	10	Final report issued on 5 September 2022.	Reasonable	0	1	5	1	September 2022
TOTAL		10	10	10							
Quarter 2											
Pier Pavilion	NN2311	8	8	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
TOTAL		16	16	16							
Quarter 3											
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	15	Final report issued on 17 April 2023.	Substantial	0	0	1	0	June 2023
Local Council Tax Support and Housing Benefits	NN2307	15	15	15	Final report issued on 30 March 2023.	Substantial	0	0	2	0	June 2023
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	14	14	Final report issued on 25 May 2023.	Position Statement					June 2023
TOTAL		68	54	54							
Quarter 4											
Corporate Governance	NN2301	8	8	8	Final report issued on 27 March 2023.	Substantial	0	0	2	0	June 2023
Key Controls and Assurance	NN2302	10	14	14	Final report issued on 5 June 2023.	Limited	6	7	1	0	June 2023
Payroll and HR	NN2308	12	12	12	Final report issued on 31 May 2023.	Substantial	0	0	3	2	June 2023
Economic Growth	NN2312	10	10	10	Final report issued on 18 April 2023.	Position Statement					June 2023
Development Management includes planning applications	NN2314	10	10	10	Final report issued on 20 March 2023.	Reasonable	0	1	1	0	June 2023
Project Management Framework	NN2317	0	3	3	Final report issued 28 March 2023						June 2023
TOTAL		50	57	57							
IT Audits											
Applications review: Finance System Upgrade	NN2315	10	1	1	Project consultancy support provided. Audit deferred to 2023/24.						
Disaster Recovery	NN2316	10	10	10	Final report issued on 28 April 2023.	Reasonable	0	1	3	2	June 2023
TOTAL		20	11	11							
Follow Up											
Follow Up	N/A	10	10	10							
TOTAL		10	10	10							
TOTAL		174	158	158			10	14	21	8	
Percentage of plan completed				100%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Executive Summary – NN2306 Council Tax and NNDR

<p>OVERALL ASSESSMENT</p>	<p>KEY STRATEGIC FINDINGS</p>											
 <p>A circular diagram with 'SUBSTANTIAL ASSURANCE' in the center. The outer ring contains the text 'Adequate & effective governance, risk and control processes'. To the right, four horizontal bars represent assurance levels: Substantial Assurance (green), Reasonable Assurance (yellow), Limited Assurance (orange), and No Assurance (red). The green bar is highlighted.</p>	<ul style="list-style-type: none">  Declarations of interest require clarification. The Council should adopt the requirement for staff to declare persons known to them who are Council Tax payers as formal Policy.  Payments received for Council Tax and NNDR are reconciled daily to confirm they have all been allocated correctly. Monthly control account reconciliations are conducted promptly and independently reviewed.  Income is correctly accounted for. New direct debits are promptly set up. Rejected direct debit payments are followed up with the account payer and actioned correctly on the account's payers account on the Civica system.  System parameters and data are checked and tested as part of the annual billing process to ensure that all changes have been made correctly and accurate bills are produced. Systems access is restricted. 											
<p>ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE</p>	<p>GOOD PRACTICE IDENTIFIED</p>											
<p>Assurance was provided over risk to Council Tax and NNDR maximum recovery.</p>	<ul style="list-style-type: none">  The system provider, Civica, has a user manual which explains how to carry out various tasks on the system. The Council has internal procedures for specific tasks, which are used for training.  NNDC is a member of the Norfolk Fraud Hub that looks at ways to share data to reduce fraud. The Revenues Manager and two team leaders attended the National Fraud Conference in November 2022. 											
<p>SCOPE</p>	<p>ACTION POINTS</p>											
<p>These key financial systems feed into the Statement of Accounts and annual HOIA Opinion and require regular review to confirm the adequacy and effectiveness of controls in this area.</p>	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th style="background-color: #003366; color: white;">Urgent</th> <th style="background-color: #003366; color: white;">Important</th> <th style="background-color: #003366; color: white;">Needs attention</th> <th style="background-color: #003366; color: white;">Operational</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> </tbody> </table>				Urgent	Important	Needs attention	Operational	0	0	1	0
Urgent	Important	Needs attention	Operational									
0	0	1	0									



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
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
PC	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

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Other Findings

-  Governance Framework - As well as a Civica user manual, all staff members have access to procedure guides. Procedure guides are in the format of PowerPoints, desk aids and training notes which are subject to review by the Revenues Team Leader. The last review was conducted in April 2021.
-  Governance Framework - Levels of system access are reviewed regularly by the Systems Team Leader. Users who are no longer authorised to have access to the revenues system are disabled.
-  Governance Framework - Staff training is issued internally by a designated Training Officer. The training needs of the Revenues Team are highlighted at the beginning of the year. External training, including fraud training, is also in place.
-  Risk Mitigation - There are currently two high risks, four moderate risks and one low risk relating to the Revenues department on the service risk register. These are monitored by the Revenues Manager.
-  Risk Mitigation - NNDC are members of the Norfolk Fraud Hub that looks at ways to share data to reduce fraud. The Revenues Manager and two team leaders attended the National Fraud Conference in November 2022.



Control Compliance - 100% testing was conducted on the full population of changes of address and new direct debit set ups. The average processing time has decreased since the completion of Business Grants and the energy rebate scheme.



Control Compliance - Testing confirmed that Parameters and Modules had been correctly set up at the start of the financial year and the correct checks are in place for updates.



Control Compliance - Information relating to payment methods for both Council Tax and NNDR is accessible via the website. As of November 2022, 77.86% of CTAX customers and 30.64% NNDR customers paid by DD. All paper bills issued have a statement encouraging direct debit set up.



Control Compliance - A sample of 10 daily postings tested confirmed that reconciliations are performed daily and any discrepancies are investigated.



Control Compliance - A sample of three months of quality assurance sample testing was tested. 4% of checks performed were by the Revenues Team Leader. 100% checks are completed for new starters until deemed proficient.



Control Compliance - A Debt Recovery Timetable is produced every three months including court dates. Statistical data for both Council Tax and NNDR is recorded and monitored monthly and discussed in team meetings.



Control Compliance - The Revenues Manager produces an annual Debt Recovery Report, the 2021/22 report was presented to Cabinet in September 2022. It was reported that as of 31st March 2022, the arrears after write offs were £1,548,794 for Council Tax and £106,462 for NNDR.



Control Compliance - A bulk review of Single Person Discount (SPD) commenced in September 2022, with the three cuts of data being sent to Datatank, an external supplier, covering all 17,905 SPD records for the Council. Approximately 2000 cases were then reviewed in detail, with applicants contacted, and SPD removed where appropriate. The Council is looking to implement a rolling review with Datatank and anticipate this piece of work commencing April 2023.

Business Rates Discretionary Relief are reviewed annually, with additional panel hearings throughout the year depending on the number of new applications subsequently received for relief. Three review meetings have been held in 2022/23.

No Council Tax Exemption reviews were undertaken during 2022/23. They were scheduled to commence January 2022, but resource was unavailable due to other priorities, such as prioritising administration of the government's business grants payment schemes and the council tax energy rebate scheme. For 2021/22, management performed detailed analysis and identified 638 exemptions, of which 341 were categorised as being the highest risk of being invalid, with the majority relating to occupation of annexes. Based on Band B charges, all 2021/22 highest risk exemptions equate to approximately £511k per annum, although sample testing by management of 100 accounts revealed only 8% had changed circumstances (equating to approximately £40k).

Council Tax Disregards were last reviewed in late 2021/early 2022, with no reviews being performed this financial year (2022/23). Detailed analysis by management identified 526 accounts receiving a disregard for 2021/22 of which 76 were deemed highest risk (e.g. carers). Based on Band B charges, the maximum risk equates to approximately £114k with the 8% sample test results above equating to approximately £9k.

The Revenues Manager stated that disregard and exemption reviews will be undertaken in 2023/24, with letters already issued. Consequently, no recommendation has been raised in this report.



Delivery Risk:

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

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

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Other Findings



Performance Monitoring - Collection rates are monitored by Revenues Manager monthly and reported to the performance management system.



Sustainability - Although paper bills are still issued, the Council use a company which plants trees for certain amounts of paper used. This contributes to the Council's Carbon Offsetting policy in the Net Zero Strategy.



Resilience - Currently the staff are contracted to work a minimum of 40% of their hours in the office. All staff are issued with laptops and therefore if another pandemic were to occur, plans are in place for staff to be able to work 100% from home.

Executive Summary – NN2307 Local Council Tax Support and Housing Benefits

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Fraudulent payment of Housing Benefit and Council Tax Support.

SCOPE

These key financial systems feed into the Statement of Accounts and annual HOIA Opinion and require regular review to confirm the adequacy and effectiveness of controls in this area.

KEY STRATEGIC FINDINGS

-  Annual uplifts for 2022/23 were entered and reviewed prior to the beginning of the financial year, to ensure that applications are assessed and paid correctly.
-  Staff are requested to sign an annual declaration form to declare close friends and family. However, there is no formal 'policy', and the wording of the form may be misinterpreted. Fraud awareness training is also required.
-  The benefits system is required to be reconciled to the General Ledger on at least a monthly basis, however this has not taken place since November 2022 due to the implementation of the new finance system during December 2022. Finance are working on the new CASHBOOK to get all the bank statements posted, as all the reconciliations have changed. A reconciliation will be completed once all figures have been obtained.
-  Backdated claims are supported by an application form, evidence and in accordance with the DWP guidelines. Quality assurance checks are undertaken on a daily basis and staff are updated if there are discrepancies to ensure claim administration is as accurate as possible.

GOOD PRACTICE IDENTIFIED

-  As a response to the national 'cost of living crisis', the Council issued a Notices of Motion and held a summit to assess how to support North Norfolk residents with the impact of the crisis.
-  Following completion of the fieldwork, an internal investigation was undertaken regarding a member of staff who had accessed both Council and DWP systems relating to an account of a family member. Additional audit testing was undertaken on a series of controls. This resulted in a recommendation to strengthen the declarations of interest requirements. The DWP were also undertaking their own investigations.

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	0	2	0

Findings



Directed Risk:

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

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

Other Findings

-  Governance Framework - Procedure documents and training resources are maintained within the LA-Inform system. All staff have access to this system. Procedure documents are also held within the shared drive for accessibility if the system is inaccessible. Procedure documents are reviewed and updated to align with DWP updates.
-  Governance Framework - All updates and uplifts are entered by the Systems Admin Team and checked by the Benefits Manager. Screenshots of the updated parameters for Housing Benefit are retained as evidence of the changes. Once tested, the updates are stored on the shared drive and accessible to everyone in the Benefits team.
-  Governance Framework - Benefits Circular Updates are issued monthly and are available to Benefits staff via the LA-Inform system. These documents contain any updates from the DWP that impact the service.
-  Governance Framework - HB debt recovery is included as part of the Council Tax and National Non-Domestic Rates recovery SLA with PS&P Ltd.



Risk Mitigation - The Council's corporate risk register includes the risk of the 'cost of living crisis' which has increased demand for Housing Benefit and CTS, which may require additional resources.



Risk Mitigation - There is a North Norfolk Council corporate policy for fraud. Annual fraud training is given to staff, with guidance from the DWP.



Control Compliance - Testing on processing new claims and changes in circumstances confirmed that all claims were input correctly with documentary evidence retained on the Civica System.



Control Compliance - Sample testing of backdated claims confirmed they had all been processed in accordance with DWP required timescales, with supporting evidence retained to justify the claim.



Control Compliance - A walkthrough of a rejected backdate claim showed the claim was rejected due to not abiding by DWP guidelines.



Control Compliance - A review of the Payment Run Guidance confirmed that the high payment threshold is £1,280 and requires Team Leader authorisation. For a sample of five months payment runs, high value reports were checked and authorised by the Team Leader.



Control Compliance - Testing of Housing Benefit overpayments established they had been classified correctly for purposes of the Council's subsidy claim. Recovery action was being taken in all cases tested.



Control Compliance - A sample of three-monthly general ledger reconciliations were selected. Reconciliations were performed within 30 days of month end and were promptly checked by the Senior Finance Officer. No reconciliations to the general ledger have taken place since the new finance system was implemented in December 2022, although this is being looked at with other key financial controls impacted by the new finance system.



Delivery Risk:

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

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

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Other Findings

-  Performance Monitoring - A 4% QA check of staff's work is performed on a daily basis. Work of new staff is subject to 100% checks until considered proficient. Staff receive daily email updates to inform them of the outcome of these checks.
-  Performance Monitoring - There is a 14-day processing target for changes in circumstances and a 20 day processing target for new claims. Due to a reduction in resources, the average processing time for change in circumstances was significantly above the target time. However, due the stabilisation of resources, the average time for Q3 was significantly below the target.
-  Sustainability - All application forms are online forms. Customers are being moved over to e-notifications to reduce the number of paper letters sent. If a new customer has registered an email address, they will automatically be set up for e-notifications.
-  Resilience - Staff are required to work in the Council building for a minimum of 40% of their contracted work time. There is always one Team Leader on site at a time. There is capability for all staff to work from home, if another pandemic were to occur.

Executive Summary – NN2301 Corporate Governance

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risk: 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. Risk Council acts outside established procedures or unlawfully resulting in litigation/reputational risk to Council/poor decision making.

SCOPE

A regular review of this area is undertaken to support the annual opinion. This review evaluated the controls to demonstrate the Council is following the constitution when making and reporting on key decisions.

KEY STRATEGIC FINDINGS

- The Council approved a review of its Constitution in November 2022. This is on track to be completed by May 2023.
- The requirements for Members registering interests are defined in the Members' Code of Conduct. A register of interests is maintained and published.
- Delegated decisions are reported to Cabinet and Overview and Scrutiny Committee, but not on a consistent basis.
- The Members' Code of Conduct does not have any requirements about attendance at committee meetings.

GOOD PRACTICE IDENTIFIED

- Improvements in relations between Cabinet and Scrutiny and an increase in pre-scrutiny have led to a reduction in decisions being called-in.
- Declarations of interest are a standard agenda item at all meetings. Guidance is provided to Members declaring interests.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	0	2	0

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
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1 & 2	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
PC	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

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Other Findings

-  Governance Framework - A review of the Council's Constitution was initially proposed by the Constitution Working Party and was approved by Full Council in November 2022. The Council has commissioned the Local Government Association (LGA) to undertake the review of its Constitution, in conjunction with the Centre for Governance and Scrutiny (CFGs).
-  Governance Framework - The review, which commenced in December 2022, is scheduled to be completed by April 2023, so that the new Constitution is ready for approval at the Council's AGM in May 2023.
-  Governance Framework - The committee meeting programme is approved by Full Council each year - the 2023/24 programme was approved on 20th December 2022. The committee meeting timetables for 2022/23 and 2023/24 are published on the Council's website.
-  Governance Framework - The requirements and procedures for Members registering and declaring interests are defined in the Members' Code of Conduct in the Constitution. The Council uses the Local Government Association Model Code of Conduct, which was adopted in July 2021. The Code of Conduct clearly states that Members must register their interests, to demonstrate openness and so that others will know where a conflict of interest might arise.

Appendix B of the Code of Conduct provides more detail on registering interests. This includes definitions of terms such as 'disclosable pecuniary interest' and 'other registerable interest' and a table of interests that would be covered by each term. It also sets out the procedure for declaring interests when a relevant matter arises in a meeting.



Governance Framework - A register of Members' interests is maintained by the Monitoring Officer which is published on the Council's website. Interests are also declared on each Member's profile page. It is each Member's responsibility to ensure that their record of interests is up to date and this is made clear in the Members' Code of Conduct. However, the Democratic Services team send out periodic reminders to Members to check that their interests are up to date.



Governance Framework - Declarations of interest are a standard agenda item at all committee meetings. The agenda pack includes guidance for Members on whether they need to declare an interest and how this should affect their participation in the meeting. Whether any interests were declared is recorded in the minutes of each meeting. A document collating all the interests declared in meetings is also published on the Council's website.



Governance Framework - The Overview and Scrutiny committee (O&S) call-in procedure is defined in the Council's Constitution. Meetings of O&S are scheduled to take place the week after Cabinet, so that any decisions called in can be reviewed promptly.

No decisions have been called in by O&S in 2019-20, 2020-21, 2021-22 or 2022-23 to date. This is attributed to improvements in relations between Cabinet and O&S, and an increase in 'pre-scrutiny', i.e. O&S reviewing items before they go to Cabinet or Full Council for decision.



Risk Mitigation - The Council has a risk in respect of Governance Failures in its Corporate Risk Register. This risk is being managed effectively, with various mitigating actions in place such as this included the appointment of an interim s.151 Officer; now replaced by a permanent post holder. The Council has addressed governance risks raised within the external audit's annual report for 2019/20 which were considered by GRAC at its meeting on 30th March 2022.



Control Compliance - A sample of ten committee meetings scheduled to take place in 2022/23 was tested. This confirmed that nine of the ten took place as planned, while one meeting of the Licensing Committee was cancelled due to lack of business.



Control Compliance - Meetings of several committees have been cancelled or postponed during 2022/23. Typically this is due a lack of business, but some meetings were also postponed following the death of Queen Elizabeth II. All postponements and cancellations were made in accordance with the Constitution.



Control Compliance - Minutes for all committee meetings, which include the decisions/resolutions, are published on the Council's website. The Cabinet and Development Committee meetings also have a separate printed decision list.



Control Compliance - Members' attendance at each meeting is recorded and published on the Council's website and in the meeting minutes. Each Member's attendance record can also be viewed on their Member profile page on the Council's website.



Delivery Risk:

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

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring	There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	Out of scope	-	-
S	Sustainability	The impact on the organisation's sustainability agenda has been considered.	Out of scope	-	-
R	Resilience	Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	Out of scope	-	-

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Other Findings

Executive Summary – NN2314 Development Management

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risk: non-compliance with statutory responsibilities for planning applications.

SCOPE

This area was last reviewed in 2019/20. New planning software has now been implemented. Our audit provided assurance on the processing of applications in line with statutory requirements.

KEY STRATEGIC FINDINGS

-  Planning applications are determined in accordance with defined processes, including validation, fees and appropriate consultations.
-  The Council's website provides detailed information and links about planning applications and the pre-application service, including fees and how to apply.
-  The Council is not consistently meeting its target response times for pre-applications.
-  A reconciliation of planning fee income between the new planning system and the new finance system has not been completed.

