

# Governance, Risk and Audit Committee



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Date Not Specified

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, 26 March 2024** 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: [neil.white@north-norfolk.gov.uk](mailto:neil.white@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 L Vickers and Cllr A Fletcher

All other Members of the Council for information.  
Members of the Management Team, appropriate Officers, Press and Public



**If you have any special requirements in order to attend this meeting, please let us know in advance**  
If you would like any document in large print, audio, Braille, alternative format or in a different language please contact us

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## A G E N D A

**1. TO RECEIVE APOLOGIES FOR ABSENCE**

**2. SUBSTITUTES**

**3. PUBLIC QUESTIONS**

To receive public questions, if any.

**4. ITEMS OF URGENT BUSINESS**

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

**5. DECLARATIONS OF INTEREST**

1 - 6

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

**6. MINUTES**

7 - 16

To approve as a correct record, the minutes of the meeting of the Governance, Risk & Audit Committee held on 5 December 2023.

**7. ACCOUNTING POLICIES AND STATEMENT OF ACCOUNTS**

17 - 38

To consider and approve the accounting policies that will be applied to the Statement of Accounts for 2023/24. It also informs the Committee of any Accounting Standards that have been issued but that are not yet adopted.

It also provides an update for the Committee on the proposed actions and process for catching up with the national backlog of local government audits.

**8. CORPORATE RISK REGISTER**

39 - 62

To consider the Council's Corporate Risk Register.

**9. STRATEGIC AND ANNUAL PLANS INTERNAL AUDIT PLAN 2023/24**

63 - 100

To consider an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2024/25 to 2026/27 and the Annual Internal Audit Plan for 2024/25.

**10. GRAC SELF-ASSESSMENT**

101 - 112

To consider the results of the self-assessment questionnaires returned and completed by Members of the Governance, Risk and Audit Committee.

- |            |   |           |
|------------|---|-----------|
| <b>11.</b> | <b>ANTI-MONEY LAUNDERING POLICY</b>   | 113 - 138 |
|            | To consider the Council's Anti Money Laundering Policy.   |           |
| <b>12.</b> | <b>COUNTER FRAUD, CORRUPTION &amp; BRIBERY STRATEGY</b>   | 139 - 156 |
|            | To consider the Council's updated Counter Fraud, Corruption and Bribery Strategy.   |           |
| <b>13.</b> | <b>PROCUREMENT EXEMPTIONS REGISTER</b>  | 157 - 158 |
|            | To consider the Procurement Exemptions register.  |           |
| <b>14.</b> | <b>WHISTLE BLOWING POLICY</b>   | 159 - 182 |
|            | To consider the Council's Updated Whistleblowing Policy.  |           |
| <b>15.</b> | <b>REVIEW OF COUNCIL'S ASSET REGISTER</b>   | 183 - 188 |
|            | To consider the Council's Asset Register.   |           |
| <b>16.</b> | <b>GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST</b>  | 189 - 190 |
|            | To monitor progress on items requiring action from the previous meeting, including progress on implementation of audit recommendations.   |           |
| <b>17.</b> | <b>GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME</b>  | 191 - 194 |
|            | To review the Governance, Risk & Audit Committee Work Programme.  |           |
| <b>18.</b> | <b>EXCLUSION OF THE PRESS AND PUBLIC</b>  | 195 - 202 |
|            | To pass the following resolution:   |           |
|            | "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 3 of Part I of Schedule 12A (as amended) to the Act." |           |
|            | Information relating to the appendix to the report [Agenda item 15] involves the likely disclosure of exempt information as defined in paragraph 3, Part 1 of schedule 12A (as amended) to the Local Government Act 1972.   |           |
|            | This paragraph relates to:  |           |
|            | Para 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)   |           |
|            | The public interest in maintaining the exemption outweighs the public   |           |

interest in disclosure for the following reasons:

The information is commercially sensitive, relating to values. Releasing this information would be likely to prejudice the Council in obtaining best value, in the interests of Council Tax payers, in the event of any future negotiations or disposal.

## Registering interests

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

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

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

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

## Non participation in case of disclosable pecuniary interest

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

## Disclosure of Other Registerable Interests

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

## Disclosure of Non-Registerable Interests

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

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

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

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

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

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

**Table 1: Disclosable Pecuniary Interests**

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

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

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

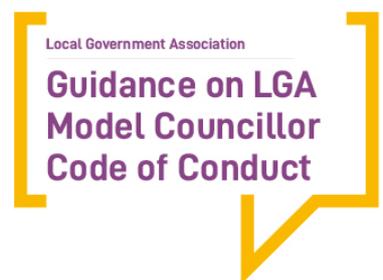
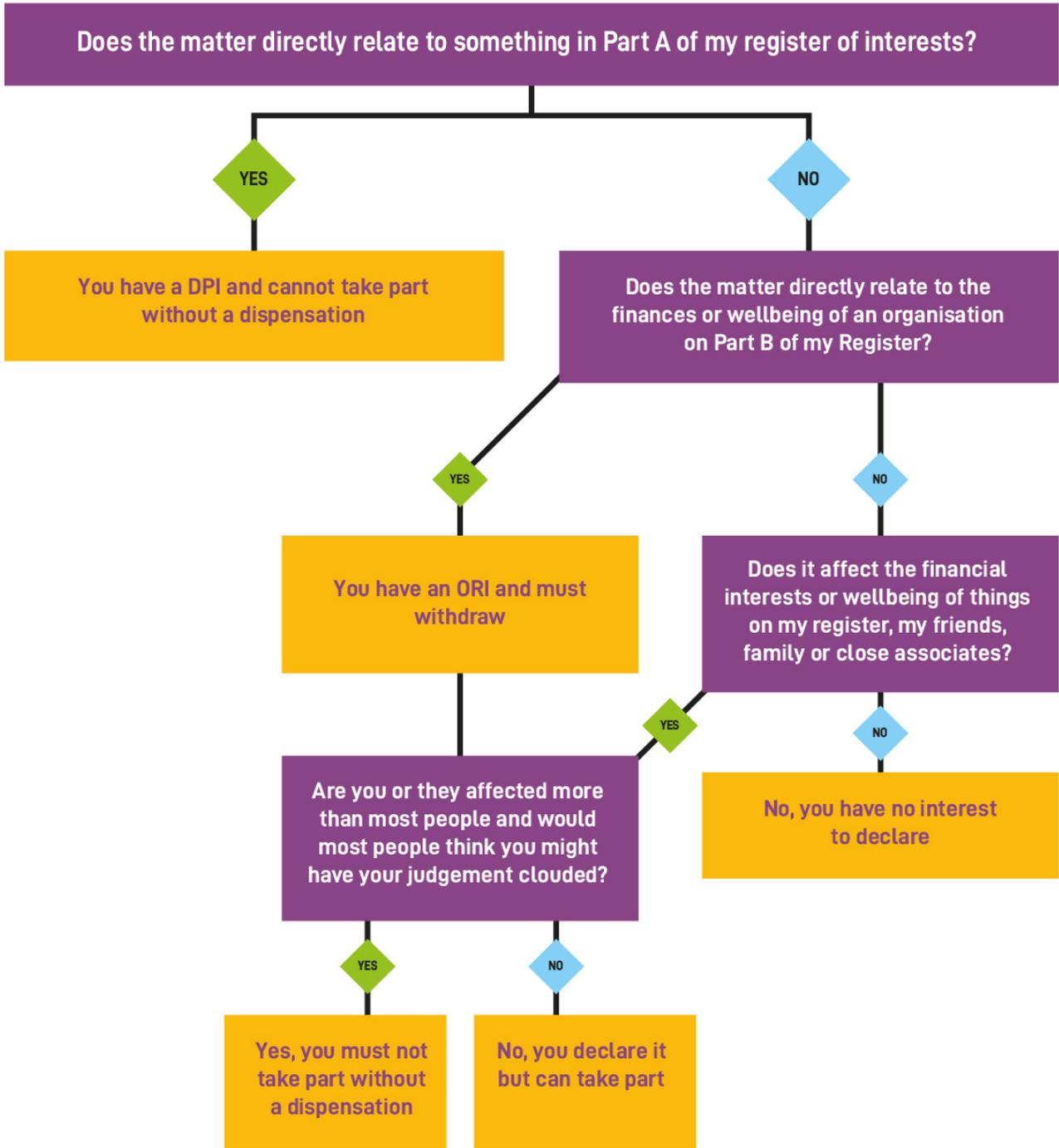
	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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\* 'director' includes a member of the committee of management of an industrial and provident society.

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

**Table 2: Other Registrable Interests**

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

Minutes of the meeting of the Governance, Risk and Audit Committee held on Tuesday, 5 December 2023 at the Council Chamber - Council Offices at 2.00 pm

### Committee

#### Members Present:

Cllr J Toye (Chairman)  
Cllr C Cushing

Cllr J Boyle (Vice-Chairman)

#### Officers in Attendance:

Director of Finance & Resources (DFR) , Monitoring Officer (MO), Head of Internal Audit (HIA) , Resilience Manager (RM), Policy & Performance Manager (PPM) and the Democratic Services Manager (DSM)

### 33 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies had been received from Cllr S Penfold, Cllr E Spagnola and Cllr L Vickers.