GOOD PRACTICE IDENTIFIED

-  The Council's website has information on Nutrient Neutrality for applicants, including maps of the affected areas, links to nutrient calculators and frequently asked questions. This information is regularly updated as understanding of the requirements develops.
-  The Council is working with the other Norfolk councils and Anglian Water to develop a nutrient mitigation credit scheme.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	1	1	0

Findings



Directed Risk:

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

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

Other Findings



Governance Framework - The service has detailed procedures covering all aspects of processing planning applications. This includes guidance on particular types of work, such as appeals, enforcement, pre-apps and listed buildings, and procedures for specific tasks in Uniform, such as creating a blank letter, redacting documents for publication and sending emails from within Uniform.



Governance Framework - The Council's website has a page on the pre-application service offered. This includes details of how to apply (via a webform), fees, levels of service and frequently asked questions.



Governance Framework - The fees for pre-application advice are published on the Council's website on the page for pre-applications. They are approved by Full Council each year as part of the budget and main fees and charges report.



Governance Framework - The Council is working with the other Norfolk councils and Anglian Water to develop nutrient mitigation schemes that they will be able to sell credits for to developers. However, the Council is not expecting this to be ready until Summer 2023.



Risk Mitigation - There are six risks recorded in the Development Management Team Plan. These are updated on a quarterly basis and monitored through the Council's risk management processes.



Risk Mitigation - One of these risks, relating to Nutrient Neutrality, is also included in the Council's Corporate Risk Register, with a current score of 16.



Control Compliance - All planning applications and pre-applications are validated on receipt. This confirms that all necessary documents have been provided and the correct fee has been paid. No applications are processed until they are confirmed to be valid.



Control Compliance - Consultations with statutory consultees and other interested parties are undertaken in a timely manner for each planning application. Responses are logged and taken into account when determining applications.



Control Compliance - The Council's performance data shows that 94% of major applications and 85% of non-major applications are determined within statutory timescales or an agreed extension of time (EOT), against targets of 90% for each. However, testing during the audit identified instances where there were gaps in the periods covered by the EOTs, for example where one EOT had expired before a new one was agreed or an EOT had expired before the decision was issued.

A recommendation about the use of extensions of time was raised in the last audit of Development Management in February 2020. Changes have been made since then and there are now written procedures for requesting an EOT and recording it on Uniform. Management monitors the use of EOTs, and the overall number of EOTs used is decreasing



Control Compliance - The case officer for each planning application prepares a report and a recommended decision, which is then approved by one of the Team Leaders or the Development Manager. This is in accordance with delegated authority.



Delivery Risk:

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

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

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Other Findings



Performance Monitoring - Development Management has four key performance indicators that are reported to Cabinet as part of the quarterly performance reports. These relate to the percentage of planning applications determined with time period (majors and non-majors) and percentage of total decisions overturned on appeal (majors and non-majors). The percentage of non-majors determined on time is slightly below target, although is improving. The other three indicators are exceeding their targets.



Performance Monitoring - In addition to these management indicators, there are 15 service indicators which are used within the Planning service to provide further performance information.



Sustainability - Changes to working practices over the last few years have helped to contribute to the Council's sustainability agenda. These include the majority of staff working from home some of the time, planning site visits more efficiently and becoming fully paperless.



Sustainability - Planning policy also influences sustainability across the district. The existing local plan has some environmental policies and there will be greater emphasis on sustainability and the environment in the new local plan, which is due for submission in March 2023.



Resilience - The Development Management team was restructured last year. Previously there was a separate Majors team, but this has been amalgamated with the rest of Development Management and there are now three balanced teams with a Team Leader, three Senior Planning Officers and three Planning Officers or Trainees. This has improved resilience within the team by allowing a better distribution of work and allowing teams to more easily pick up work from each other. However, there are four vacant posts and these cannot be filled at the moment due to a recruitment freeze.

Executive Summary – NN2316 Disaster Recovery

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

IT 005 – Inadequate ICT Information Security – The potential for inappropriate disclosure of sensitive data.
 IT 008 - Business Continuity Failure – the potential for the Business Continuity processes to be unfit for purpose
 IT 009 – Major Disaster – the potential for a complete failure of Council systems and/or buildings

SCOPE

A number of improvements have been made to the Council’s DR capabilities. This audit of Disaster Recovery was to provide assurance that these improvements can be relied upon to support the timely recovery of systems during a critical incident.

KEY STRATEGIC FINDINGS

- There are documented IT Disaster Recovery procedure documents in place.
- Although not in scope for this audit, the Council's Business Continuity Plans require review.
- The DR test plan could be enhanced by the inclusion of actual, real-world infrastructure disruptions as these provide opportunities for improvement in addition to planned tests.
- The Council to ensure that the maintenance of Uninterruptible Power Supply (UPS) systems at the Fakenham site can be shown to be taking place on a regular basis
- Higher or lower priority systems need to be reconfirmed in the absence of an updated Business Continuity Plan.

GOOD PRACTICE IDENTIFIED

- There is a process whereby Council data stores are being replicated between Cromer and Fakenham, with the ability to switch between them should one site fail.
- Physical Security - It is possible to report on door card activities at both the Cromer primary site and Fakenham Connect. The audit observed the ability to run reports on this, which also showed access attempts that were denied.

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	1	3	2

Findings



Directed Risk:

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

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

Other Findings



Risk Mitigation - There are quarterly risk management meetings that review high level IT risks using the InPhase application and that the last review took place in January 2023. The next quarterly phase is being planned from April 2023.



Compliance - There are documented technical procedures in place for the IT service to use as guides in the event of an incident requiring a Disaster Recovery invocation. These are also stored in an online location that can be accessed even if the Council network is not available.



Delivery Risk:

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

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	Partially in place	3	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	Partially in place	4	1, & 2

Other Findings



Resilience - The Council has been developing its Disaster Recovery capabilities over recent years as part of its wider strategic service plans to develop the Fakenham Connect office as the Disaster Recovery site.



Governance Framework - The Council's latest Business Continuity Plan contains formal invocation procedures as an Activation Cascade flow chart.



Resilience - The Council's IT Service team is able to initiate the appropriate Disaster Recovery response in the event of a Business Continuity invocation. There has been recent work to improve the resilience of the Disaster Recovery infrastructure with the implementation of Microsoft 365 and resilience in the data stores where the business areas save their documentation – shared folders, for example.



Risk Mitigation - The Council's Zurich Insurance policy includes coverage for IT infrastructure and Cyber Security.



Resilience - There is a regular backup process using the VEEAM tool that backs data up to Fakenham as well as locally at Cromer. There is an additional Linux immutable backup process that is in Cromer.

Immutable backups are not connected to the primary Active Directory network which means that they will not be affected by an event such as a Ransomware attack and will aid a more timely recovery from such an event, should one occur.



Compliance - The Council has not historically used Recovery Time Objectives (RTOs) in a formal way, however, it has identified which aspects of its business are higher and which are lower priorities. With current technologies in place, the need to identify specific Recovery Times for each business area system is less important as current recovery strategies typically recover all required systems at the same time, with some local differences. There is still the need, therefore, to define high and low priority systems as a way to help inform which systems could wait for longer to be recovered.



Resilience - The Council's telephony is delivered using Microsoft Teams, which can be accessed without the need for the Council's network to be available. Telephony communication is therefore possible during a Business Continuity/Disaster Recovery event.



Resilience - It is possible to report on door card activities at both the Cromer primary site and Fakenham Connect. The audit observed the ability to run reports on this, which also showed access attempts that were denied. These were noted at the Fakenham Connect site where Council staff have forgotten that their access cards have no access to the facility but that there is a separate access card allocated to the site for this purpose.

Executive Summary – NN2308 Payroll and HR

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following key risk: "Accuracy and statutory compliance of the payroll process".

KEY STRATEGIC FINDINGS

- Various policies require a review. The HR team plan includes an objective to review multiple policies, however no target date has been set.
- The Council to include basic counter fraud awareness training to supplement more specific training e.g. Housing Benefits.
- Compliance testing identified that evidence was not retained to demonstrate three out of 15 return to work interviews were completed.
- Two further suggested actions have been proposed to request officers to confirm that they have (re-) read updated corporate policies; and obtaining confirmation from the responsible line manager where HR is unable to obtain references.

GOOD PRACTICE IDENTIFIED

- A new recruitment system has been adopted by the Council in May 2022 which makes the recruitment process more efficient.
- The Council is very proactive in promoting staff wellbeing by having a dedicated wellbeing group, running a wellbeing week with various workshops and other activities, having a dedicated intranet page and implementing a wellbeing calendar.

SCOPE

These key financial systems feed into the Statement of Accounts and annual HOIA Opinion and require regular review to confirm the adequacy and effectiveness of controls in this area.

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	0	3	2

Findings



Directed Risk:

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

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

Other Findings

- 

Governance framework – Guidance is provided to managers and staff for the quarterly check-ins with all staff members. The check-ins provide the opportunity to review and plan work, identify appropriate support, learning and development success and requirements, and gives staff the opportunity to put forward ideas for change or improvement.
- 

Risk Management – The corporate risk register includes a corporate risk (CR 24) under the strategic risk 'operational' which relates to 'People resources' and has a target and current risk score of four. Control, Contingency & Mitigating Actions are listed for the strategic risk as a whole but include multiple resource risk actions. There is one outstanding action on the risk which is to Develop a 'People Strategy', the target date for which has been revised multiple times and is currently listed as June 2022. Due to workload this has not yet been completed but supporting processes have been put into place to support the future strategy. The new revised target date will be Q2 2023/24. No separate directorate or service risk registers are in place; however, risks are considered when developing the team plans.
- 

Compliance – The Council complies with HMRC requirements relating to PAYE and the issuing of P60s to staff at the year-end. P11D forms have so far not been required to be submitted, however will be required for 2022/23 due to the introduction of new salary sacrifice schemes in November 2022. The Council has complied with the legislative requirement to publish its gender pay gap data.



Compliance – New staff are set up and leavers are removed on the payroll in a timely manner.



Control Compliance – The Council offers multiple Salary Sacrifice Schemes including Childcare Vouchers, Cycle to Work, and since 1st November 2020 home electronic, as well as a new car salary sacrifice scheme (none have been taken as of February 2023). A sample of five employees with Salary Sacrifice Schemes was taken and it was confirmed that all were correctly deducted and had an agreement in place (where applicable).



Compliance – Variations to payroll of £100 or more compared to the previous month are checked for a valid reason for the increase / decrease in pay, and monthly totals are authorised for payment by the Head of Finance and Asset Management or one of the Corporate Directors. Third party payments which are paid through the creditors system, are authorised at the appropriate level, depending on their value. In November the variance amount checked was increased to £950 due to the application of the pay award and the resulting backpay to April 2022. The average backpay was £1,113.



Delivery Risk:

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

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

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Other Findings



Performance Monitoring – Corporate KPIs are monitored via a scorecard and are in place for Annual leave carried over; Check-in rate; Sickness; Establishment reports (return rate); and Staff turnover rate. Information is provided at the start of each quarter per directorate and department.



Sustainability – The service is largely paperless and uses electronic processes wherever possible including payslips, leave requests and absence management. Training is largely completed on their e-learning platform of virtually via screen.



Resilience – A new recruitment system was adopted by the Council in May 2022. This makes the recruitment process more efficient by enabling recruitment authorisation directly on the system. Personal details are no longer seen by the hiring manager at the initial stage, only information and how the applicant addresses the requirements (details will be seen if they are shortlisted). Applications can now also be processed as and when they come in rather than waiting until the application deadline. Once the post has been recruited into, all paperwork is system generated and automatically send out to the applicant who can complete the paperwork electronically.



Resilience - The Council is very proactive in promoting staff wellbeing by having a dedicated wellbeing group, running a wellbeing week with various workshops to educate staff on what wellbeing is and how to improve it, having a dedicated intranet page (which is currently being reviewed) and implementing a wellbeing calendar with activities throughout the year.

Executive Summary – NN2302 Key Controls and Assurance

OVERALL ASSESSMENT

The diagram shows a central orange circle labeled 'LIMITED ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right is a legend with four colored circles: green for 'SUBSTANTIAL ASSURANCE', yellow for 'REASONABLE ASSURANCE', orange for 'LIMITED ASSURANCE', and red for 'NO ASSURANCE'.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risk: “Non-compliance with key financial controls”.

SCOPE

This is an annual review of key controls and feeds into the Statement of Accounts, for those systems not subject to a full audit review within the year, coverage will be required.

KEY STRATEGIC FINDINGS

- The Council has struggled to perform core financial reconciliations, i.e. control account and bank reconciliations, since the introduction of the new finance system in December 2022.
- Investments have not been independently authorised since May 2022.
- Aged debts are not being regularly reviewed, with a lack of consistent action to recover debts.
- Car parking income is not regularly reconciled, due to lack of resources within the team and the lack of transparent information from the contractor, Borough Council of King’s Lynn and West Norfolk.
- The Fixed Asset Register (FAR) has been updated for 2021/22, with all additions and disposals recorded and asset lives reviewed, and the 2021/22 GL asset reconciliation has been completed. A specific review was performed over temporary accommodation, as this was previously reported as being inaccurately recorded, with this now deemed to be completely and accurately recorded. The FAR is currently being completed for 2022/23, together with the GL asset reconciliation.

GOOD PRACTICE IDENTIFIED

- Adequate controls were found to be in place for the following areas: Budgetary Control and Payroll.

ACTION POINTS

	Urgent	Important	Needs Attention	Operational
	6	7	1	0

Key Controls Testing

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

Under the agreed internal audit plan for 2022/23 a number of these material systems have been reported on in detail and those key controls have been addressed in each system reviewed. Recommendations have been raised in these individual audit reports. The areas covered by this approach are as follows:

- Council Tax and National Non-Domestic Rates (NN2306) - The final report for this work was issued in April 2023 with a 'Substantial' assurance given. The report raised one 'needs attention' recommendation.
- Housing Benefit and Council Tax Support (NN2307) – The final report for this work was issued in March 2023 with a 'Substantial' assurance given. The report raised two 'needs attention' recommendations.
- Payroll and Human Resources (NN2308) – The final report for this work was issued in May 2023 with a 'Substantial' assurance given. The report raised three 'needs attention' recommendations and two 'operational effectiveness matters' for management to consider.

In addition, the key controls in the financial systems that were not covered as part of the agreed internal audit plan for 2022/23 have been reviewed as part of this audit. The areas to which this applies are:

- Assurance Framework, including following up on the actions raised during the in-depth review of Annual Governance Statement (AGS) issued in February 2022 (NN2201)
- Accountancy Services (incl. General Ledger, Asset Management, General Ledger, Control Accounts, Treasury Management and Budgetary Control)
- Accounts Receivable
- Accounts Payable
- Income and Receipt (Remittances).

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
GF Page 49 C	Governance Framework	There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Out of scope	-	-
	Risk Mitigation	The documented process aligns with the mitigating arrangements set out in the corporate risk register.	Out of scope	-	-
	Compliance	Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 & 14	-

Other Findings



Compliance – The Council has a policy to only review journals of £100k and above, post-processing. Due to resource constraints, this review of material journals has not been performed in 2022/23. The Director of Resources stated that the Council does not see this as a risk as the journals relate to internal adjustments and there are sufficient mitigating controls in place, such as budgetary reviews.

APPENDIX 3 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed bt 26 November 2022 to 30 May 2023			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
Audit Ref	Audit Area	Assurance Level													
2019/20 Internal Audit Reviews															
NN2004	S106 Agreements	Reasonable		4							0				
NN2006	Accounts Receivable	Reasonable						2			2				
NN2009	Planning and Development	Reasonable		1			1				1				
NN2017	GIS Application	Reasonable		1							0				
2020/21 Internal Audit Reviews															
NN2107	Procurement Contract Management	Position Statement					1				1				
2021/22 Internal Audit Reviews															
NN2203	Performance Management, Corporate Policy and Business Planning	Reasonable			1						0				
NN2210	Customer Services	Substantial			1						0				
NN2207	Accounts Receivable	Substantial						2			2				
NN2204	Counter Fraud and Corruption	Limited		2					1		1				
NN2212	Environmental Charter	Reasonable		1	2						0				
NN2213	Waste Management	Reasonable		1	1		2				2				
NN2202	Key Controls and Assurance	Reasonable					2				2				
NN2214	Environmental Health	Reasonable					1				1				
NN2208	Income	Reasonable						1			1				
2022/23 Internal Audit Reviews															
NN2303	Corporate Health and Safety	Reasonable							1	5	6				
NN2313	Building Control	Reasonable		1	1			1			1				
NN2301	Corporate Governance	Substantial								2	2				
NN2306	Council Tax and NNDR	Substantial									0				1
NN2307	Local Council Tax Support and Housing Benefits	Substantial			2						0				
NN2314	Development Management	Reasonable		1							0				1
NN2316	Disaster Recovery	Reasonable									0			1	3
NN2308	Payroll and HR	Substantial									0				3
NN2311	Pier Pavilion	Limited	3	3	1				1		1				
NN2302	Key Controls and Assurance	Limited									0	6	7	1	
TOTALS			3	15	9	0	7	6	1	2	7	23	6	8	9

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
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	30/09/2023	7	Outstanding	PSIP process for pre-applications has been delayed and will take place in Autumn 2023. Expect completion with new pre-app service in spring 2024.