### 34 SUBSTITUTES

There were no substitutes.

### 35 PUBLIC QUESTIONS

None received.

### 36 ITEMS OF URGENT BUSINESS

None.

### 37 DECLARATIONS OF INTEREST

None.

### 38 MINUTES

The minutes of the meeting held on 12<sup>th</sup> September were approved as a correct record and signed by the Chairman.

Cllr C Cushing referred to Minute no.21 and a previous request for the Director of Finance (DFR) to provide a timeline for the sign-off of outstanding annual accounts. The DFR replied that she would send out a summary of key dates. In terms of the broader position, she said that all local authorities were waiting for guidance from the Government as to whether they wanted maximum assurance which would require the external auditors to come into each authority and catch-up on the accounts. For the 2021/22 accounts the deadline for this would 31 March 2024 and for 2022/23 it would be 30 September 2024 and for 2023/2024 it would be either December 2024 or March 2025. Any work that was not completed by these dates would stop which could lead to an incomplete Audit opinion. She went onto say that the alternative,

which was the preferred option of External Audit, was to do a 'reset' as at 2023/2024 and this would mean that they would start afresh for 2023/24 and would not complete the 2021/2022 and 2022/2023 audits. The DFR added that councils still had to produce annual accounts for their own purposes and to provide an opening balance for the following financial year. Auditors were still required to undertake an audit on 'Value for Money' for all years and also on pensions accounts. The latter would be at County Council level rather than District level. She said that the Finance Team were continuing to undertake work on the 2021/22 accounts and were ready to produce the statement soon. She said that she believed that the Council would have caught up by the end of March 2024.

The Chairman thanked the DFR for the update and said that the main decisions relating to this had to be taken elsewhere. In reality, it was unlikely that councils would receive the assurance that was required and that why the proposal for a reset was generally supported.

The Chairman referred to Minute 25 and the recorded action that the Head of Internal Audit (HIA) would seek a written response on outstanding audit recommendations where no comments had been received. The HIA replied that in her report that she had included all the responses that were received at the time and if future she would try and ensure that officers provided a response.

The Chairman then asked for an update on the co-option of an Independent Member to the committee (Minute 27). The Monitoring Officer replied she was intending to commence the recruitment process in the New Year so they could join the committee from the start of the municipal year.

The Chairman then referred to Minute 28 and the resolution to request that the Corporate Leadership team (CLT) give consideration to the inclusion of an AI risk on the Corporate Risk Register. He asked for an update on this. The MO replied that AI fell within her remit as an information governance matter and said that she would chase it up.

### **39 EXTERNAL AUDITOR'S ANNUAL REPORT 2020/2021**

Cllr C Cushing said that there were some sizeable revaluations throughout the report and he asked whether these were likely to have a material impact, particularly in terms of the Council's reserves. He also commented on the reference in the report to the February 2020 budget and queried the value that the Council was getting out of looking at figures that were nearly 4 years old now, with little focus on the intervening years. The DFR replied that she agreed with all of the recommendations set out in the External Auditor's Annual Report 2020/2021 and they would all be implemented with the exception of the authorisation of journals which she felt was not necessary. Regarding the valuation, to some extent until they were realised or sold then it was essentially just a figure and there was no material effect on the bottom line. She added that the fixed asset register had been thoroughly reviewed now and proper up to date valuations were now in place.

The DFR went onto say that it was important that the Council continued to close the accounts for each year as though they were being audited so that members could be satisfied that the balances were true and fair going forward. The Chairman agreed that it was important that the Committee had that assurance. He added that the Value for Money section included in the report had not raised any concerns, which was reassuring. He added that he had contacted the County Council to arrange a discussion about pensions so that he has a better understanding of the implications

for NNDC. He said that he would inform members of the outcome of these discussions and the Committee could decide if they wished to undertake training on the matter. The DFR added that if members were interested in any other areas of training, she was happy to make arrangements.

## **RESOLVED**

To note the report.

### **40      PROGRESS AND FOLLOW UP REPORT ON INTERNAL AUDIT ACTIVITY 01 SEPTEMBER TO 30 NOVEMBER 2023**

The Head of Internal Audit (HIA) introduced the report. She explained that it examined the progress made between 1 September to 30 November 2023 in relation to the delivery of the Annual Internal Audit Plan for 2023/2024 and also provided details of any outstanding internal audit recommendations. She said that to date, 41% of the Audit Plan had been completed. During the latest period, two reports had been finalised – land charges and procurement and contract management. The details of these were set out in appendix 2. In terms of outstanding recommendations, 29 were outstanding of which 5 were urgent.

The Chairman commented on the 41% completion rate and asked whether the HIA had any concerns about achieving completion by the end of the year. The HIA replied that she would expect to be further on in the plan. The contractor was currently behind and some of these was due to staffing issues. They had advised the HIA that the plan would be completed by the end of March 2024. In terms of next year, it was hoped that a protocol could be put in place to embed timescales.

Cllr Cushing referred to appendix 2 and the finding for the Land Charges searches and asked why it was a limited assurance rather than no assurance. He also said it would be useful to understand the materiality linked to this and whether it was a sizeable sum of money involved. The HIA replied that more information could be supplied to members on this. Cllr Cushing said that this would be helpful. The DFR said that regarding land charges income, in 2023/2024 the Council was budgeting for £175k. She added that the actual service was being transferred to the Land Registry so this would result in some loss of income. The Chairman asked whether, given the transfer of this work, it was pursuing this issue at all and how it would be monitored in the future. The Policy and Performance Manager said that some elements of the work relating to land charges would remain at NNDC.

It was proposed by Cllr J Toye, seconded by Cllr C Cushing and agreed that a review is undertaken on how land charges are monitored and how this will be reported in the future.

Cllr Cushing then referred to Appendix 6 – ‘Outstanding Internal Audit Recommendations’ and said that when he compared them to the previous update report, it was clear that some of them had moved backwards. He gave NN2213, Waste Management as an example of having a revised due date. He asked the HIA what level of confidence she had in the outstanding recommendations being delivered. The HIA replied that regarding the first recommendation for NN2213, it involved other councils too so that was adding to the delay there and with the second one, it related to staff shortages and it was therefore difficult to predict when it would be resolved. The Chairman said that he shared Cllr Cushing’s concerns, particularly about the materiality of some of the outstanding recommendations and the consequential risks if they were not resolved. He asked the HIA how significant

they were and whether they could be quantified.

Cllr C Cushing referred to Appendix 7 which set out all of the urgent outstanding Internal Audit recommendations for 2022/2023. Again, he said that it was an issue of materiality which was causing concern here. None of the items listed included an update on the situation and every one of them had now passed the due date for completion. He highlighted NN2302 and the issue of reconciliations and asked for an update on this. The DFR replied that it was partly due to the new financial system and ongoing staffing issues. She said that the bank accounts were being reconciled but there were some issues with the system. The reconciliations themselves were giving the required assurance. Other reconciliations were being brought up to date and a new member of staff was going to work specifically on addressing the reconciliation issues. Cllr Cushing asked for a revised due date for when these outstanding recommendations would be resolved. The DFR replied that it would be end of February 2024 at the latest.

The Chairman said that it would be helpful to have written responses provided for each of the outstanding recommendations in future. The HIA replied that there was a 'Key Controls' audit scheduled for Q4 and she would expect these items to be in the scope of work for this. Cllr Cushing asked if that future reports could include revised due dates for the outstanding urgent recommendations.

#### **RESOLVED**

1. To note the internal audit progress and progress against internal audit recommendations
2. To request that a review is undertaken on how land charges are monitored and how this will be reported in the future.

#### **41 CIVIL CONTINGENCIES UPDATE 2023**

The Resilience Manager (RM) introduced this item. She said that she wanted to emphasise the work of the Flood Wardens who had been providing excellent support to the Council, in a volunteer capacity. She drew the following key issues to the committee's attention:

- The Norfolk Resilience Forum (NRF) – The Council paid an annual subscription to this body and it was important that this continued as the Council worked closely with the partner agencies involved. It was likely that the subscription would increase in future years but the figure was not yet know.
- Risk Assessments – there had been several changes to the National Risk Register in August 2023 and the changes to the assessment methodology had increased the time now taken to assess each risk.
- Mutual Aid Agreement – this had been revised in January 2023 and the new document set out arrangements for the provision of mutual aid during an emergency. All Local Authorities could now come together and assist each other when required.
- Severe weather and flooding – The RM that the main challenge at the moment was flooding and a lot of her work in recent months had been

dealing with flood related issues. Work was ongoing on looking at long-term solutions to chronic flooding.