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	30/06/2023	4	Outstanding	<p>The suite of business continuity documentation has been reviewed. The previous policy has been separated into two documents; a concise Business Continuity Policy and a more detailed Business Continuity Management (BCM) Framework, both of which were agreed by Cabinet on 3 January 2023.</p> <p>The refresh of the Corporate Business Continuity Plan has been delayed due to long-term sickness absence. The revised Business Impact Analysis template, which underpins all the plans, including the overarching Corporate one, will be sent out to Service Managers for completion in May 2023 and will be followed by the fully revised BC Plan template. The Corporate Business Continuity plan is currently being refreshed to include learning from incidents and exercises.</p>

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
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	31/07/2023	3	Outstanding	Work on this is being taken forward by the three authorities, led by Breckland. There have been some delays due to other work pressures and the complicated nature of this task.
NN2213 Waste Management	Recommendation 2: Obtain regular assurances that Serco complies fully with its complaints procedure and that there is audit trail to evidence this. Any non-compliances should be formally raised through the Operational Board meeting. A quarterly report should be made to the Contract Management Board by Serco along with details of corrective action taken.	Important	Environmental Services Manager	29/07/2022	30/06/2023	2	Outstanding	Compliance with the complaints procedure has been raised with Serco at the Contract Monitoring Board. Discussions have also been held at an operational level. Serco have provided call handling data which has been assessed by the authority to identify areas where performance has not met the required standard. This data will contribute to a robust reporting mechanism.
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	30/06/2023	2	Outstanding	There have been some issues with the implementation of the Civica Cashbook which would allow us to have bank reconciliations integrated within the finance system. Bank reconciliations for the payments account are still being carried out manually.
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 BCKLWN.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
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	30/06/2023	2	Outstanding	Further work has been done to identify those license holders who may not have paid for their premises licences, which has revealed the potential scale of the problem. It is likely that in order to deal with the historical cases, a in depth 'forensic' analysis of transactions will be required and an additional resource will be required for this work. Preliminary work has been undertaken to look at how to improve the process and ensure that robust methods are in place for requesting and accounting for income received.
NN2204 Counter Fraud and Corruption	Recommendation 6: An annual action plan to carry out all required counter fraud work be put in place and agreed by committee. The agreed plan should be linked to the annual audit plan and shared with Members and senior management.	Important	Director for Resources	31/12/2022	30/06/2023	1	Outstanding	The "Fighting Fraud and Corruption Locally" publication has been assessed and a checklist has been produced, with input from relevant officers who may be involved in anti-fraud measures. Following completion of the checklist an updated action plan will be shared with CLT and then with Governance, Risk and Audit Committee in June 2023.

APPENDIX 7 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2022/23

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2303 Corporate Health and Safety	An inspection programme be developed and put in place for all types of inspections, including regularity, to enable monitoring of what has been completed and what is due.	Important	Assistant Director Resources	31/12/2022	30/09/2023	1	Outstanding	The Compliance Officer post has been recruited and is compiling the schedule of risk critical inspection works and progressing them as required. Work is in progress to configure the asset management system "Concerto" to support improved scheduling and reporting. A temporary change of lead management is under consideration due to a staff sickness absence. This will be progressed once this has been resolved.
NN2311 Pier Pavilion	That the detail in the outstanding contract appendices is agreed as a matter of urgency and the Deed of Variation signed by both parties.	Urgent	Assistant Director for Environmental and Leisure Services	31/03/2023	30/06/2023	1	Outstanding	All appendices have been written, however the deed of variation has not yet been signed. This is currently being worked on.

ANNUAL REPORT AND OPINION 2022/23

Summary:

This report concludes on the Internal Audit Activity undertaken during 2022/23, it provides an Annual Opinion concerning the organisation's framework of governance, risk management and control and concludes on the Effectiveness of Internal Audit and provides key information for the Annual Governance Statement.

Conclusions:

On the basis of Internal Audit work performed during 2022/23, the Head of Internal Audit is able to give a reasonable (positive) opinion on the framework of governance, risk management and control overall at North Norfolk District Council.

Recommendations:

1. Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit.
2. Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2023.
3. Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2022/23.
4. Note the conclusions of the Review of the Effectiveness of Internal Audit.

Cabinet member(s):

All

Contact Officer, telephone number, and e-mail:

Ward(s) affected:

All

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1. Background

1.1. In line with the Public Sector Internal Audit Standards, which came into force from 1 April 2013; an annual opinion should be generated which concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;

- A summary of the work that supports the opinion should be submitted;
- Reliance placed on other assurance providers should be recognised;
- Any qualifications to that opinion, together with the reason for qualification must be provided;

- There should be disclosure of any impairments or restriction to the scope of the opinion;
- There should be a comparison of actual audit work undertaken with planned work;
- The performance of internal audit against its performance measures and targets should be summarised; and,
- Any other issues considered relevant to the Annual Governance Statement should be recorded.

1.2. This report also contains conclusions on the Review of the Effectiveness of Internal Audit, which includes;

- The degree of conformance with the PSIAS and the results of any quality assurance and improvement programme;
- The results of the external assessment which took place in October 2022;
- The outcomes of the performance indicators; and,
- The degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.

2. Overall Position

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

3. Conclusion

3.1 On the basis of Internal Audit work performed during 2022/23, the Head of Internal Audit is able to give a **reasonable** opinion on the framework of governance, risk management and control at North Norfolk District Council.

3.2 The outcomes of the Effectiveness Review and the External Assessment confirm that Internal Audit:

- Is compliant with the Public Sector Internal Audit Standards;
- Is continually monitoring performance and looking for ways to improve; and,
- Is compliant with CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.

3.3 These findings therefore indicate that reliance can be placed on the opinions expressed by the Head of Internal Audit, which can then be used to inform the Council's Annual Governance Statement.

4. Recommendation

4.1 Consider and note the contents of the Annual Report and Opinion of the Head of Internal Audit.

4.2 Note that a **reasonable** audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2023.

4.3 Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2022/23.

4.4 Note the conclusions of the Review of the Effectiveness of Internal Audit.

Appendices attached to this report:

Annual Report and Opinion 2022/23. **Page 56**

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Eastern Internal Audit Services



NORTH NORFOLK DISTRICT COUNCIL

Annual Report and Opinion 202/23

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

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1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 Those standards – the Public Sector Internal Audit Standards - require the Chief Audit Executive to provide a written report to those charged with governance (known in this context as the Governance, Risk and Audit Committee) to support the Annual Governance Statement (AGS). This report must set out:
- The opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control during 2022/23, together with reasons if the opinion is unfavourable;
 - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
 - Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
 - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA’s Statement on the Role of the Head of Internal Audit.
- 1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation’s Annual Governance Statement, but there are also a number of other important sources to which the Governance, Risk and Audit Committee and statutory officers of the Council should be looking to gain assurance. Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully at **Appendix 3**.

2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

2.1 Roles and responsibilities

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

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

The Internal Audit plan was approved at the meeting held in March 2022.

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

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

2.2 **The opinion itself**

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

In total, 14 audits have been carried out throughout 2022/23. This consisted of 11 assurance audits, two position statements and one piece of advisory work on the Council's project management framework. It is encouraging to note that of these, nine resulted in a positive assurance grading.

Substantial assurance was concluded in the following areas:

- Corporate Governance
- Council Tax and NNDR
- Local Council Tax Support and Housing Benefits
- Legal Services
- Payroll and HR.

Two limited assurance reports have been issued in 2022/23. The first for Pier Pavilion. A total of four urgent, three important and one needs attention recommendations were raised. Just one urgent recommendation remains outstanding at year end.

The Key Financial Controls report has also concluded with a limited assurance opinion. A total of 14 recommendations from this review were raised. Risks relating to uncompleted reconciliations, supplier and invoice management, aged debt management, the authorisation of investments, and the action plan within of the 2021/22 annual governance statement were raised.

We recommend that outstanding high or medium audit recommendations raised during 2022/23 limited assurance audit reports are referenced within the Council's Annual Governance Statement until completion can be verified. Details of these can be found at section 3.5 of this report.

We also recommend that the Council works on the suggested improvements identified during the position statement on Property Services (operational assets). Several Health and Safety compliance actions were raised for management attention. Internal Audit has scheduled a full assurance audit in this area for 2023/24.

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

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

3. AUDIT WORK UNDERTAKEN DURING THE YEAR

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

3.2 Internal audit work is divided into 4 broad categories:

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

3.3 **Summary of the internal audit work**

A total of 158 days of programmed internal audit work has been completed from 174 days originally agreed. Throughout the year, three audits have been deferred to 2023/24 to accommodate management requests and respond to resourcing changes and challenges. These were Risk Management; Accounts Payable; and the Finance System Upgrade.

In addition, Internal Audit has completed two position statements for Economic Growth and Property Services Operational Assets. Advisory work has also been completed for the Councils project management framework.

The Executive Summary for each report has been presented to the Governance Risk and Audit Committee, ensuring open and transparent reporting and enabling the Committee to review key service area controls and the conclusions reached.

3.4 **Follow up of management action**

In relation to the follow up of management actions to ensure that they have been effectively implemented the position at year end is that 23 recommendations in total are overdue.

A total of 3 recommendations (one important, two needs attention) are outstanding from 2019/20.

One important priority recommendation is outstanding from 2020/21 in relation to Procurement Contract Management.

A total of nine recommendations (six important and three needs attention) are outstanding from 2021/22.

A total of 45 recommendations have been raised in 2022/23. 12 recommendations have been completed. 10 recommendations remain outstanding (one urgent; one important; and eight needs attention). A total of 23 recommendations are not yet due.

Please refer to the **Progress and Follow Up Report June 2023**, which shows the details of the progress made to date in relation to the implementation of the agreed recommendations and the updates from management regarding all outstanding urgent and important recommendations.

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

The following recommendations have been raised within limited assurance internal audit reports throughout 2022/23 and remain outstanding at year end. These recommendations represent unresolved risks and should therefore be included within the Councils Annual Governance Statement.

Pier Pavilion

The Pier Pavilion audit resulted in a limited assurance grading overall with four urgent, three important and one needs attention recommendations raised. One urgent recommendation remains outstanding and relates to ensuring that the Deed of Variation is signed between the Council and the Pier Pavilion Management Service Contractor.

Key Controls and Assurance

This audit resulted in a limited assurance opinion overall. Urgent priority recommendations relate to Creditor control, debtor control, bank and Council Tax general ledger reconciliations not having been completed in the new financial system. Internal Audit also identified that five short-term financial investments that had not been independently authorised. Important recommendations relate to clarifications within the annual governance statement, the monitoring of aged debt action, purchase orders being raised and authorised by the same officer, no evidence of supplier bank detail change verification and inability to reconcile car parking income. The new finance system implementation and finance staff resource challenges have been identified as a root cause of the weaknesses identified.

One urgent priority recommendation also remains outstanding from 2021/22. Details are provided below. We recommend that this recommendation is referenced within the Councils Annual Governance Statement until completion can be demonstrated.

NN2204 Counter Fraud and Corruption

- An annual action plan to carry out all required counter fraud work be put in place and agreed by GRAC. Completion is scheduled for June 2023 following the GRAC meeting.

4. THIRD PARTY ASSURANCES

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

5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

5.1 Quality Assurance and Improvement Programme (QAIP)

5.1.1 The Internal Audit team maintain a QAIP covering actions for service development, standards conformance, risk management, training and skills and performance monitoring. Throughout the year, progress against the QAIP is monitored and success is measured by completing the Internal Assessment, the External Assessment when applicable and in evaluating performance against our suite of KPIs.

5.1.2 Internal Assessment

A checklist for conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note has been completed for 2020/21. This covers; the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.

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

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

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

5.1.3 External Assessment

In relation to the Attribute Standards, it is recognised that to achieve full conformance an external assessment is needed. An external assessment was carried out in October 2022 by the Chartered Institute of Internal Auditors (IIA). We are pleased to report that EIAS received a 'generally conforms' result, with conformance in 60 out of 64 areas (two areas were not applicable, and two resulted in 'partially conforms'). An extract from the report is provided at **Appendix 4**. A full copy of the report can be provided to members upon request.

It was highlighted, that EIAS are particularly good at: reflection of the standards; focus on performance, risk and adding value; and QAIP. Positive feedback received from key stakeholders highlights that 'reports are the right length and the right format', and that EIAS are 'professional and have an excellent reputation'.

One area of partial conformance was highlighted in coordinating and maximising assurance. Since October, this area has been improved as part of annual internal audit planning. Within the Strategic and Annual Plans report 2023/24 presented in March 2023, an Assurance Map was provided, outlining the top risks, along with first, second and third lines of assurance.

The second area of partial conformance was raised to ensure that all EIAS clients receive an External Quality Assessment as it falls due on the five-year anniversary.

5.2 **Performance Indicator outcomes**

5.2.1 Actual performance against these targets is outlined within the following table:

Area / Indicator	Frequency	Target	Actual	Comments
<u>Audit Committee / Senior Management</u>				
1. Chief Finance Officer Satisfaction	Annual	Good	TBC	Awaiting response
<u>Internal Audit Process</u>				
2. APM issued minimum 20 working days before agreed start date	Quarterly	90%	38%	KPI not achieved (5 out of 13 issued in time)
3. Quarterly draft reports issued within 10 working days of the end of the quarter	Quarterly	95%	77%	KPI not achieved (10 out of 13 issued in time)
4. Quarterly final reports issued within 20 working days of the end of the quarter	Quarterly	95%	38%	KPI not achieved (5 out of 13 issued in time)
5. Quarterly performance pack reported to the contract manager within 15 working days of the end of the quarter	Quarterly	100%	75%	KPI partially achieved (3 out of 4 quarters)
6. Respond to the contract manager within 3 working days where unsatisfactory feedback has been received	Continuous	3 working days	3 working days	KPI achieved
7. PSIAS compliance – deep dive file review of files indicates good evidence saved on file	Quarterly	100%	100%	KPI achieved
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)	Continuous	Adequate	Good	KPI exceeded (8 surveys returned)
9. Percentage of recommendations accepted by management	Quarterly	90%	95%	KPI exceeded
<u>Innovations and Capabilities</u>				
10. Percentage of qualified (including experienced) staff working on the contract each quarter	Quarterly	60%	94%	KPI exceeded
11. Number of training hours per member of staff completed per quarter	Quarterly	1 day	1 day	KPI achieved

5.2.2 As demonstrated by the above, the Internal Audit Contractor has struggled to meet our targets relating to timeliness throughout 2022/23.

There is room for improvement in the issuing of Audit Planning Memorandum's 20 working days before audit start date, the issuing of draft reports 10 working days after quarter end and the finalisation of draft reports 20 working days after issue.

The Head of Internal Audit and Audit Director TIAA meet weekly to discuss progress against the plan and an action plan has been developed to tackle these issues for the 2023/24 year ahead.

It is reassuring to note however that our KPIs relating to quality have been exceeded in all cases with satisfaction surveys providing good feedback about the work undertaken.

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

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

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

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

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

APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2022/23

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
NN2301 Corporate Governance	Substantial	2	0	0	0	2	0
NN2302 Key Controls and Assurance	Limited	14	0	0	0	0	14
NN2303 Corporate Health and Safety	Reasonable	6	0	0	1	5	0
NN2306 Council Tax and NNDR	Substantial	1	0	0	0	0	1
NN2307 Local Council Tax Support and Housing Benefits	Substantial	2	2	0	0	0	0
NN2308 Payroll and HR	Substantial	3	0	0	0	0	3
NN2309 Legal Services	Substantial	0	0	0	0	0	0
NN2310 Property Services Operational	Position Statement						
NN2311 Pier Pavilion	Limited	8	7	1	0	0	0
NN2312 Economic Growth	Position Statement						
NN2313 Building Control	Reasonable	3	2	0	0	1	0
NN2317 Project Management	Advisory						
NN2314 Development Management	Reasonable	2	1	0	0	0	1
IT Audits							
NN2316 Disaster Recovery	Reasonable	4	0	0	0	0	4
Totals		45	12	1	1	8	23

Assurance level definitions		Number
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our audit review were being consistently applied.	5
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisations management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.	4
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.	2
No Assurance	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.	0

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

APPENDIX 2 - ASSURANCE CHART

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Opinion and Governance Audits						
Corporate Governance	Substantial		Reasonable		Substantial	
Risk Management		Reasonable				X
Digital Transformation	Substantial					
Key Controls and Assurance	Substantial	Substantial	Reasonable	Reasonable	Limited	X
Project Management Framework	Position Statement			Reasonable		
Coronavirus Response and Recovery			Position Statement			
Performance Management, Corporate Policy and Business Planning				Reasonable		
Complaints and FOIs						X
Counter Fraud and Corruption				Limited		
Corporate Health and Safety					Reasonable	
Annual Governance Statement				Reasonable		
Cromer Sports Hub			No Assurance			
Fundamental Financial Systems						
Accounts Receivable		Reasonable		Substantial		X
Income		Reasonable		Reasonable		X
Accountancy Services		Substantial		Substantial		X
Local Council Tax Support and Housing Benefits	Substantial		Reasonable		Substantial	
Council Tax / NNDR	Substantial		Substantial		Substantial	
Accounts Payable	Reasonable		Substantial			X
Covid-19 Business Grants				Reasonable		
Payroll / HR	Reasonable		Substantial		Substantial	

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Service Area Audits						
Procurement and Contract Management		Reasonable	Position Statement			X
CSO Exemptions			Position Statement			
Economic Growth					Position Statement	
Coastal Management		Substantial				X
Affordable Housing		Reasonable				
Private Sector Housing and Disabled Facilities Grants			Reasonable			
Housing Strategy, Homelessness and Housing Options	Reasonable					X
Development Management, Planning, s106 Agreements and Land Charges		Reasonable				
Building Control					Reasonable	
Land Charges						X
Development Management includes planning applications					Reasonable	
Waste Management				Reasonable		
Environmental Health	Reasonable			Reasonable		
Civil Contingencies and Business Continuity		Reasonable				X
Leisure		Substantial				
Property Services Operational		Reasonable			Position Statement	X
Car Parking		Reasonable				
Markets						
Beach Huts						
Elections / Electoral Registration	Substantial					
Customer Services				Substantial		
Environmental Charter				Reasonable		
Pier Pavilion	Reasonable				Limited	
Legal Services					Substantial	

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
IT Audits						
Remote Access			Reasonable			
Network Infrastructure	Reasonable					
Network Security	Reasonable					
Disaster Recovery		Reasonable			Reasonable	
Software Licensing						
Cyber Security		Reasonable				
Business Support Arrangements	Position Statement					
Service Desk						X
Information Management						
Change Control and Patch Management				Reasonable		
Post Implementation - Finance System Review						X
CIS Application		Reasonable				

APPENDIX 3 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

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

Opinions

The opinions expressed are based solely on the work undertaken in delivering the approved 2022/23 Annual Internal Audit Plan. The work addressed the risks and control objectives agreed for each individual planned assignment as set out in the corresponding audit planning memorandums (terms of reference) and reports.

Internal Control

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

Future Periods

Internal Audit's assessment of controls relating North Norfolk District Council is for the year ended 31 March 2023. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

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

Responsibilities of Management and Internal Auditors

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

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

APPENDIX 4 – EXTERNAL QUALITY ASSESSMENT REPORT EXTRACT

Conformance Opinion

The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards.

There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.

It is our view that internal audit activity conforms to 60 of the 64 relevant principles, with partial conformance on two principles. Two of the principles were not relevant to EIAS as they relate to situations that have not occurred to date.

This is summarised in the table below.

Summary of conformance	Standards	Generally conforms	Partially conforms	Does not conform	Not relevant	Total
Definition of IA and Code of Ethics	Rules of conduct	12				12
Purpose	1000 - 1130	8				8
Proficiency and Due Professional Care (People)	1200 - 1230	4				4
Quality Assurance and Improvement Programme	1300 - 1322	5	1		1	7
Managing the Internal Audit Activity	2000 - 2130	11	1			12
Performance and Delivery	2200 - 2600	20			1	21
Total		60	2	0	2¹	64

¹ These relate to circumstances which prior to the external quality assessment were deemed not relevant, namely the Disclosure of Non-conformance and Engagement Disclosure of Non-conformance, which have not been necessary to date.

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Agenda Item 9

Purchase of two additional refuse collection vehicles	
Executive Summary	This report outlines the requirement for allocation of capital funding for the purchase of two new refuse collection vehicles for the commercial and garden waste collection services delivered by Serco on behalf of the Council. These services have experienced significant customer growth over the last few years and are at a point whereby additional vehicles are required to ensure that the Council can continue to meet customers' expectations and deliver its statutory duties around domestic and commercial waste collections.
Options considered	<p>Do nothing – this would result in a deteriorating service level and loss of customers resulting in lost income for the Council.</p> <p>Hiring additional vehicles – deemed poor value for money.</p> <p>Purchasing second-hand vehicles – no availability of suitable vehicles.</p> <p>Contractor purchasing vehicles – poor value for money and not in line with current fleet.</p>
Consultation(s)	The proposal has been drawn up in conjunction with Serco who have recommended the provision of the additional vehicles and will look to factor their use in to a future round reorganisation.
Recommendations	<p>That Cabinet recommend to full Council an addition to the Capital programme of £385,000 to purchase two new refuse collection vehicles and that the £385,000 be added to the residual £65,000 that is left over from the original budget to purchase refuse vehicles from 2019 to date.</p> <p>That Cabinet recommend to full Council that the purchase be funded by borrowing of £335,000 and a revenue contribution of £50,000.</p>
Reasons for recommendations	To ensure the Council can meet customers' expectations and provide a service that can keep up with the continuing increase in demand for garden and commercial waste collection services. To ensure statutory duties around waste collection can be fulfilled. To support the future growth in revenue generating services.
Background papers	None

Wards affected	All
Cabinet member(s)	Cllr. Callum Ringer
Contact Officer	Scott Martin, Environment and Safety Manager, scott.martin@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan:	N/A
Medium Term Financial Strategy (MTFS)	The provision of additional resources on the revenue generating garden and commercial waste services will enable a better level of service delivery and help achieve future customer and revenue growth, supporting the MTFS.
Council Policies & Strategies	None

Corporate Governance:	
Is this a key decision	Yes
Has the public interest test been applied	Is the item exempt, if so, state why.
Details of any previous decision(s) on this matter	N/A

1. Purpose of the report

- 1.1. This report outlines the request for Cabinet to recommend to Full Council the addition of a £385,000 capital budget in the 2023/24 financial year for the purchase of two new refuse collection vehicles. The vehicles will be used to service the commercial and garden waste collections, delivered on behalf of the Council by Serco. The two services have experienced significant customer growth over the last few years and when combined are budgeted to generate income for the authority of around £3m in 2023/24.
- 1.2. Both services have reached a point whereby additional vehicles are required to deliver a satisfactory service level to customers and in order for the Council to adequately fulfil statutory duties to collect garden waste and commercial waste.

2. Introduction & Background

- 2.1. The Waste and Related Services Contract was awarded to Serco in late 2019 and commenced in April 2020. As part of the contract, the vehicles to be used, although specified by the Contractor, were purchased by, and remain in the ownership of, the Council. This was deemed the most economically advantageous approach as the Council can access borrowing at preferential interest rates when compared with the private sector and as such, this will result in a lower cost over the life of the contract than other methods of providing vehicles.
- 2.2. A capital budget for the purchase of the original vehicles required to deliver the contract was included in the capital programme and this was funded by borrowing. Of that original capital budget, around £65,000 remains unspent and can be utilised towards the purchase of the two vehicles proposed as part of this report.

- 2.3. Quotes for the two new vehicles have been obtained and total £435,000 currently but these prices are valid for a limited time and so are subject to increases. The additional budget being requested is £385,000 giving a total budget of £450,000 for the purchase. See the table below which summarises this.

	£'000
Quotes obtained (time limited)	435
Contingency for increase in price	15
Total cost	450
Budget required:	
Residual budget from original purchase of vehicles	65
Additional request being made	385
Total budget	450
Funding:	
Revenue contribution	50
Borrowing	400
Total Funding	450

- 2.4. It is proposed that the purchase of the two new vehicles is funded by a combination of borrowing and a revenue contribution. The revenue contribution will come from the use of part of the 2021/22 Performance Management Failure deduction payment that the Council has received from the contractor. Performance Management Failure deductions are made where the contractor fails to perform elements of the contract in accordance with the contract specification. It is agreed as part of the contract that these payments will be reinvested in the Waste Collection Service to develop and improve services.
- 2.5. The performance of the contract in respect of the number of bin collections not completed on the scheduled day of collection has not been satisfactory, particularly the amount of time it has taken to resolve collections issues following the introduction of a route and round optimisation in September 2022. Serco have a period of time to rectify these missed collections and if they fail to do so a performance deduction is applied.
- 2.6. Both the garden waste and commercial waste services have seen significant increases in the number of customers and income growth over the last few years. Since the start of the contract with Serco, there have been approximately 4,000 new garden waste customers generating in excess of £200,000 revenue annually. Growth in the commercial waste customer base has also achieved a revenue increase of around £500,000 in the last 4-5 years.
- 2.7. Customer levels have reached a point whereby the resources available in terms of number of vehicles, is not sufficient for the current level of demand. It is important to maintain/improve service levels to ensure customer retention and to achieve further growth in the services. The purchase of the two new vehicles will assist in developing the service the Council provides.
- 2.8. For Garden Waste it is anticipated that the additional vehicle will enable Serco to manage the collection rounds more effectively and this in turn should improve their ability to complete rounds in a timely manner and improve missed bin

performance. It is anticipated that this will improve customer experience for this service area, particularly as Serco are looking to undertake a route and round optimisation to rebalance rounds, following the growth in customer numbers. This will not only reduce the potential for missed collections but be more efficient for vehicle mileage and therefore contribute to carbon reduction.

- 2.9. The additional Trade Waste Vehicle will provide capacity that enables further growth of this commercial service area, in turn contributing to the income the council receives to provide services.
- 2.10. In order to be as efficient as possible a number of existing commercial Trade Waste collections are undertaken on the domestic household collection rounds, particularly those where the frequency matches the alternate weekly collection frequency, such as holiday lets. Whilst this assists in reducing the carbon impact of these collections, by reducing the miles travelled to a minimum, the growth in trade customer numbers does place strain on the household collections. Additional collections not only take time to complete, particularly those using larger bins sizes than the domestic 240l bins, but also add volume to the vehicles often meaning that they have to tip collected waste more frequently which can add to challenges in completing rounds on the scheduled day of collection.
- 2.11. Providing the additional vehicle will allow a number of trade collections to be removed from the household rounds and thereby reduce the likelihood for crews to run out of time to complete rounds on the scheduled day, in turn reducing the number of missed collections. The vehicle will provide capacity to grow the Trade Waste Service over time further increasing income. Whilst the customer base is increased any spare capacity in the vehicle can be used to support collections in other service areas, including household collections, assisting in ensuring collections are completed on the scheduled day and thereby reducing the number of missed collections and improving performance.

3. Proposals and Options

3.1. A number of options have been considered.

- Do nothing – this would result in a deteriorating service level and loss of customers resulting in lost income for the Council.
- Hiring additional vehicles – The cost of hiring a refuse collection vehicle can be around £1000 per week and as such, this was deemed poor value for money.
- Purchasing second-hand vehicles – Serco have undertaken an exercise and identified that the type of vehicles required are extremely limited in the second-hand market. They were unable to find anything suitable in terms of age and specification in a recent market search.
- Contractor purchasing vehicles – this would come at a cost premium as the Council has access to preferential rates of borrowing. This would be contrary to the current approach the Council has, whereby it has purchased the rest of the fleet.

- Purchasing our own vehicles – this is in line with the current arrangements. This has two major advantages in that it provides the best value for money as the Council has access to borrowing at preferential interest rates and so avoids paying the higher levels of interest that the Council would pay through the contract payments it pays to the contractor. The second advantage is that the Council would own all its own refuse vehicles and so if for any reason it had to take the service back in-house at short notice it could continue to provide a refuse collection service with minimal disruption to council taxpayers and customers. This mitigates a big risk for the Council.

4. Corporate Priorities

- 4.1. The provision of additional resources on the revenue generating garden and commercial waste services, will enable a better level of service delivery and help the Council meet statutory objectives for the collection of household and commercial waste. It will also support aspirations around future customer and revenue growth as part of the MTFs.

5. Financial and Resource Implications

- 5.1. Quotes have been obtained from suppliers. The current total cost for the two vehicles required is around £435,000 however, supplier quotations have a time limited validity and are subject to changes. Therefore a request for a total budget of £450,000 has been made to cover any increases in price between the original final quotations.
- 5.2. There is a residual capital budget from the purchase of the original vehicles of £65,000 which can be used for the purchase of the two additional vehicles. It is expected that even with changes in pricing, the total cost of the two vehicles would not exceed £450,000. Therefore, an additional capital budget of £385,000 is required in order to complete the purchase.
- 5.3. It is proposed that the capital requirement is funded by a £50,000 revenue contribution, arising from Performance Failure Deductions imposed upon Serco during the 2021/22 financial year with the remainder, up to £335,000, by borrowing.
- 5.4. There are no additional revenue implications as a result of this report as all revenue costs associated with the vehicles (staffing, maintenance, servicing, fuel etc.) are met by Serco and associated costs to NNDC are already accounted for in existing revenue budgets.

6. Legal Implications

- 6.1. There are no known legal implications arising from this report.

7. Risks

- 7.1. Collection services have struggled over the last six months and without additional capacity into the fleet there is a risk that performance will continue to be below an acceptable standard.
- 7.2. There is currently a long lead time for new refuse collection vehicles of around 12-15 months for new orders. Serco, as a significant provider of refuse collection services, has pre-allocated build slots with vehicle suppliers and are able to

make use of their available slots to secure a much shorter lead time. Failure to decide promptly would likely result in the loss of the allocated build slots and a delay in the provision of the new vehicles.

8. Net Zero Target

- 8.1. Achieving Net Zero and reducing our carbon emissions are at the forefront of officers' thinking when developing services. Investigations into purchasing electric refuse collection vehicles have been undertaken and are ongoing. However, the findings show that range limitations of electric refuse vehicles that are currently available mean that it is not viable at present to operate electric refuse collection vehicles in the large rural district of North Norfolk. The cost of the vehicles also make it prohibitive at present.
- 8.2. Officers have worked with Serco to explore the possibility of using Hydrotreated Vegetable Oil (HVO), a bio-based liquid fuel made from vegetable oils and animal fats which can be used as a more sustainable alternative to diesel. Currently, there is limited reliable and regular availability of HVO fuel on the scale required to deliver the services across the contract and there is also a cost premium when compared to regular diesel. However, the new vehicles would be able to run on HVO fuel if this situation were to improve in future.
- 8.3. The provision of these vehicles will assist with the delivery of services which help residents and businesses manage their waste in a sustainable manner, through the recycling and composting. The vehicles will be built to the latest Euro 6 engine and will all have electric bins lifts to help reduce emissions.

9. Equality, Diversity & Inclusion

- 9.1. There are no Equality, Diversity and Inclusion issues arising from this report.

10. Community Safety issues

- 10.1. There are no Community Safety issues arising from this report.

11. Conclusion and Recommendations

- 11.1. The garden waste collection service and the commercial waste collection service are both services that generate a significant level of income for the Council and enable the Council to meet its statutory duties. The take up of both these services has increased significantly over the last few years and has now reached a level whereby the existing fleet cannot meet the demand. To meet the demand now and in the future requires the purchase of two additional vehicles. These will cost a maximum of £450,000.
- 11.2. An additional capital budget of £385,000 is required to add to an existing budget of £65,000 currently in the 2023/24 capital programme to purchase the vehicles. It is proposed that this would be funded by a £50,000 revenue contribution and borrowing.
- 11.3. It is therefore recommended that Cabinet recommend to full Council an addition to the Capital programme of £385,000 to purchase two new refuse collection vehicles and that the £385,000 be added to the residual £65,000 that is left over from the original budget to purchase refuse vehicles from

2019 and that Cabinet recommend to full Council that the purchase be funded by additional borrowing of £335,000 and a revenue contribution of £50,000.

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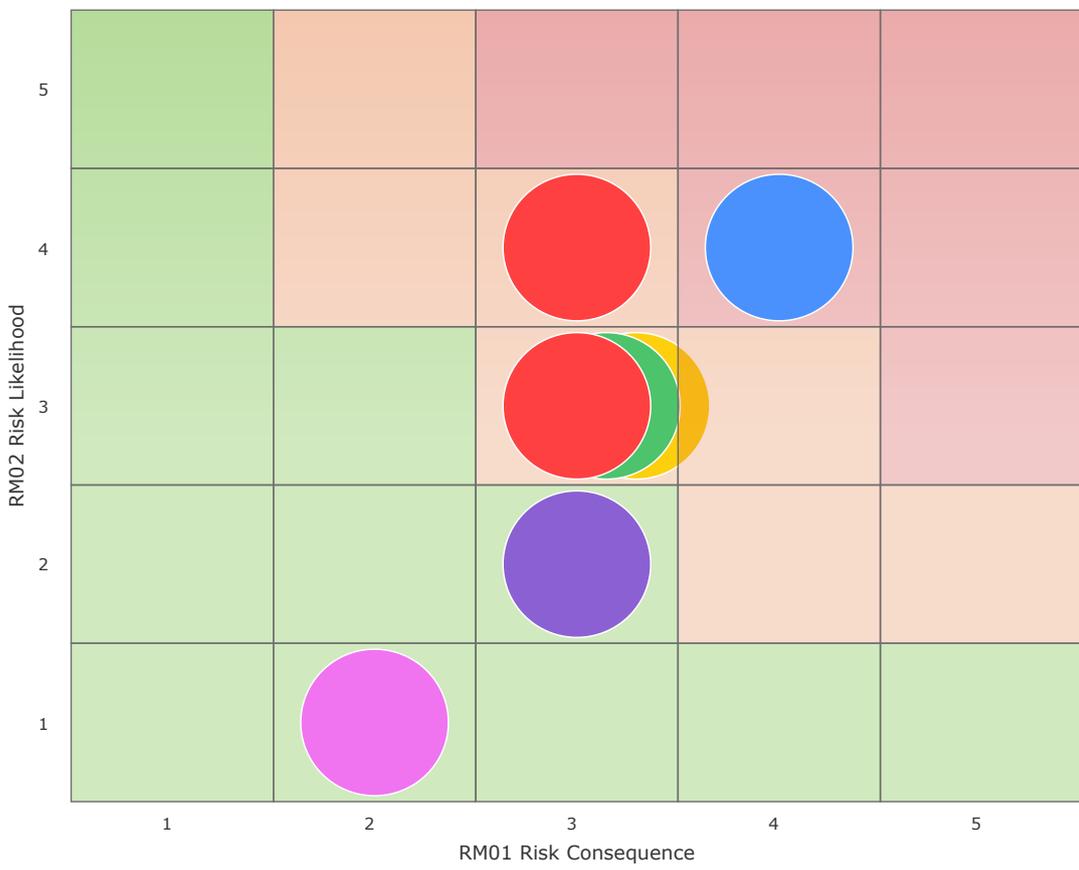
Corporate Risk Register

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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



Overview

The last report identified that the MTFs shows that the Council has funding gaps over the coming years and it was planned to undertake some early work over the summer to look at the budget for 2024/25. However, the new administration will be developing a new Corporate Plan over the summer and so a budget realignment exercise and new service plans will be done after the Corporate Plan is finalised in the autumn. Savings and efficiencies will be identified as part of this work so that the MTFs position can be revised. There are still many external factors that are having an impact on the Council's financial position and that of its residents. These include the national economy, the rate of inflation, interest rates rising, the cost of living crisis and uncertainty around the Norfolk County Deal which has been agreed in principle by the Government. There are considerable risks due to uncertainties around future funding and service delivery at present. Clarity on these should reduce the risks as the Council will be able to plan a way forward.

Corporate Risks

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

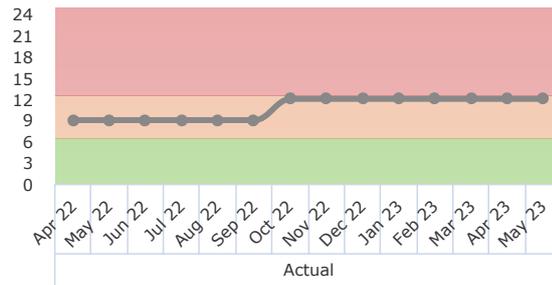
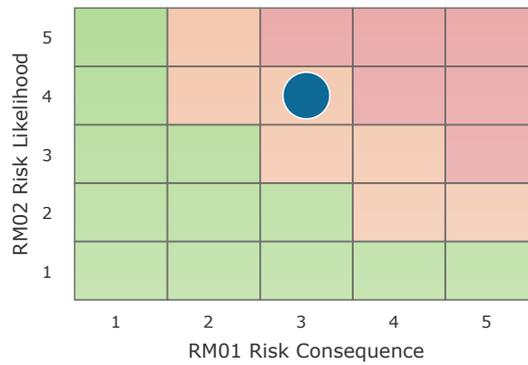
Impact Type	Catastrophic 5	Critical 4	Moderate 3	Marginal 2	Negligible 1
Objectives	The key objectives in the Corporate Plan will not be achieved.	One or more Key Objectives in the Corporate Plan will not be achieved.	Significant impact on the success of the Corporate Plan.	Some impact on more than one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

Likelihood ratings and dimensions are tabled below:

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

SR 001 Financial (including credit & counterparty)

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



Latest Update

30/04/2023		
SR 001 Financial (including credit & counterparty) : Status	Score	12.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	The financial position remains static with the only movement being that interest rates have continued to rise as the Bank of England have continued to increase the Base Rate. At present this is a positive for us as we have investments that are earning higher levels of interest than we budgeted for. Any temporary borrowing will incur higher interest charges though.