- Flood defences at Potter Heigham – following the installation of replacement flood boards, the volunteer flood wardens at Potter Heigham had been providing updates on the extent of flooding and managing the flood boards on a daily basis. She said that their work and support had been invaluable, as had all of the flood wardens along the coast.
- North Norfolk Safety Advisory Group – the removal of the Events Planning team at Norfolk Constabulary had led to a review of how events were managed across Norfolk, to ensure minimal disruption for the public attending.

The Chairman said that he would like to formally thank the flood wardens for their hard work and support. He then thanked the RM for her hard work too. The Chairman asked about the subscription cost for membership of the NRF and if there was any indication at all about the likely increase. The RM replied that there was not but that the NRF Board was aware of the funding challenges faced by its members and it was hoped that this would be taken into consideration.

Cllr C Cushing conveyed his thanks to the flood wardens for all their hard work. He asked the RM whether the past year had been a particularly bad year for severe weather events. The RM replied that a lot of people had commented on how bad this year had been. There seemed to be more incidents and they were lasting for longer. She added that as extreme weather events were a national problem, North Norfolk was often disadvantaged when it came to seeking funding support from Government. Priority, not unreasonably, was given to industrial and urban areas which were more heavily populated.

The Chairman thanked the RM once again for all her hard work.

## **RESOLVED**

To note the report and the Council's contributions to the Norfolk Resilience Forum in emergency preparedness planning and incident response, which help to discharge the Council's functions under the Civil Contingencies Act 2004.

## **42 COASTWISE - REVIEW OF RISKS**

The Chairman explained that this item had come to the Committee as a recommendation from Overview & Scrutiny Committee:

*'To request that Governance, Risk & Audit Committee reviews the risks presented by the Coastwise Project in respect of the likelihood and impact elements of the risk scores (pre and post the mitigation actions) so that there is clarity about how those actions will work and thus provide greater reassurance that they are being managed effectively and who owns them.'*

The Coastal Transition Manager (CTM) introduced this item. He explained that Coastwise was one of a small number of nationally funded coastal transition accelerator projects which were looking to work with communities in high-risk coastal erosion areas to prepare transition plans and practical actions for the future. Approximately £15m of funding had been confirmed by the Environment Agency

(EA) earlier in the year and, as required by the programme, governance arrangements had been set up and a risk register had been developed. It had originally been prepared as part of an outline business case to the EA to seek approval of the funding and this had been reviewed by the EA's Large Project Review Group which made one addition to the register. It then went back to NNDC's Coastwise Governance Board which undertook a risk workshop and consequently the scoring mechanism was updated and consolidated and added in any additional risks identified for Coastwise. In summary the top 5 risks were changes in Government direction, meeting the proposed financial projections, land availability for coastal transition, the consenting timeframes needed to deliver practical actions for transition and the impact of nutrient neutrality when moving residents into new properties. He then outlined the risks that had been mitigated down.

The Chairman invited members to speak:

Cllr C Cushing said that the overall register was quite detailed and the format was sufficient but although there was a description of the risk, there was no detail regarding the impact of it and it wasn't clear what would happen if one of the risks occurred. He said that this additional information would help quantify the impact of the risk.

Cllr J Boyle agreed with Cllr Cushing and said it would be helpful to have additional information setting out the consequences of any risks. She commented on the risk that the allocated funding may not be spent within the required timescales and said that this caused some concern.

The Chairman said that it was a 'living document' which would change as the project progressed. All major risks had been identified and he did not see any others that needed to be included in this list. He also commented on the risk of being 'unable to spend allocated funds in projected years' and asked what would cause this. The CTM replied that when NNDC was developing the project assurance was given that the Council would not be held to the projections of allocated spending over the years of the programme. The EA then advised that they were now fixed and consequently, it had been highlighted as a risk. A financial contingency approach had been included in the outline business case, where essentially it was proposed that unallocated funds and contingency funds which were not spent in the year could be claimed down and placed in a 'Coastal Transition Fund' which would be managed by NNDC and which could generate interest which could then be spent on coastal transition projects outlined within the programme. This de-risked the programme from a financial perspective for NNDC, meaning that the team could concentrate on delivery rather than the pressure to spend money within a tight timeframe. It also de-risked the EA as they would not be chasing for completion all the time. In addition, it provided the opportunity to explore an area which was a key work package for coastal transition which was future transition funding. There was a shared post with East Riding of Yorkshire and the National EA team which would be exploring this whole area and developing a transition fund with alternative funding mechanisms feeding into it and a management potentially of this fund with ways of 'tapping off' the funding for specific projects in the future. The management of this fund was an interesting idea and the contingency fund approach facilitated the opportunity to explore this. He said that the worst scenario would be not being able to spend the funding and then losing it as well as the opportunity to learn.