30/04/2023		
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	➔



Associated Corporate Risks

		30/04/2023
CR 015 Medium Term Financial Plan : Status	Score	12.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	



Control, Contingency & Mitigating Actions

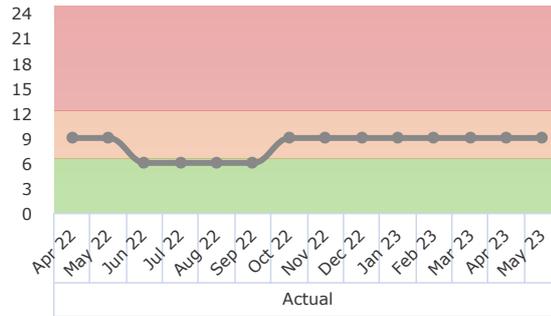
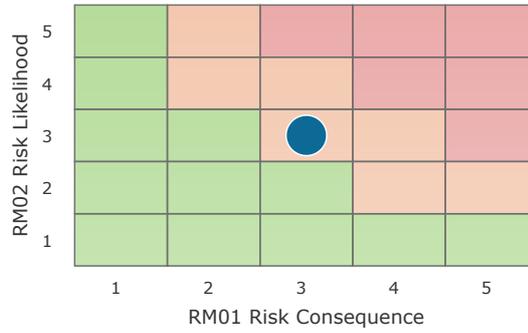
Implemented			
	Responsible		Mar 23
<input checked="" type="checkbox"/> Annual review of the Council's reserves	Tina Stankley	Performance	✔
<input checked="" type="checkbox"/> Balanced budget agreed	Alison Chubbock	Performance	✔
<input checked="" type="checkbox"/> Budget Process / Budget Monitoring	Jeny Carroll	Performance	✔
<input checked="" type="checkbox"/> Business cases for commercialisation of assets to deliver future income and efficiencies	Alison Chubbock	Performance	✔
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	Performance	✔
<input checked="" type="checkbox"/> Growth forecasting models	Alison Chubbock	Performance	✔
<input checked="" type="checkbox"/> Lobbying Central Government	Steve Blatch	Performance	✔
<input checked="" type="checkbox"/> Medium Term Financial Strategy	Tina Stankley	Performance	✔
<input checked="" type="checkbox"/> Monitoring impact of the business rates retention	Tina Stankley	Performance	✔
<input checked="" type="checkbox"/> Policy Work	Steve Blatch	Performance	✔
<input checked="" type="checkbox"/> Reporting - New legislation and consultation	Helen Thomas	Performance	✔
<input checked="" type="checkbox"/> Timely agreement of the annual Localised Council Tax Support Scheme	Alison Chubbock	Performance	✔
<input checked="" type="checkbox"/> Utilisation of the New Homes Bonus grant within the base budget for 2018/19 onwards	Alison Chubbock	Performance	✔

Outstanding

This report does not contain any data

SR 002 Operational

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



Latest Update

30/04/2023		
SR 002 Operational : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➔
	Comments	Whilst there was industrial action taken in March/April 2023 it did not have the high level of disruption anticipated and planned for. Meanwhile other staff pay negotiations are still ongoing for 2023/24 and union members are being balloted about taking strike action. If strike action takes place plans will be put in place to ensure continuity of service to those in most need and to ensure the safety of everyone within the district.

30/04/2023		
SR 002 Operational : RM01 Risk Consequence	Score	3
	Target	2
	Direction of change	➔
SR 002 Operational : RM02 Risk Likelihood	Score	3
	Target	2
	Direction of change	➔

Associated Corporate Risks

30/04/2023		
CR 001 Deteriorating/ underused property assets : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➡
	Comments	
CR 008 Loss of Information : Status	Score	16.00
	Target	4.00
	Performance	▲
	Direction of change	➡
	Comments	
CR 009 Poor Procurement : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➡
	Comments	
CR 013 Emergency event : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	⬇️
	Comments	
CR 024 People Resources : Status	Score	4.00
	Target	4.00
	Performance	★
	Direction of change	➡
	Comments	
CR 025 Contract failure : Status	Score	16.00
	Target	4.00
	Performance	▲
	Direction of change	➡
	Comments	We have seen instances of companies going into liquidation during contracts which have left the Council with having to take action to complete works.

Control, Contingency & Mitigating Actions

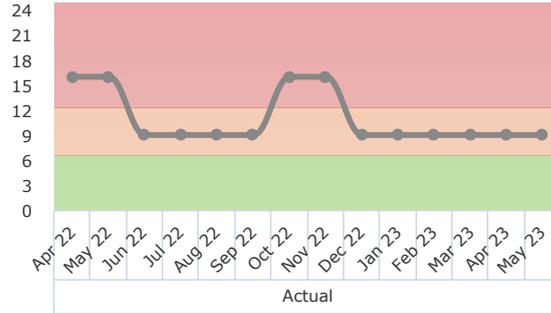
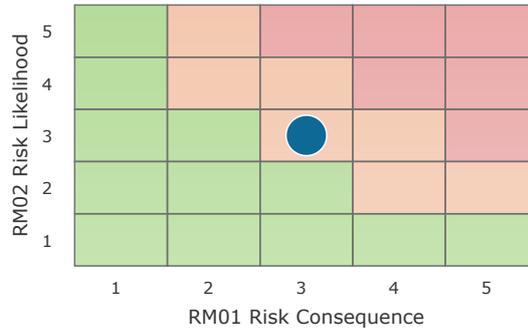
Implemented			
	Responsible		Mar 23
<input checked="" type="checkbox"/> Adequate budget provision both from revenue and capital to support R&M works and capital investment	Cara Jordan	Performance	✔️
<input checked="" type="checkbox"/> Adequate staff or appropriately qualified external contractor support	Cara Jordan	Performance	✔️
<input checked="" type="checkbox"/> Asset Condition Surveys	Cara Jordan	Performance	✔️
<input checked="" type="checkbox"/> Business cases for commercialisation of assets to deliver future income and efficiencies	Alison Chubbock	Performance	✔️
<input checked="" type="checkbox"/> Compliance policies in place and up to date	Cara Jordan	Performance	✔️
<input checked="" type="checkbox"/> Compliance works undertaken in a timely fashion	Cara Jordan	Performance	✔️
<input checked="" type="checkbox"/> Procure a Strategic Development Partner	Cara Jordan	Performance	✔️
<input checked="" type="checkbox"/> Certified Security Professional Training	Kate Wilson	Performance	✔️
<input checked="" type="checkbox"/> Data Protection training	Cara Jordan	Performance	✔️
<input checked="" type="checkbox"/> GDPR compliance framework	Cara Jordan	Performance	✔️
<input checked="" type="checkbox"/> ICT Strategy	Sean Kelly	Performance	✔️
<input checked="" type="checkbox"/> Implement data security protocols	Sean Kelly	Performance	✔️
<input checked="" type="checkbox"/> Information Risk Policy and Role Description	Sean Kelly	Performance	✔️
<input checked="" type="checkbox"/> IT Monitoring	Sean Kelly	Performance	✔️
<input checked="" type="checkbox"/> IT Security Policies	Sean Kelly	Performance	✔️
<input checked="" type="checkbox"/> PSN Code of Connection compliance	Sean Kelly	Performance	✔️
<input checked="" type="checkbox"/> Regular 3rd party data protection and integrity testing	Sean Kelly	Performance	✔️
<input checked="" type="checkbox"/> Regular audits of IT security arrangements	Sean Kelly	Performance	✔️

	Responsible		Mar 23
<input checked="" type="checkbox"/> Advice for external suppliers	Alison Chubbock	Performance	
<input checked="" type="checkbox"/> Joint procurement protocol and opportunities for joint/shared procurement with other authorities	Alison Chubbock	Performance	
<input checked="" type="checkbox"/> Procurement Framework	Alison Chubbock	Performance	
<input checked="" type="checkbox"/> Procurement responsibility assigned	Alison Chubbock	Performance	
<input checked="" type="checkbox"/> Procurement Strategy	Alison Chubbock	Performance	
<input checked="" type="checkbox"/> Budget Process / Budget Monitoring	Jeny Carroll	Performance	
<input checked="" type="checkbox"/> Business Continuity Planning	Alison Sayer	Performance	
<input checked="" type="checkbox"/> CC 001 Consideration of COVID-19 implications	Alison Sayer	Performance	
<input checked="" type="checkbox"/> Complete critical services' Business Continuity Plans (BCP)	Alison Sayer	Performance	
<input checked="" type="checkbox"/> Corporate Business Continuity key role training	Alison Sayer	Performance	
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	Performance	
<input checked="" type="checkbox"/> Corporate Policies and Procedures	Alison Sayer	Performance	
<input checked="" type="checkbox"/> Create and issue adverse weather guidance	Alison Sayer	Performance	
<input checked="" type="checkbox"/> Emergency Response & Recovery Planning	Alison Sayer	Performance	
<input checked="" type="checkbox"/> Employment Policies	James Claxton	Performance	
<input checked="" type="checkbox"/> Refresh the project management framework	Kate Rawlings	Performance	
<input checked="" type="checkbox"/> Apprenticeship programme	James Claxton	Performance	
<input checked="" type="checkbox"/> Check-in process	James Claxton	Performance	
<input checked="" type="checkbox"/> Employee Referral Scheme	James Claxton	Performance	
<input checked="" type="checkbox"/> HR 006 New Ways of Working - Policy Creation	James Claxton	Performance	
<input checked="" type="checkbox"/> Market Pay Review report	James Claxton	Performance	
<input checked="" type="checkbox"/> Review Pay Policy	James Claxton	Performance	
<input checked="" type="checkbox"/> Review relocation policy	James Claxton	Performance	
<input checked="" type="checkbox"/> Procurement Officer post established	Alison Chubbock	Performance	

Outstanding				
	Stage	Responsible		Mar 23
<input checked="" type="checkbox"/> Production and approval of the Asset Management Plan	In Progress	Renata Garfoot	Performance	
			Comments	
			Due Date	30/07/2020
<input checked="" type="checkbox"/> Review and update of Web Strategy	Cancelled	Sean Kelly	Performance	
			Comments	~
			Due Date	31/12/2020
<input checked="" type="checkbox"/> CC 002 ER1 Review Emergency Response Plan	In Progress	Alison Sayer	Performance	
			Comments	
			Due Date	30/04/2021
<input checked="" type="checkbox"/> HR 007 Develop 'People Strategy'	Cancelled	James Claxton	Performance	
			Comments	
			Due Date	31/07/2022

SR 003 Macroeconomic

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



Latest Update

30/04/2023		
SR 003 Macroeconomic : Status	Score	9.00
	Target	12.00
	Performance	●
	Direction of change	➔
	Comments	The position remains unchanged.

30/04/2023		
SR 003 Macroeconomic : RM01 Risk Consequence	Score	3
	Target	3
	Direction of change	➔
SR 003 Macroeconomic : RM02 Risk Likelihood	Score	3
	Target	4
	Direction of change	➔



Associated Corporate Risks

30/04/2023		
CR 026 Impact of economic fluctuations on the North Norfolk economy : Status	Score	15.00
	Target	4.00
	Performance	▲
	Direction of change	➡
	Comments	



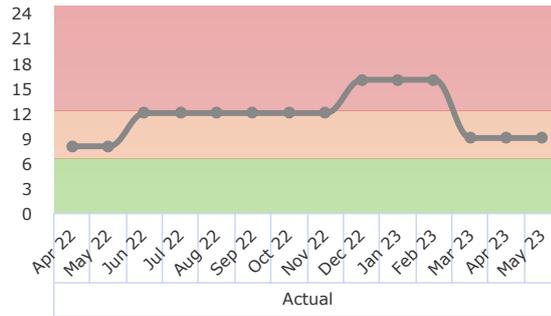
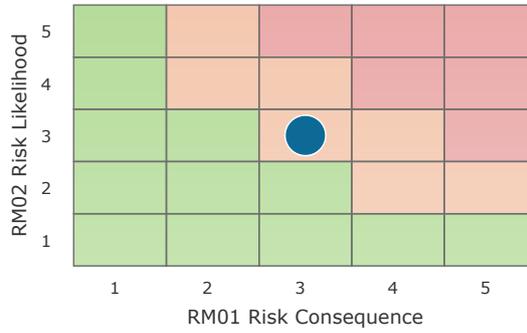
Control, Contingency & Mitigating Actions

Implemented			
	Responsible		Mar 23
<input checked="" type="checkbox"/> Business Survey	Stuart Quick	Performance	✔
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	Performance	✔
<input checked="" type="checkbox"/> Fund Management advice from Arlingclose	Tina Stankley	Performance	✔
<input checked="" type="checkbox"/> HS 003 - Monitor the need for temporary accommodation and ensure suitable provision	Graham Connolly	Performance	✔
<input checked="" type="checkbox"/> Medium Term Financial Strategy	Tina Stankley	Performance	✔
<input checked="" type="checkbox"/> Operation of the Council Tax Hardship Fund	Trudi Grant	Performance	✔
<input checked="" type="checkbox"/> Treasury Management Strategy	Tina Stankley	Performance	✔

Outstanding				
	Stage	Responsible		Mar 23
<input checked="" type="checkbox"/> 2.2.1 Economic Growth Strategy 2020 - 2023	In Progress	Stuart Quick	Performance	●
			Comments	It is anticipated that post-election the incoming administration will agree the objectives which form the basis of an Economic Strategy. Meanwhile an online portal is being developed to promote the emerging programmes of economic support (through the UK Shared Prosperity Fund and Rural England Prosperity Fund) to businesses.
			Due Date	30/04/2023

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

30/04/2023		
SR 004 Strategic : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➡
	Comments	Local elections on 4 May 2023 have resulted in no overall change in the administration.

30/04/2023		
SR 004 Strategic : RM01 Risk Consequence	Score	3
	Target	2
	Direction of change	➡
SR 004 Strategic : RM02 Risk Likelihood	Score	3
	Target	2
	Direction of change	➡



Associated Corporate Risks

		30/04/2023
CR 027 Strategic financial and performance management : Status	Score	4.00
	Target	4.00
	Performance	★
	Direction of change	➡
	Comments	



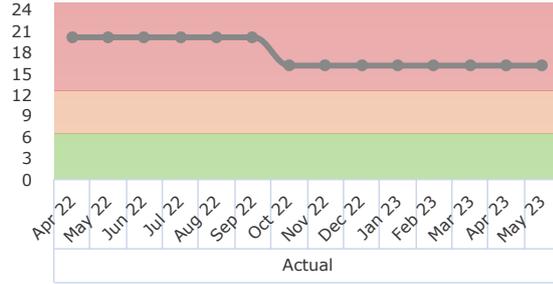
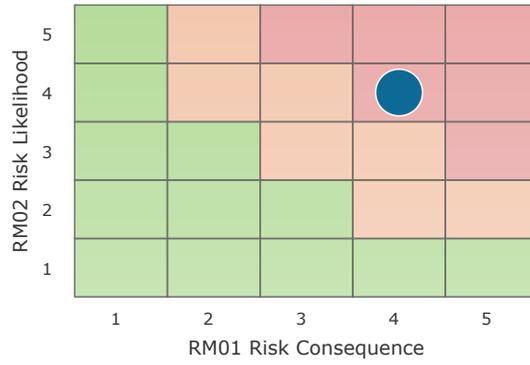
Control, Contingency & Mitigating Actions

Implemented				
	Responsible			Mar 23
<input checked="" type="checkbox"/> Annual review of the Council's reserves	Tina Stankley	Performance		✔
<input checked="" type="checkbox"/> Budget Process / Budget Monitoring	Jeny Carroll	Performance		✔
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	Performance		✔
<input checked="" type="checkbox"/> Medium Term Financial Strategy	Tina Stankley	Performance		✔
<input checked="" type="checkbox"/> Refresh the project management framework	Kate Rawlings	Performance		✔
<input checked="" type="checkbox"/> Review the Corporate Plan 2019-23 post Covid-19	Steve Blatch	Performance		✔

Outstanding				
	Stage	Responsible		Mar 23
<input checked="" type="checkbox"/> Emerging Local Plan	In Progress	Mark Ashwell	Performance	●
			Comments	Local Plan has been endorsed for submission for examination. Plan due for submission start of May 2023 with hearing session expected to be complete by September 2023 following which the Plan can be adopted by the Council.
			Due Date	not set

SR 005 Environmental and Social

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



Latest Update

30/04/2023		
SR 005 Environment & Social : Status	Score	16.00
	Target	4.00
	Performance	▲
	Direction of change	➡
	Comments	The position remains unchanged.

30/04/2023		
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

		30/04/2023
CR 002 Flooding, erosion and loss of assets and delivery of services : Status	Score	20.00
	Target	4.00
	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	6.00
	Target	4.00
	Performance	★
	Direction of change	➡
	Comments	Joint venture nutrient neutrality mitigation strategy to be released in May 2023, register of interests for land owners to be promoted in May/ June 2023. Mitigation mapping is completed and will direct negotiations to ensure the backlog of planning applications can be addressed. The first planning permissions expected to be released August to September 2023. North Norfolk Local Plan submitted to the Planning Inspectorate for examination in April 2023. Expectation for examination in public to be held in September 2023.

Control, Contingency & Mitigating Actions

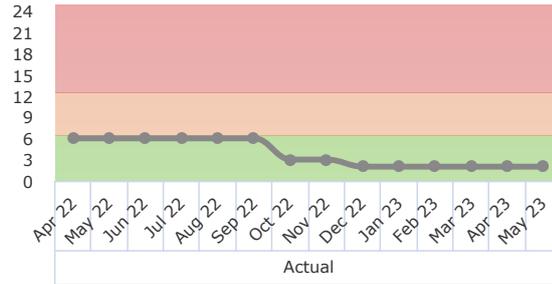
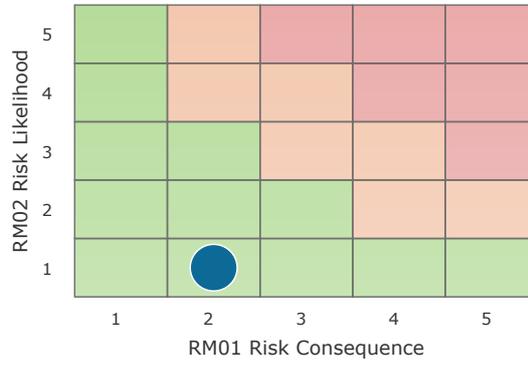
Implemented			
	Responsible		Mar 23
<input checked="" type="checkbox"/> 4.3.1 Baseline carbon audit and carbon reduction action plan	Robert Young	Performance	★
<input checked="" type="checkbox"/> Bacton and Walcott coastal management scheme	Rob Goodliffe	Performance	★
<input checked="" type="checkbox"/> Coastal Monitoring	Rob Goodliffe	Performance	★
<input checked="" type="checkbox"/> Coastal Partnership East set up	Rob Goodliffe	Performance	★
<input checked="" type="checkbox"/> Control of coastal management schemes through procurement and regular checking	Rob Goodliffe	Performance	★
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	Performance	★
<input checked="" type="checkbox"/> DEFRA funding of capital schemes	Rob Goodliffe	Performance	★
<input checked="" type="checkbox"/> Environment Forum	Robert Young	Performance	★
<input checked="" type="checkbox"/> Health & Safety checking and monitoring	Rob Goodliffe	Performance	★
<input checked="" type="checkbox"/> Procurement practices	Alison Chubbock	Performance	★
<input checked="" type="checkbox"/> Repairs & Maintenance Programme	Rob Goodliffe	Performance	★
<input checked="" type="checkbox"/> Shoreline Management Plan (SMP)	Rob Goodliffe	Performance	★
<input checked="" type="checkbox"/> The Pathfinder Project	Rob Goodliffe	Performance	★
<input checked="" type="checkbox"/> 1.2.1 Formulate a new Housing Strategy	Graham Connolly	Performance	★
<input checked="" type="checkbox"/> 1.4.1 Developing and implementing a new Homelessness and Rough Sleepers Strategy and Action Plan	Lisa Grice	Performance	★
<input checked="" type="checkbox"/> 1.5.1 Investigate ways to support and assist affordable housing providers	Graham Connolly	Performance	★
<input checked="" type="checkbox"/> Community Housing Fund	Graham Connolly	Performance	★
<input checked="" type="checkbox"/> Enhance Housing Association delivery	Graham Connolly	Performance	★
<input checked="" type="checkbox"/> Housing Strategy implementation	Robert Young	Performance	★

	Responsible		Mar 23
<input checked="" type="checkbox"/> HS 003 - Monitor the need for temporary accommodation and ensure suitable provision	Graham Connolly	Performance	★
<input checked="" type="checkbox"/> Increased Focus	Nicky Debbage	Performance	★
<input checked="" type="checkbox"/> Internal planning protocol	Phillip Rowson	Performance	★
<input checked="" type="checkbox"/> Local Development Framework (LDF) policies	Mark Ashwell	Performance	★
<input checked="" type="checkbox"/> Local Investment Plan	Nicky Debbage	Performance	★
<input checked="" type="checkbox"/> Monitor Brexit and its potential impact on the ability to deliver and acquire homes as a home owner	Alison Chubbock	Performance	★
<input checked="" type="checkbox"/> Partnership work with Registered Providers	Graham Connolly	Performance	★
<input checked="" type="checkbox"/> Use of capital	Nicky Debbage	Performance	★

Outstanding				
	Stage	Responsible	Mar 23	
<input checked="" type="checkbox"/> CM 002 Refurbish coastal defences at Mundesley	In Progress	Tamzen Pope	Performance	★
			Comments	Additional funding now approved by EA. Final Environmental Statement has been received from Mott MacDonald. Awaiting final detailed design outputs. Pre-Construction contract with Balfour Beatty is progressing and updated cost estimates following submissions of tenders from their sub-contractors is due this month. Local Liaison and Community drop in session ran at the beginning of March - generally very positive feedback. Concerns were raised by residents of SeaView Road as the scheme does not extend to in front of their properties. Discussions regarding the compound location - now been resolved using the front section of the Beach Road car park. Operational Officers Group to be established with other teams within NNDC to identify and resolve any further issues but also to identify opportunities. Member is fully informed
			Due Date	31/03/2023
<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.
			Due Date	31/03/2030
<input checked="" type="checkbox"/> 1.3.1 Develop a business case for a housing company	Cancelled	Nicky Debbage	Performance	
			Comments	~
			Due Date	31/12/2021
<input checked="" type="checkbox"/> HO 007d Production of SLA	Cancelled	Wendi Creelman	Performance	?
			Comments	
			Due Date	31/03/2025

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

30/04/2023		
SR 006 Governance : Status	Score	2.00
	Target	2.00
	Performance	★
	Direction of change	➡
	Comments	The position remains unchanged.

30/04/2023		
SR 006 Governance : RM01 Risk Consequence	Score	2
	Target	2
	Direction of change	➡
SR 006 Governance : RM02 Risk Likelihood	Score	1
	Target	1
	Direction of change	➡



Associated Corporate Risks

		30/04/2023
CR 028 Governance failures : Status	Score	4.00
	Target	4.00
	Performance	★
	Direction of change	➡
	Comments	



Control, Contingency & Mitigating Actions

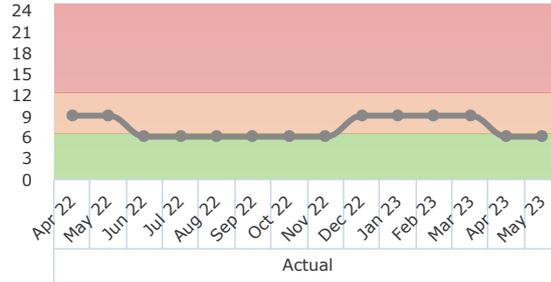
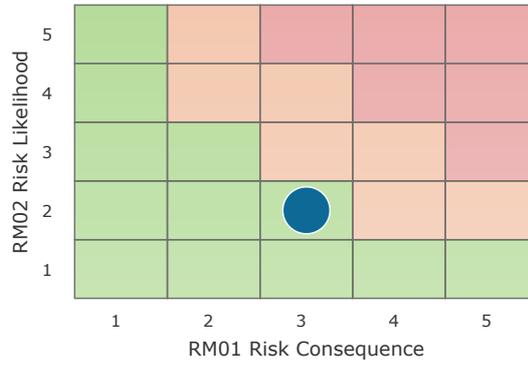
Implemented			
	Responsible		Mar 23
<input checked="" type="checkbox"/> Annual Assurance Statements	Alison Chubbock	Performance	✔
<input checked="" type="checkbox"/> Annual Audit Report	Lucy Hume	Performance	✔
<input checked="" type="checkbox"/> Annual Governance Statement 2019/20 supported by assurance framework	Alison Chubbock	Performance	✔
<input checked="" type="checkbox"/> Annual Governance Statement 2020/21 supported by assurance framework	Alison Chubbock	Performance	✔
<input checked="" type="checkbox"/> Audit programme	Lucy Hume	Performance	✔
<input checked="" type="checkbox"/> Clear robust corporate governance framework	Renata Garfoot	Performance	✔
<input checked="" type="checkbox"/> Committee report templates	Emma Denny	Performance	✔
<input checked="" type="checkbox"/> Constitution/Standing Orders/Scheme of Delegations	Cara Jordan	Performance	✔
<input checked="" type="checkbox"/> Corporate Planning / Service Planning	Helen Thomas	Performance	✔
<input checked="" type="checkbox"/> Head of Internal Audit assurance	Alison Chubbock	Performance	✔
<input checked="" type="checkbox"/> Member/ Officer Protocol	Emma Denny	Performance	✔
<input checked="" type="checkbox"/> Monitoring Officer actions to ensure governance risk is minimised	Cara Jordan	Performance	✔
<input checked="" type="checkbox"/> Monitoring Officer Report	Cara Jordan	Performance	✔
<input checked="" type="checkbox"/> Operation of Constitutoon Working Party	Emma Denny	Performance	✔
<input checked="" type="checkbox"/> Operation of Overview and Scrutiny Committee	Emma Denny	Performance	✔
<input checked="" type="checkbox"/> Operation of Standards Committee	Emma Denny	Performance	✔
<input checked="" type="checkbox"/> Section 151 Officer actions to ensure governance risk is minimised	Alison Chubbock	Performance	✔

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

30/04/2023		
SR 007 Reputation : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	↓
	Comments	The strike by Serco's employees has not had the reputational impact that was anticipated. Not aware of anything else happening nor that is on the horizon that may have an adverse impact so I have reduced the likelihood to 2 from 3.

30/04/2023		
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

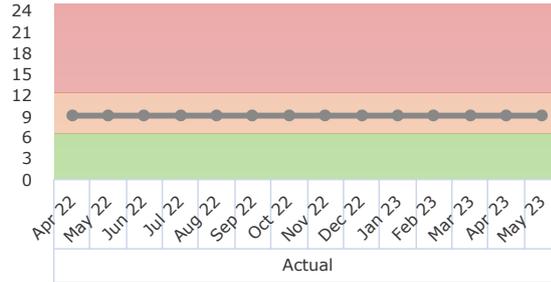
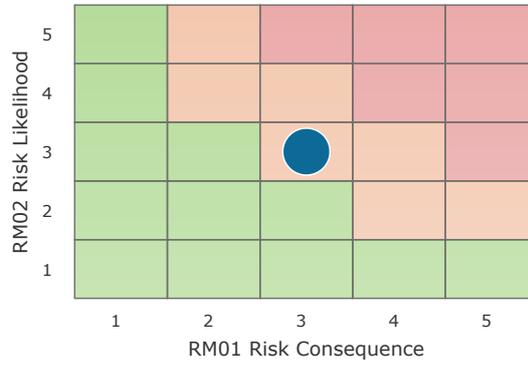
This report does not contain any data

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

30/04/2023		
SR 008 Corporate project related risks : Status	Score	9.00
	Target	4.00
	Performance	●
	Direction of change	➡
	Comments	There is an increased level of risk with major projects at present mostly because the rate of inflation has remained high which means that it is still difficult to predict what project costs might be. Therefore the score has been left at 3 and 3.

30/04/2023		
SR 008 Corporate project related risks : RM01 Risk Consequence	Score	3
	Target	2
	Direction of change	➡
SR 008 Corporate project related risks : RM02 Risk Likelihood	Score	3
	Target	2
	Direction of change	➡



Associated Corporate Risks

		30/04/2023
CR 030 Sheringham Leisure Centre : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	➡
	Comments	The liquidation of the contractor prior to conclusion of the final account remains a concern. External advisors are being retained.
CR 032 Fakenham new roundabout - Delivery of highway infrastructure (roundabout) on A148 : Status	Score	6.00
	Target	4.00
	Performance	★
	Direction of change	⬇️
	Comments	Project has stalled due to escalating materials and construction costs. Original cost estimate is insufficient to complete works - with an additional circa £1m required at time of writing. Landowner investigating changes to S106 agreement and draft planning conditions pursuant to current submission, however, has indicated that the funding shortfall will be met by them. Applications to NCC to extend existing Business Rates funding availability (£900k) were successful. This funding is to be match funded by NNDC (£900k). This funding has been included within the 2023/24 budget. Earliest opportunity for works now Autumn 2023 and this is the current target date. Design works continuing and new project manager appointed by NCC. Proposed works included in contractors work programme.
CR 033 North Walsham High Street Heritage Action Zone - project incomplete : Status	Score	4.00
	Target	4.00
	Performance	★
	Direction of change	➡
	Comments	With the near completion of the place making works, the budget has now been spent. Take up of the building improvement grants is good and external funding budget deadlines have been met. Work on The Cedars remains to be completed and has been impacted by inflation, however, completion is expected this summer (2023).



Control, Contingency & Mitigating Actions

Implemented			
	Responsible		Mar 23
<input checked="" type="checkbox"/> Operation of Overview and Scrutiny Committee	Emma Denny	Performance	✔️
<input checked="" type="checkbox"/> Project management & reporting procedures - Sheringham Leisure Centre	Robert Young	Performance	✔️

Outstanding			
	Stage	Responsible	Mar 23
<input checked="" type="checkbox"/> Emerging Local Plan	In Progress	Mark Ashwell	Performance
			Comments
			Local Plan has been endorsed for submission for examination. Plan due for submission start of May 2023 with hearing session expected to be complete by September 2023 following which the Plan can be adopted by the Council.
			Due Date
			not set

Counter-Fraud, Corruption and Bribery Update	
Executive Summary	<p>This counter-fraud update report informs on the Council's arrangements in the fight against fraud and corruption and recent work undertaken to identify how we are addressing and mitigating risk.</p> <p>The Governance Risk and Audit Committee ("GRAC") is informed of the Council's recent incidences of potential fraud and mitigation applied; of a counter fraud checklist and resulting action plan.</p>
Options considered	<p>Whilst this report is intended for general note, GRAC may wish to consider or further review the checklist and risk/mitigation measures.</p>
Consultation	<p>In preparing this report, managers whose area of work presents a higher risk of fraud have been liaised with. These officers have fed into the 'fighting fraud checklist' and have provided information about incidences of potential fraud in the last 12 months. Additionally, there has been consultation with the Chief Financial Officer ("s.151 officer"); Internal Audit Manager, the Council's Management Team, the Corporate Leadership Team ("CLT") and all key officers at the Council whose role is detailed on the attached checklist.</p>
Recommendations	<ol style="list-style-type: none"> 1. To note the update report 2. To review and note the checklist 3. To review and note the action plan 4. To note the fraud assessment update which includes incidences of potential fraud
Reasons for recommendations	<p>To deliver the corporate action plan aims with regard to cost versus risk considerations and with a view to keep our establishment at reasonable and affordable levels whilst addressing the risk of fraud.</p>
Background papers	<p>Appendix A – Fighting Fraud and Corruption Locally -Checklist. Appendix B – Action Plan ensuing from checklist Appendix C – Last Year's Fraud Risk Assessment (2022/23) Appendix D – Corporate Anti-Fraud Action Plan Appendix E – Table considering risk areas identified in the 2022/23 Fraud Risk Assessment, and incidences of potential Fraud at NNDC</p>
Links to key documents	<p>FFCL - Strategy for the 2020's.pdf (cifas.org.uk) Tackling fraud and corruption against government (nao.org.uk)</p>
Wards affected	All
Cabinet Members	Cllr Shires
<p>Contact Officer: Cara Jordan, AD Finance Assets Legal cara.jordan@north-norfolk.gov.uk Tel 01263 516373</p>	

Corporate Plan:	Financial Sustainability and Growth
Medium Term Financial Strategy (MTFS)	Proposals not linked to the MTFS
Council Policies & Strategies	Counter Fraud, Corruption and Bribery Policy 2022 Counter Fraud, Corruption and Bribery Strategy

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	<p>Exempt paper - Appendix E(i)</p> <p>For the following reason</p> <p>Information in Appendix E(i) involves the likely disclosure of exempt information as defined in paragraphs 1, 2 and 3, Part 1 of schedule 12A (as amended) to the Local Government Act 1972. These paragraphs relate to:</p> <ol style="list-style-type: none"> 1. information relating to an individual; 2. information which is likely to reveal the identity of an individual; and 3. information relating to the financial or business affairs of any particular person (including the authority holding that information). <p>The public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:</p> <p>Paragraphs 1 & 2: Some incidents detailed in Appendix E(i) relate to one or few individuals whose data protection rights outweigh the public interest in disclosure.</p> <p>Paragraph 3: There are details and amounts of incidences of loss or potential loss in Appendix E(i), as well as detailed information as to how the Council is addressing this. To provide this information to the public may compromise the Council in its aim in protecting its funds for the benefit of the District.</p>
Details of any previous decision(s) on this matter	This is an update report

1. Introduction

- 1.1 In March 2022, the Council received a limited assurance rating for internal audit NN2204 – Counter Fraud and Corruption (as did other councils within the consortium). Recommendations were made which are either now implemented, or for ongoing review. In the latter category is a recommendation to assess the resources required to respond to fraud risks, noting that the

Council does not have any dedicated counter fraud officers. The Corporate Leadership Team (CLT) considered the resource question at the time, following recommendations from internal audit. It was viewed that the cost of a dedicated post would not be judicious spending by the Council with reference to our low levels of fraud. However, it was left that it would remain under review.

- 1.2 The Council has a Corporate Anti-Fraud Awareness Action Plan (**Appendix D**) which contains three principal aims with actions and outcomes. These aim to measure exposure to fraud risk and address those risks; to complete a fraud assessment and to undertake checks on areas at risk of fraud.
- 1.3 A Fraud Risk Assessment 2022/23 (**Appendix C**) was undertaken last year. It highlighted areas of risk (Red/Amber/Green - RAG rated), controls required and mitigation steps. This assessment has been considered and an update prepared for GRAC (**Appendix E(i)**) as to potential fraudulent activity against the Council, or relevant incidents, occurring within the last 12 months. It also looks at how those incidences have been addressed and what additional controls or mitigation have been applied.