The Chairman thanked the CTM for his detailed explanation. Referring to the risk 'land required to deliver the scheme is not available' he asked whether this was fall-back land that would be purchased rather than land lost to erosion. The CTM

confirmed this. The Chairman asked whether there was a further risk that this could increase land prices if people were aware that it may be needed for future purchase by the Council. The CTM acknowledged that this was a possibility but was often the case when a known project was underway in an area.

The Chairman said that in response to the Overview & Scrutiny Committee, the Governance, Risk & Audit Committee had reviewed the risks as requested and had made two recommendations to assist members in understanding and quantifying the risks. He said that the evidence presented to the Committee provided the requested assurance that the risks were being managed effectively.

The Chairman then spoke about risks around key players involved in the project and whether resilience within the team was an issue at all. The CTM replied that the team was still in the process of being constructed, adding that skills and recruitment were a risk and there was still one role that was vacant. He was confident that regular updates on the progress of the project ensured that the team could pick up work and cover if anyone was away.

The Chairman thanked the CTM for providing such an informative report to the committee.

The Policy & Performance Manager (PPM) asked whether the Coastwise project and the risk of not delivering it should be included within the overarching Corporate Risk Register. It was agreed that this should be considered for inclusion in the Councils' corporate risk register.

The Committee **RESOLVED** to provide the following statement to the Overview & Scrutiny Committee:

'The Governance, Risk & Audit Committee reviewed the risks and having clarified several key points, was satisfied that the additional evidence presented to them demonstrated that the proposed mitigation actions will work and therefore provide assurance that they are being managed effectively, with clear evidence of ownership for each action.

The Committee made the following recommendations:

To help members understand and quantify the risks, the risk register for the Coastwise project should include the following:

- Additional information setting out the consequences of the risks.
- Additional information setting out the impact of the mitigation actions.'

#### **43 PROCUREMENT EXEMPTIONS REGISTER**

The Monitoring Officer introduced this item. She explained that there was one exemption - regarding the contract for the supply of the Poverty Dashboard. The Chairman said that this was a specialised area and money well spent.

#### **44 CORPORATE RISK REGISTER**

The DFR introduced this item. She said that the register had been updated. Some had changed slightly but most had remained the same. The highest risk for the Council at the moment was financial sustainability.

Cllr C Cushing commented that the format was very poor. It was very lengthy but did not include much useful text. Again, he reiterated that it was not clear what actions would be taken to mitigate the risks. There was no detail supporting each score so it was not clear how the scores had been reached. He said that the format of the Civil Contingencies risk register was much better and he queried why the overall risk register could not be presented in the same format. The DFR replied that officers were currently in the process of producing the corporate risk register in a different format. She said it would be along the lines of the civil contingencies one. Cllr Cushing said that if it was just updated each time with key elements it would be much shorter and easier to access.

The PPM said that there were two issues, how it was presented and how historical data should be stored so that trends could be accessed. She added that there were some challenges around having a much shorter report but with members being able to drill down to any detail should they want to. The Chairman suggested that technology may be the best way to address this so that links could provide detail if required. He asked when it was likely that the review of the corporate risk register was likely to be undertaken. The DFR replied that she hoped that it would be in place for the start of the next financial year. Cllr Cushing requested that a 'last updated' column was included, adding that it was not the role of members to undertake a deep dive but to review the information in a constructive manner. The Chairman agreed and said that if members wanted more information on a specific risk then they should be able to ask for it. He asked whether any changes would meet internal audit requirements. The HIA said that she was happy to work with officers and have input into any changes to the risk register, adding that it was important for audit purposes to have a narrative at the start of the register.

The Chairman thanked everyone for their input. He said that it was important that members were happy with any changes and suggested that any proposals could be shared more widely. The DFR replied that it was part of a wider project to look at performance management, audit recommendations and the risk register and there was a project group in place to oversee this. She said that workshops could be incorporated into the review process and these could include members from both GRAC and Overview & Scrutiny Committee.

The Chairman referred to page 104 of the report and CRO24 – staffing issues in the People Resources directorate. He said that it showed the likelihood and impact of the risk as being quite low and he queried whether this was correct, especially given the discussions throughout the meeting regarding resourcing and staffing issues in several service areas. The DFR said that she felt it could be reflected as a high risk and said that she would look into it.