2. Issues for Consideration

Internal Audit Recommendations and actions – update

- 2.1 The internal audit report made recommendations, the last of which have now been put in place and are related to counter-fraud training and awareness. Although counter fraud training was recommended for officers only, and especially those who work in areas where fraud is a risk, it is being delivered as mandatory training for all staff and is accessible to all Members. It is considered that this will raise awareness more widely across the Council. Staff in roles which are more prone to fraud attempts are to have additional and more specialised training. This includes anti-fraud training for the Benefits and Customer Service teams being delivered by the Department for Work and Pensions (DWP) Fraud Team.
- 2.2 The Revenues Team has joined with other Norfolk authorities to use the National Fraud Initiative (“NFI”) Fraud hub scheme at local level to receive and share information to prevent/ address risk of fraud. A link, via the intranet, has been added to the Local Government Association (LGA) counter fraud hub so all staff can access further tools and resources. The Council is a member of the National Anti-Fraud Network (NAFN).
- 2.3 Further, this audit identified that the Council may face a risk as there were no dedicated counter fraud officers and no assessment of resources to deliver counter fraud work. Ideally, if cost were no issue, a dedicated full time fraud officer would give best protection as such could dedicate time to addressing risk and conducting investigations, providing a deterrent to those looking to commit acts of fraud against the Council. As cost is an issue, and having low incidences of fraud and financial loss, Senior Management considered and shared, at that time, that expenditure on a dedicated resource was not considered proportionate to the risk, but that it would be kept under review. In order to consider this issue further, a checklist of our anti-fraud processes has been made as well as an assessment of potentially fraud related incidents in the last 12 months (**Appendix E**). Having reviewed this information, the Management view remains that having a dedicated counter fraud officer is not proportionate to the risk and so would not consider it to be a reasonable expenditure. However, this is to continue to be kept under review, but presently the tasks are incorporated into the current establishment (but with additional relevant training where necessary).

The Checklist

- 2.4 The publication “Fighting Fraud and Corruption Locally” [2020] is a counter fraud and corruption strategy document for local government. It contains a checklist to assist councils with governance of

their arrangements.

- 2.5 This checklist has recently been completed (**Appendix A**) with the assistance of others, particularly those whose department is at high risk from fraudulent activity. The checklist sets out requirements for the Council generally, but some are also directed specifically at the Council's Chief Statutory Officers and Members who have a specific role in this area, including Members of GRAC. Accordingly this checklist, now completed, has been shared with CLT for review and is for the Committee's consideration. Where gaps have been identified, an action plan has been prepared (**Appendix B**), to be shared with Management Team and the Service Managers Group to update service plans.

3. Fraud Risk Assessment

- 3.1 In addition to the Corporate Counter Fraud Awareness Action Plan, the Council conducted a risk assessment to cover the year 2022/23 (**Appendix C**) which has previously been shared with GRAC. This document looked at risk areas within the Council, identified a risk category and identified the controls and mitigation in place. This assessment has been revisited this year. Any fraudulent activity, or activity which could breach our controls, has been noted and additional controls or mitigation detailed (**Appendix E(i)**). It is suggested that the number of incidents within the organisation and loss or potential loss is of a low level.

4. Corporate Plan Objectives

- 4.1. This report seeks to ensure that the Council protects itself from risk of fraud and corruption, and feeds into the current Corporate Plan objectives of customer focus and financial sustainability.

5. Medium Term Financial Strategy / Financial and resource implications

- 5.1. The training requirements will be managed through the Skillgate training resource and LGA counter fraud hub tools and resources can be accessed via the intranet. No specific additional counter-fraud resource is recommended in this report. The Council is a member of local and national anti-fraud networks.

6. Legal implications

- 6.1. There are no additional specific legal implications in relation to this report outside the Council's responsibility to protect its funds.

7. Communications

- 7.1. Communications, through team meetings and via the intranet in particular, will be important to increase fraud awareness across the authority and to promote training. The checklist and action plan will be shared with Management Team and through to the Service Managers Group to update service plans.

8. Net Zero Target

This is an update report with no specific net zero issues attached.

9. Equality, Diversity & Inclusion

No specific issues identified.

10. Community Safety issues

No specific issues identified.

8. Conclusion

The checklist is a key document to record how we are dealing with the fight against fraud and dealing with risk. The updates of potential fraud incidences at this council over the last year show low levels by way of numbers and actual or potential financial loss. It is recognised that there may be incidents that we are unaware of and continued vigilance is important. Novel methods to breach our systems may be established in the future, and may need additional attention. The checklist and steps to control risk may be considered sufficient at this time to fulfil our counter-fraud obligations.

9. Recommendation

- 1. To Note the update report**
- 2. To review and note the checklist**
- 3. To review and note the action plan**
- 4. To note the fraud assessment update which includes incidences of potential fraud**

Reasons for recommendations

Recommendations 1-4: to deliver the Corporate Action Plan aims in fighting fraud and to provide a proportionate anti-fraud provision with regard to cost and risk level.

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Fighting Fraud and Corruption Locally Strategy Checklist

	Senior Stakeholders	Checklist Requirement	Counter Fraud Assessment	Considered in action plan?
1	Head of Paid Services	Ensure that your authority is measuring itself against the checklist for FFCL	Checklist to be considered by the Head of Paid Service (CEX) and CLT. The checklist is taken from the publication "Fighting Fraud and Corruption Locally" ['FFCL']. Areas requiring further attention are to be detailed in an action plan for CLT and GRAC consideration	
2		Is there a trained counter fraud resource in your organisation or do you have access to one?	<p>The Council previously had specialist counter fraud trained officers who were subsequently redeployed to the DWP. Officers from the Revenues department are cognisant of the inherent risks in that area and follow procedures to detect and prevent false applications.</p> <p>Whilst there is no specifically trained counter fraud resourced, Revenues is a section of the Council where risk of fraud is higher. In the Job Description of all Revenue Officers is the following: Actively detect and prevent false applications for discounts, exemptions, reliefs and tax evasion. Internal processes in that department include cross-checking by telephone and in writing with other sources to verify information.</p> <p>The Council is reviewing ways it may enhance its current counter fraud provision, focussing on a preventative approach</p>	
3		Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?	The GRAC committee receives updates relating to counter fraud policies, such as the Counter fraud, corruption and bribery strategy and policy, and the Whistleblowing policy. The Monitoring Officer provides an update in her annual report to	

			GRAC as to the Council's Whistleblowing and Anti-Fraud policies and contraventions of any enactment or rule of law including fraud.	
4	Section 151 Officer	Is there a portfolio holder who has fraud within their remit?	There is a PFH for finance. As the current Administration begins its new term, Statutory Officers will discuss this remit with the Leader and the Portfolio holder.	Yes
5		Is the head of internal audit or counter fraud assessing resources and capability?	Yes. A previous audit identified the need to improve staff awareness, provide training and create an action plan.	
6		Do they have sufficient internal unfettered access?	Yes	
7		Do they produce a report on activity, success and future plans and are they measured on this?	The head of internal audit does not produce a report on counter fraud activity, success and future plans. The Council will need to identify a Lead to report on such	Yes
8	The Monitoring Officer	Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?	There is no specific anti-fraud training to Members in place.	Yes
9		Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?	There is no specific fraud team. This is a small council and its fraud team was redeployed to the DWP a number of years ago. The Council will keep this under review	Yes
10	The Audit Committee	Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work	GRAC receives the annual Monitoring Officer report which has a section on Whistleblowing and Anti-Fraud policies and contraventions.	Yes
11		Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured	A counter fraud action plan is being prepared to share with GRAC	Yes

12		Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud	There is a need to address this by enhancing the management relationship with the relevant portfolio holder to ensure there is sufficient communication with them regarding counter fraud activity.	Yes
13		Should support proactive counter fraud activity	A counter fraud update and action plan is being prepared to share with CLT and GRAC to enable discussion, suggestions and challenge	
14		Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.	As above	
15	The Portfolio Lead	<i>Receives a regular report that includes information, progress and barriers on:</i> The assessment against the FFCL checklist Fraud risk assessment and horizon scanning.	As detailed above	Yes

	FFCL Check list requirements	Counter Fraud Assessment	
16	The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.	A fraud risk update and assessment were completed by the s.151 officer in June 2022. Any outstanding actions will be reviewed. A further action plan is now in place to address all matters within the Fighting Fraud and corruption locally checklist. Internal Audit prepares a risk-based audit plan each year and is cognisant of areas where there is potential for fraud and corruption. It provides a work programme which involves those areas and services which are subject to an inherent risk. Audit reports make recommendations to address risk identified.	Yes
17	The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.	[As above]	Yes
18	There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.	This checklist and related action plan to go to GRAC for consideration	Yes
19	The relevant portfolio holder has been briefed on the fraud risks and mitigation	This checklist and related action plan to go to the Portfolio Holder, with counter fraud within their remit, annually	
20	The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources	The GRAC terms of reference include monitoring risk management and internal control arrangements. With regard to governance, it includes “to review the Council’s arrangements to counter fraud and corruption, with regard to the policies on Counter Fraud, Whistleblowing and Money Laundering”	
21	There is a counter fraud and corruption strategy applying to all aspects of the local authority’s business which has been communicated throughout the local authority and	Yes – available on the intranet in addition to related relevant policies	

	acknowledged by those charged with governance.		
22	The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	Yes. In addition to the counter fraud strategy and policy, there are other arrangements designed to protect the council. This includes, but not limited to, the contract procedure rules, declarations of interests, maintaining and publishing a gifts and hospitality register, pre-recruitment checks and data protection procedures.	
23	The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	There is in place a Corporate Risk Register which is regularly updated and reported to Members. Any agreed audit recommendations to address this are acted upon. Data is also monitored and available through the National Fraud Initiative; Housing Benefits Matching Service and the National Anti-Fraud Network. The Revenues team has use of the NFI Norfolk Fraud Hub. The team also work with Datatank for council tax single person discount reviews and access to Ascendant's solution Apply4.Online® system which automatically cross-checks and analyses a number of data sources, enabling the validity of a grant application to be assessed automatically.	
24	Counter fraud staff are consulted to fraud- proof new policies, strategies and initiatives across departments and this is reported upon to committee.	Whilst there is no specific counter fraud officer, these policies are reported to GRAC and shared with Internal Audit.	
25	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	Successful prosecutions are shared with the Council's Communications Departments for reporting in the Press. The Council may wish to explore the benefits of making Proceeds of Crime applications in suitable cases and publicising such at the appropriate time.	
26	The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.	The Counter Fraud policy and strategy encourage reporting of fraud. The whistleblowing policy is published and informs how someone can raise a concern. This policy provides for reporting of such incidents to GRAC. The Revenues team undertakes its processes with a view to prevent and detect fraud. Other arrangements such as pre-	

		employment checks, Code of Conduct for Members and Officers and maintaining a register of interests address this.	
27	The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering: <ul style="list-style-type: none"> • codes of conduct including behaviour for counter fraud, anti- bribery, and corruption • register of interests • register of gifts and hospitality 	Contained within the council's Constitution is the Member Code of Conduct and employee Code of Conduct, dealing with expected standards of behaviour and what to do where a conflict of interest is encountered. Where there is an alleged breach, there are processes to investigate. The Council maintains a register of Member interests and a gifts and hospitality register for both Members and officers.	
28	The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.	Checks on ID, references, qualifications and where appropriate DBS checks are undertaken through the Council's HR department and relevant managers.	
29	Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality, and business. This is checked by auditors and reported to committee.	Yes. Information is in the Constitution. The Monitoring Officer has provided a further guidance note available on the intranet and CLT/MT are reminded at times where gifts are more likely to be offered – such as prior to the Christmas break. A record is kept by the MO and this is shared with GRAC and published in the annual MO report.	
30	There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.	Fraud awareness training, specifically aimed at fighting fraud in local government, is currently being arranged for all officers and Members via Skillgate – the Council's e-learning resource. Specialist training is being identified for those key officers whose role may require this.	
31	There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.	Yes. The Whistleblowing policy is subject to regular review and is published on the intranet. Managers are asked to make their teams aware of this policy. The Whistleblowing policy details specific officers who can be contacted with concerns as well as details of relevant external bodies. The policy allows for reporting of such complaints to GRAC.	
32	Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no	Whilst contractors and members of the public do not have the statutory protection that an employee has where a concern is raised,	

	discrimination against whistleblowers.	the Council's Whistleblowing policy confirms that it is committed to treat those other persons, raising a concern, fairly.	
33	Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	The Council currently has no specific fraud resource or department. Departments where there is an inherent risk of fraud have anti-fraud processes. In particular, Revenues has processes to help review and identify fraud with a new temporary post linked to this work. This will identify avoidance of tax for NDR and council tax and will identify potential fraud. However the Council is reviewing whether there may be a need for further experience and qualifications, either internally or through recruitment for specialist and part time recruitment for work which involves investigatory procedures and PACE interviews.	
34	There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.	A fraud risk assessment 2022/23 identified areas of particular risk with a RAG rating. This was before GRAC in June 2022 and has been reviewed and an update taken to GRAC	
35	Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	There is no fraud team, but the annual MO report highlights and activity and outcomes.	Yes
36	Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	Internal Audit (and external audit) have such access. If investigations are undertaken internally, arrangements with other departments for access to relevant information will need to be drawn up.	
37	There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.	Presently this would only occur where a successful prosecution is reported, but when there is such an occurrence, the council's communications team is engaged to publicise this.	
38	All allegations of fraud and corruption are risk assessed.	This would be done as detailed in the Whistleblowing policy procedures. In circumstances where a member of the public makes an outright allegation of fraud, they may be informed to contact the police who have expertise in investigating such allegations.	

39	<p>The fraud and corruption response plan covers all areas of counter fraud work:</p> <ul style="list-style-type: none"> • prevention • detection • investigation • sanctions • redress 	<p>Yes, the Counter fraud, corruption and bribery strategy covers these points, as well as deterrence.</p> <p>IT take the following steps to protect IT systems from misuse or possible fraud:</p> <ul style="list-style-type: none"> • Run software to detect and block phishing/malware emails before they reach the users' inboxes. • All web traffic is filtered and monitored. Any known sites of concern are blocked and downloads are not allowed. • Firewalls which protect the perimeter are regularly tested and supported by a fully managed service. This gives the best possible chance to detect any suspicious activity. • Virus software runs on all laptops/PCs and servers. • Data is always encrypted in transit so it cannot be intercepted. • All events on all devices are logged and alert on significant events. 	
40	Asset recovery and civil recovery are considered in all cases.	Investigators will consider this and apply to the courts for recovery. Where criminal action is taken, the council's legal representatives may consider compensation, other recovery sanctions, or where appropriate, a Proceeds of Crime application.	
41	There is a zero-tolerance approach to fraud and corruption that is defined and monitored, and which is always reported to committee.	The policy sets out that the council is opposed to all forms of fraud, corruption, theft and bribery and that when identified, it will apply for appropriate sanctions against those involved.	
42	There is a programme of proactive counter fraud work which covers risks identified in assessment.	Yes. Our policy sets out what we do to prevent fraud. This includes pre appointment vetting by the HR department.	
43	The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co- location of enforcement activity.	Key departments, such as Revenues, where there is an inherent risk of fraud by service users (such as making false representations and applications) liaise with external agencies and undertake relevant	

		checks. These external bodies include the Norfolk Fraud Hub, other local councils, Datatank, Ascendant Solutions, VOA . The Revenues Manager chairs a NFI Norfolk Hub sub group which assesses and discusses fraud cases, sharing learning across Norfolk.	
44	The local authority shares data across its own departments and between other enforcement agencies.	We subscribe to the National Fraud Initiative which collects data from various departments and external agencies to detect incidents of fraud. The NFI has national data sets uploaded annually including elections, payroll etc. Norfolk is part of a fraud hub with extra data sets being uploaded quarterly including council tax, council tax support, housing benefit, waiting lists this is compared locally against other councils and also Norfolk County Council data for social services, disabled parking licences. The national data reports on deaths and will soon include NDR.	
45	Prevention measures and projects are undertaken using data analytics where possible.	Datatank checks the discount to credit agencies to make sure that the discount is correct. Any risk is identified, and information requested. The last review in October 2022 cancelled over 300 discounts increasing council tax by over £160k. The Council is now undertaking a rolling Single Person Discount review to identify if further cases exist to prevent fraud. Other reviews are ongoing with Council Tax and Non Domestic Rates	
46	The counter fraud team has registered with the Knowledge Hub, so it has access to directories and other tools.	IT = NNDC is registered with the Knowledge Hub	
47	The counter fraud team has access to the FFCL regional network.	It is uncertain whether relevant departments have access and this will be noted in the action plan	Yes
48	There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work, they too must be trained in this area.	The Council has access to a team of specialist fraud investigators through the Internal Audit consortium Revenues has recently recruited a temporary dedicated member of staff to look at fraudulent/incorrect applications etc.	

49	The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.	The Revenues team undertakes training in basic processes. The Council is also about to undertake a roll out of counter fraud training relating specifically to issues within local government.	
50	The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for: <ul style="list-style-type: none"> • surveillance • computer forensics • asset recovery • financial investigations 	The Council has access to a team of specialist fraud investigators through the Internal Audit consortium	
51	Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.	This will be highlighted in the action plan.	Yes

ACTION PLAN – June 2023

From checklist under the 'Fighting Fraud and Corruption Locally' publication

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Checklist identifier number	Action	Additional information	Responsibility	Target date for completion
4 12 15	Establish which portfolio holder will have fraud within their remit	That portfolio holder will need to be updated regularly by management/fraud lead	Director of Resources	June 2023
7 10, 11 17 19 35	Identify a lead officer to produce an annual summary report on activity, success and future plans as to counter-fraud. [This should include consideration of the "Fighting Fraud and Corruption Locally" checklist annually and regular action plan review and assessment, risks, horizon scanning of future risks, and resource allocation and fraud statistics]	Currently there is some outline information on counter-fraud in the Monitoring Officer's annual report	Director of Resources	September 2023
8	Members, audit committees and portfolio leads to be made aware of counter fraud activity and to be able to access anti-fraud training.	Lead officer to be identified to prepare an annual summary report as at '7' above	Director of Resources	September 2023
		Arrangements are currently underway to provide anti-fraud training to all officers and Members online – "fighting fraud in Local Government". LGA anti-fraud awareness information to be added to the intranet	HR	June 2023
		Monitoring Officer to continue to comment on counter fraud issues in annual Monitoring Officer report	MO	Ongoing
9	Consideration of recruitment of a fraud officer who in addition to anti-fraud tasks, could produce reports to relevant committees	CLT has previously considered whether it was necessary to recruit a dedicated fraud officer, with reference to loss prevention and recovery	CLT	September 2023

		versus relative risk and benefit. At this time funding such a resource is not considered to be appropriate expenditure. This is to be reviewed.		
16	Review Fraud Risk Assessment 2022/23		CLT	September 2023
18	Annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.		AD (Finance Assets Legal currently undertaking the 2023 checklist)	
47	The counter fraud team has access to the FFCL regional network.	Whilst we currently have no counter fraud team, the Revenues team may benefit from such access – to make enquiries as to whether this can be arranged.	Revenues Manager	September 2023
51	Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.	Whilst this may happen in the specific departments, there should be a central reporting to the s.151 officer or any identified fraud lead. Any incidences of fraud or breach of procedures which are capable of permitting fraudulent activity, even where no fraud has actually occurred, should be reported to the MO.	s.151 officer MO	September 2023 and ongoing

North Norfolk District Council - Fraud Risk Assessment 2022/23

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation/Action
<p>Council Tax & Business Rates Frauds (discounts and exemptions)</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 123</p>	<p>Council Tax and business rates fraud can be a common occurrence. CIPFA report that these areas represent two of the most significant areas across all local government related fraud, recorded as part of their annual survey. Single Occupancy Discount fraud accounted for £28.9m of loss nationally due to fraud in 2019/20 according to the survey.</p> <p>Depending on the scheme, there are several ways in which fraud can occur. These include applicants providing false information and recipients failing to notify the Council when they no longer qualify or their circumstances change.</p> <p>Revenue from Council Tax is a key income stream. Fraud in this area threatens this source of funding.</p>	<p>The Council employs a number of methods to help ensure only valid applications are accepted. This includes requiring relevant information on applications forms and visits to properties (where necessary).</p> <p>Controls including separation of duties between collection and administration, restriction of access to records and management oversight of action such as recovery suppressions help prevent internal fraud and error.</p> <p>Messages reminding residents to update their circumstances when necessary appear on annual Council Tax bills issued by the Council.</p> <p>The Council routinely takes part in the National Fraud Initiative (NFI). In addition, the Council conducts periodic Single Person Discount reviews.</p>	High	<p>The relevant service managers will raise fraud awareness with staff in Benefits, Revenues and Customer Services teams about frauds affecting Council Tax and Business Rates. Dedicated training will be provided to key staff where appropriate. Action (Director for Resources – September 2022)</p> <p>Corporate communications will be provided to help embed the Council's zero tolerance for fraud, supported from the top of the organisation by the Corporate Leadership Team (CLT). Action (CLT – June 2022)</p> <p>There is a dedicated page on the Council's website for people to confidentially report suspected benefit fraud.</p>
Council Tax Support Fraud	Council Tax Support is a Council funded reduction in liability introduced in 2013 to replace Council Tax Benefit. Unlike its predecessor,	The Council undertakes eligibility checks on those who apply for Council Tax Support. There are established lines of communication with the Department	High	Fraud concerns are reported to the DWP counter fraud team who determine if criminal investigation is required.

Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 124</p>	<p>Council Tax Support is resourced entirely through District Council funds.</p> <p>Frauds in this area can involve applicants failing to declare their total assets, correct household composition or household income. Those receiving support are also obligated to notify relevant authorities when they have a relevant change in circumstances that may affect their entitlement to support.</p> <p>Covid-19 has resulted in an increase nationally for benefits and support claims. These increased numbers raise the number of claims in which changes in circumstances may not be reported or false information could be presented to the Council.</p>	<p>for Work and Pensions (DWP) where claims for support are linked to externally funded benefits.</p> <p>The Council is able to report Housing Benefit and other benefit frauds to the Department for Work and Pensions but this does not necessarily allow the Council control over resolving false claims for Council Tax Support.</p>	<p style="background-color: red; color: white; text-align: center;">High</p>	<p>The Council does not currently have its own dedicated fraud resource. This position will be consider by CLT/GRAC/Cabinet as part of the risk assessment process. Action (CLT/GRAC/ Cabinet – May 2022)</p> <p>Staff communications will be used to raise awareness with staff supported by high level training for all staff and more dedicated training for staff in key service areas. Action (Communications Manager – June 2022)</p>
	<p>Covid-19 Grants</p>	<p>In response to the Covid-19 pandemic, central government made funding available for local businesses. The Council has administered a number of schemes throughout 2020/21 and 2021/22; some were linked to business rates liabilities while others were to assist those outside this scope. The Council responded at pace to support local</p>		<p>The Council made over 31,000 payments with a total value of almost £130m for the Government's Small Business Grant Fund, Retail, Hospitality and Leisure Grant Fund, and Local Authority Discretionary Grant Fund. Checks by Council officers were made into each application to make sure they met the criteria set by Government and that</p>

Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
<p>Page 125</p>	<p>businesses. New processes for managing applications and paying grants had to be developed quickly.</p> <p>In addition, schemes were introduced to aid residents unable to work due to self-isolation requirements and support families with children or vulnerable adults.</p> <p>These schemes have all been subject to attempted fraud at a local, national and international level due to the significant funds available (up to £25k per application).</p> <p>While funding is provided by central government, the Council is charged with the responsibility of identifying genuine applicants and investigating and recovering incorrect payments. The Council therefore needs to show that suitable assurance and recovery actions have taken place.</p>	<p>payments were being made to the correct people. Applications for ongoing business and resident support schemes continue to be carefully assessed before payment.</p> <p>The Council provides monthly updates on payments made, fraud/error identified and the status of any recovery work to the Department for Business, Energy & Industrial Strategy.</p>		<p>where they have resources available.</p> <p>If the Council is targeted by a national fraud, this is reported to the National Investigation Service (NATIS) via the CFT. The team will continue to liaise with external agencies as required.</p> <p>The Council are involved in undertaking post-payment assurance exercises across the various schemes and will continue to support post assurance work as required.</p>

Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
<p>Energy bills rebate</p> <p>Page 126</p>	<p>Due to the increasing cost of living crisis and pressure on household incomes, the Government introduced a £150 'rebate' towards energy costs to be paid through the Council Tax system. The focus is on property bands between A – D, all of whom will receive a payment of £150, with a locally based discretionary scheme for properties in higher bands.</p> <p>Councils should be aware of the risk of mandate fraud and may want to exercise particular caution where direct debit details have been changed or newly provided since the scheme was announced on 3 February 2022.</p> <p>Potential fraud risks include people providing false evidence to gain access to the Council Tax Rebate or Discretionary Fund</p>	<p>The Council has implemented a piece of software from Ascendant which makes live checks between registered Council Tax payers and banking details before producing a live file for payment. Any residents that don't automatically match are then investigated to establish the reasons for any errors.</p>	<p>High</p>	<p>It has been recommended that councils take additional steps before payment to prevent erroneous payments and the need for clawback. This includes waiting to make payment until after the first direct debit Council Tax payment for 2022-23 has been taken on the given live instruction which the Council has followed.</p>

Appendix C

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

Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
<p>Cybercrime</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 128</p>	<p>Cybercrime is a constantly evolving area. Criminals are continually refining their techniques in order to overcome controls put in place to protect organisations.</p> <p>Types of cybercrime experienced by local authorities in recent years include ransomware, phishing, whaling, hacking, and denial of service attacks. Attacks can lead to loss of funds, loss and theft of data, and access to systems being compromised.</p> <p>Councils hold a range of data on residents which can be attractive to criminals.</p>	<p>The Council has a highly skilled ICT department which helps mitigate the threat of cybercrime.</p>	<p>High</p>	<p>Raising awareness with staff can be crucial in helping to prevent successful cyberattacks. Any counter fraud training delivered will reinforce anti-cybercrime messages to members of staff.</p> <p>Action (HR Team to arrange training – June 2022)</p> <p>All instances of cybercrime and related fraud will be reported to the police’s Action Fraud Unit and the National Cyber Security Centre.</p>

Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
<p>Procurement Fraud</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 129</p>	<p>Procurement fraud has been perceived as a high risk by local authorities in the CIPFA fraud tracker for a number of years.</p> <p>Procurement fraud, by its nature, is difficult to detect but can result in large scale loss of public funds over long periods of time. The Competition and Markets Authority estimates that having a cartel within a supply chain can raise prices by 30% or more.</p> <p>CIPFA reported losses of £20.3 million nationally in 2018/19 for local authorities, due to procurement fraud. It found that 12% of fraud detected in this area involved 'insider fraud' and 5% involved organised crime.</p>	<p>The Council has established Contract Procedure Rules and a Procurement Strategy, both of which are regularly reviewed.</p> <p>The Council's Procurement Officer provides guidance and advice to ensure that procurement processes are carried out correctly.</p> <p>A tendering and evaluation framework is in operation to help prevent fraud. It also sets out the requirements for declarations of interest to be made.</p> <p>Contract monitoring is implemented to help detect and deter fraud.</p> <p>The Council's contracts and contract procedures are the subject of both internal and external audit scrutiny.</p>	<p>High</p>	<p>Continued vigilance by relevant staff is key to identifying and tackling procurement fraud. This will be covered as part of the training package provided by the Council to raise awareness of fraud risks in this area.</p> <p>The Internal Audit team monitor guidance on fraud detection issued by the Competition and Markets Authority and other relevant bodies.</p>

Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
<p>Theft of Assets</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 130</p>	<p>The theft of assets can cause financial loss and reputational damage. It can also negatively impact on employee morale and disrupt the delivery of services. The Council owns large numbers of physical items, such as IT equipment, vehicles and tools.</p> <p>Reduction of staff at Council premises as a result of the Covid-19 outbreak and New Ways of Working policy could leave equipment at heightened risk of theft. Unauthorised access to buildings may not face the same level of visibility or challenge as would be the case in normal conditions.</p>	<p>Specific registers of physical assets (e.g. capital items, property and ICT equipment) are maintained. In addition, there are registers for information assets held by the Council.</p> <p>The Council's Whistleblowing arrangements provide an outlet for reporting concerns of theft.</p>	<p>High</p>	<p>Members of staff should also be vigilant and report all possible thefts promptly to the police.</p> <p>The Council's Whistleblowing Policy is communicated and shared with staff.</p> <p>Managers should ensure all Council equipment is returned by employees leaving the authority.</p>
<p>Internal Fraud</p>	<p>There are a range of potential employee frauds including falsifying timesheets and expense claims, abusing flexitime or annual leave systems, undertaking alternative work while sick, or working for a third party on Council time. Some staff have access to equipment and material that may be misused for private purposes.</p>	<p>The Council has an established Whistleblowing Policy through which concerns can be raised.</p> <p>Controls are in place surrounding flexitime, annual leave and sickness absence.</p> <p>Participation in the National Fraud Initiative helps the Council identify potential cases of internal fraud.</p>	<p>Medium</p>	<p>Internal Audit ensure that appropriate checks and balances are in place to help prevent this type of fraud.</p>

Appendix C

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	<p>Payroll related fraud can involve the setting up of 'ghost' employees in order to divert salary payments to others.</p> <p>Corruption and bribery is a significant risk to all public sector organisations, however, only low levels have ever been detected.</p>	<p>Managers are required to undertake a monthly review of the staff payroll within their service area to help protect against the inclusion of 'ghost' employees.</p>		
<p>Recruitment Fraud</p> <p>Page 131</p>	<p>Recruitment fraud can affect all organisations. Applicants can provide false or misleading information in order to gain employment such as bogus employment history and qualifications or providing false identification documents to demonstrate the right to work in the UK.</p>	<p>The Council has controls in place which include verification of qualifications and reviewing references to help mitigate against the risk of fraud in this area.</p>	<p>Medium</p>	<p>Where there is a suspicion that someone has provided false information to gain employment, the HR team will be consulted on possible criminal action in addition to any disciplinary action that may be taken.</p>
<p>Fraudulent Insurance Claims</p>	<p>The Council may receive exaggerated or fabricated insurance claims. CIPFA report that in 2019 the average value of a fraudulent claim against local authorities was over £39.5k.</p>	<p>While insurance fraud is common, the burden of risk is currently shouldered by the Council's insurers who have established fraud investigation systems.</p>	<p>Low</p>	<p>n/a</p>
<p>Treasury Management</p>	<p>The impact of losses in this area could be significant. There are no recorded frauds within the Council.</p>	<p>Treasury Management systems are well controlled and no fraud has been detected in this area.</p>	<p>Low</p>	<p>Internal audit undertake periodic reviews of the controls in this area.</p>

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This is the Corporate Counter Fraud Awareness and Action Plan (appended to the current NNDC Counter fraud policy)

Appendix 3 - Corporate Counter Fraud Awareness Action Plan

Aim

To measure exposure to fraud risk and address fraud risks identified.

Actions

There is a Corporate Risk Register and relevant fraud risks are recorded therein.
 There is also national data available through the National Fraud Initiative that is analysed periodically, data from the Housing Benefit Matching Service, information from National Anti Fraud Network and information sharing with External Audit.
 To undertake an assessment of the fraud and corruption risks faced by the Council and put in place actions to mitigate them. Once complete, the assessment will be used to update Service Plans and determine whether any strategic risks should be added to the Corporate Risk Register. The Governance, Risk and Audit Committee and the relevant Portfolio Holder to be briefed on the risks identified along with an annual update in respect of the Council's counter fraud activity.
 These are identified as part of the annual audit planning process and during each audit. These will be tested to gain assurance that fraud risks are appropriately mitigated.

Outcome

A record of potential fraud risks and a record of these are mitigated and monitored.
 Better corporate understanding of the fraud and corruption risks facing the Council and increased confidence that appropriate actions to mitigate risks are being taken as well as any follow up actions.
 A Council that is pro-active in mitigating the risk of fraud.

To complete a fraud and corruption risk assessment

To undertake validation / verification checks on areas at risk of fraud.

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By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 12

Exemptions granted from 9 February 2023 to 25 May 2023

Date	Contractor	Type of Work	Amount (rounded to nearest pound)	Exemption
13/04/23	GoCardless	Provision of a direct debit payment service for garden waste subscriptions	£45,000 (total for a 3 year period)	(L) extention 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)
25/05/23	Flowbird	Maintenance and back office costs to operate 46 pay and display machines on our car parks	£42,000 (1 year)	(L) extention 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)

Notes

- The previous period reported to GRAC was for the period 23 November 2022 to 8 February 2023
- In that period 2 exemptions were reported to the Committee.
- The next reporting period to GRAC will follow on from the last reporting period.

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GOVERNANCE, RISK & AUDIT COMMITTEE ON 7th MARCH 2023 – OUTCOMES & ACTIONS LIST

MINUTE NO.	AGENDA ITEM AND ACTION	ACTION BY
77	STRATEGIC ANNUAL INTERNAL AUDIT PLAN 2023-24	
	<p>RESOLVED</p> <p>The Committee considers and approves: a) the Internal Audit Charter; b) the Internal Audit Strategy; c) the Strategic Internal Audit Plans 2023/24 to 2026/27; and d) the Annual Internal Audit Plan 2023/24.</p>	GRAC
78	GRAC ANNUAL SELF-ASSESSMENT	
	<p>RESOLVED</p> <p>That the Committee discuss the attached checklist at Appendix 1 to this report from 2022 and consider whether any of the scoring requires amending or whether improvement actions need to be developed in any areas.</p>	GRAC
79	DRAFT STATEMENT OF ACCOUNTS 2021-22	
	<p>RESOLVED</p> <p>That the Committee notes the contents of the report and approve that the Statement of Accounts for 2021/22 are brought back to the next Governance, Risk and Audit Committee.</p>	GRAC/S151 Officer
80	REVIEW OF NORTH WALSHAM HERITAGE ACTION ZONE PROJECT GOVERNANCE	
	<p>RESOLVED</p> <p>To review and note the report and associated risk register.</p>	GRAC
81	REVIEW OF REEF PROJECT RECOMMENDATIONS	
	<p>RESOLVED</p> <p>That GRAC review the recommendations identified within the lessons learnt log (Attached at appendix A) and consider any necessary actions or further recommendations.</p>	GRAC
82	CORPORATE RISK REGISTER	
	<p>RESOLVED</p> <p>To note the verbal update.</p>	GRAC

83	PROCUREMENT EXEMPTIONS REGISTER 23 NOVEMBER 22 - 8 FEBRUARY 23	
	RESOLVED To review and note the Procurement Exemptions Register.	GRAC

GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2023/2024

Date	Topic	Lead Officer	Comments	Cycle
13th June 2023				
	External Audit Plan 2021/22	External Audit		Annual
	Counter-Fraud, Corruption and Bribery Update	Monitoring Officer – Cara Jordan	Policy updated in 2022 – Comment on implementation?	Tri-annual
	Internal Audit Progress & Follow-up Report	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	Director for Resources – Tina Stankley	To review the corporate risk register	Quarterly
18th July 2023	TBC			
	Annual Accounts Sign-off TBC			
12th Sept 2023				
	Draft Statement of Accounts 2022/23	Director for Resources – Tina Stankley	To review the draft statement of accounts	Annual
	Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
	Monitoring Officer’s Report	Monitoring Officer – Cara Jordan		Annual
	Internal Audit Progress & Follow-up Report	Internal Audit – Faye Haywood	To include update on historical recommendations	Quarterly
	Corporate Risk Register	Director for Resources – Tina Stankley	To review the corporate risk register	Quarterly
	GRAC Annual Report 2022-23	Committee Officer – Matt Stembrowicz	To review Committee’s work over the previous year	Annual
	External Audit Results report 2020/21 TBC	External Audit	If Complete?	Annual
	External Audit Letter 2020/21 TBC	External Audit	If Complete?	Annual
	AGS 22/23 & Local Code of Corporate Governance	Director for Resources – Tina Stankley	Review & approve AGS & Local Code of Corporate Governance	Annual

GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2023/2024

Date	Topic	Lead Officer	Comments	Cycle
5th Dec 2023				
	Corporate Risk Register	Director for Resources – Tina Stankley		Quarterly
	Internal Audit Progress & Follow-up Report	Internal Audit – Faye Haywood	To review progress on internal audit recommendations	Quarterly
	Civil Contingencies Update	Resilience Manager		Annual
	Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
	Risk Management Framework	Director for Resources – Tina Stankley	To review the Council’s risk management framework	Bi-Annual
26th March 2024				
	Final statement of accounts/ sign-off 2021/22	Director for Resources – Tina Stankley		Annual
	Strategic and annual plans internal audit plan 2023/24	Internal Audit – Faye Haywood		Annual
	Internal Audit Progress & Follow-up Report	Internal Audit – Faye Haywood		Quarterly
	GRAC self-assessment	Internal Audit – Faye Haywood		Annual
	Corporate Risk Register	Director for Resources – Tina Stankley	To review the corporate risk register	Quarterly
	Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
	Review of Council’s Asset Register	Director for Resources – Tina Stankley	To review the number and value of Council assets	Committee Request

GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2023/2024

2024-25				
	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

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