Cllr Cushing referred to the Joint Venture Scheme that was set up to mitigate the impact of nutrient neutrality and he asked about the risks presented by this project and the likelihood of it working effectively in negating nutrient neutrality. The DFR replied that she would look into this and provide a written response.

The Chairman referred to page 121, CR024 – not achieving the Net Zero 2030 target. He said given that this was a key objective of the corporate plan, he was concerned to see it listed as a high likelihood and high risk. He asked whether this should be lower, given the priority that it was being given. The DFR replied that it was considered to be a strategic risk due to the size of the achievement and the timescale to achieve it. There needed to be a shift in culture within the Council. It was also affected by externally driven risks too. There was potentially a large fine if

the target was not reached. The Chairman said that it was not clear in the report what work was being done to reduce the risk. The DFR said that there were funds available to assist with this work and a reserve had been established but it was £0.5m and it was likely that this would have to be topped up in the coming years.

The Chairman said that this issue was extremely important and that a whole council approach was needed to ensure that any risk around not reaching the target of Net Zero by 2030 was reduced.

## **RESOLVED**

To request that the following changes to the Corporate Risk Register were considered:

- Details to be provided for each score to explain how the final figure had been reached.
- To include a 'last updated' column
- Additional information to be included regarding the work being done to mitigate the risk of the Council not achieving its Net Zero target.

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

The Democratic Services Manager (DSM) updated the committee on the work programme. She advised that there were several policies that were due for review during 2024 and she would liaise with the relevant officers regarding programming them into the committee schedule.

The Chairman referred to the recent LGA Peer Review and the reference to a review of the roles and remit of Cabinet, Overview & Scrutiny Committee and GRAC to ensure that any overlap was minimised. The DSM said that there would be a review of the terms of reference of each committee and this would be done as part of the wider review of the constitution.

The Chairman commented that it would be helpful to have an update on the timelines of reports coming through as there was a lot of slippage.

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

The DSM provided an update on the Update and Actions list.

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

The meeting ended at 3.49 pm.

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Chairman

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<b>ACCOUNTING POLICIES AND STATEMENT OF ACCOUNTS</b>	
<b>Executive Summary</b>	<p>This report allows the Governance, Risk and Audit Committee to consider and approve the accounting policies that will be applied to the Statement of Accounts for 2023/24. It also informs the Committee of any Accounting Standards that have been issued but that are not yet adopted.</p> <p>It also provides an update for the Committee on the proposed actions and process for catching up with the national backlog of local government audits.</p>
<b>Options considered</b>	There are no other options available. Accounting policies are a statutory requirement.
<b>Consultation(s)</b>	
<b>Recommendations</b>	<p>The committee is requested to approve the accounting policies that will be applied to the Statement of Accounts for 2023/24.</p> <p>The Committee is also requested to note the progress of completion of prior years' Statements of Accounts and how they will be audited under the government's proposed cross-system measures that are being put in place to clear the backlog.</p>
<b>Reasons for recommendations</b>	To ensure that the Statement of Accounts for 2023/24 is prepared using proper accounting practices as required by the Local Government Act 2003.
<b>Background papers</b>	<p>Prudential Code (CIPFA)</p> <p>The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (CIPFA)</p>

<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Councillor Lucy Shires
<b>Contact Officer</b>	Tina Stankley, Director for Resources Tina.stankley@north-norfolk.gov.uk

<b>Links to key documents:</b>	
Corporate Plan:	Financial Sustainability and Growth – The Council needs to produce the accounts each year so that it can demonstrate how resources have been used and so the Council maintains an accurate record of the resources it has available for future use.
Medium Term Financial Strategy (MTFS)	There are no direct financial implications surrounding the publication of the Statement of Accounts.
Council Policies & Strategies	

<b>Corporate Governance:</b>	
Is this a key decision	No
Has the public interest test been applied	Not an exempt item
Details of any previous decision(s) on this matter	N/A

## **1. Purpose of the report**

- 1.1. This report allows the Governance, Risk and Audit Committee to consider and approve the accounting policies that will be applied to the Statement of Accounts for 2023/24.
- 1.2. To provide the Committee with an update on the progress of completion of the Statement of Accounts for 2021/22 and 2022/23 and how they will be audited under the government's proposed cross-system measures that are being put in place to clear the backlog of local government audits.

## **2. Introduction**

- 2.1. This report details the accounting policies that will be applied in preparing the Statement of Accounts for 2023/24.
- 2.2. The Statement of Accounts for 2020/21 have been audited and published on the Council's website.
- 2.3. Statement of Accounts for 2021/22 and 2022/23 have been delayed and the reasons are explained below.

## **3. Overview**

### **Accounting Policies**

- 3.1. It is the responsibility of those charged with governance (the Governance, Risk and Audit Committee) to consider and agree the accounting policies to be applied to the statement of Accounts for the year ended 31 March 2024.
- 3.2. The Statement of Accounts sets out the Council's income and expenditure for the year and its financial position as at 31 March 2024.
- 3.3. The accounting policies are the specific principles, bases and conventions, rules and practices applied by the Council in preparing and presenting the financial statements. The accounting policies are included in Appendix A.
- 3.4. It should be noted that it is recommended practice for Council's to only adopt accounting policies that are relevant to their Statement of Accounts. If during the preparation of the Accounts and external audit issues arise that require additions to the adopted policies, the Committee will be updated of any subsequent changes.

### **Accounting Standards that have been issued but not yet adopted**

- 3.5. Ordinarily any Accounting Standards that have been issued but not yet adopted would be reported here as part of this annual report to this Committee, so that the Committee is aware of them.
- 3.6. The Council is required to disclose information in the notes to the Statement of Accounts relating to the impact of the accounting changes on the financial statements as a result of the adoption by the Code of a new standard that has been issued but is not yet required to be adopted by the Council. The Council is required to make a disclosure of the estimated effect of the new standard in the financial statements.
- 3.7. However having said this, there are as yet no Accounting Standards that have been issued but not yet adopted that would need to be reported in the Statement of Accounts to inform Members about.

### **Update on Outstanding Statement of Accounts**

- 3.8. The Council prepares its Accounts in line with CIPFA Code of Practice for Local Authority Accounting.
- 3.9. This Council, like many other Councils, is behind on getting its Statement of Accounts signed off and audited. In November 2023 the Public Sector Audit Appointments (PSAA), the body responsible for procuring audit services for most local authorities, announced that only 1% of 2022/23 local authority accounts had audits published by the 30 September 2023 publication date, and that brought the total number of delayed audits since 2015/16 to 918 (not far off an average of 3 sets of accounts per local authority in England). North Norfolk District Council has 2 sets of accounts unaudited i.e. 2021/22 and 2022/23.
- 3.10. The impact of Covid remains a contributing factor to the backlog of the completion of external audits with the system struggling to catch up. There is also the issue of a national shortage of accountancy staff and auditors with the level of skills and experience required to undertake some of the more complex areas of work e.g. Collection Fund Accounting, Capital Accounting and the closure of accounts.
- 3.11. Staff shortages in the Finance Team are being addressed. An Interim Assistant Director of Finance joined in December 2023 to provide additional capacity. Following a successful recruitment an appointment has been made to the Chief Technical Accountant post which has been vacant for close to 2 years; a post which when filled will fill the gaps which have contributed to the delays in production of the Statement of Accounts and those skills gaps outlined above.
- 3.12. The Finance Team also has an interim member of staff whose primary responsibility is the production of the Statement of Accounts for 2021/22 and 2022/23. Closedown of the accounts for 2023/24 will be undertaken by the remainder of the Finance Team as business as usual. The following table summarises the action plan to deal with the backlog:

Year	Work Stream	Date for Completion
2021/22	Draft Statement of Accounts	31 March 2024
2022/23	Draft Statement of Accounts	30 May 2024
2023/24	Outturn Report	Report to Cabinet – 8 July 2024

- 3.13. The draft Statement of Accounts for 2023/24 will be subject to external audit by Ernst and Young, who are very busy trying to catch up on the completion of many outstanding audits. As a result of this it is not possible to provide an exact date for when the audit will be completed as it will depend on when they can now fit the audit in, however following a recent meeting an indicative date of audit being undertaken in August with a view to sign by off by November 2024 has been discussed.
- 3.14. The Statement of Accounts for 2021/22 and 2022/23 are very unlikely to be the subject of the in-depth audit that might ordinarily be expected. External audit will still involve testing to gain assurance of the overall financial position and value for money work will still be undertaken for each financial year. This is recognition of the backlog, level of resources in the system and the proposed reset as outlined in paragraph 3.12.
- 3.15. As previously mentioned, there is a backlog in the publication of audited accounts of local authorities in England. The number of outstanding opinions peaked as at 30 September 2023 at 918. As at 31 December 2023, the backlog of outstanding audit opinions stood at 771.
- 3.16. In July 2023, the Minister for Local Government published a cross-system statement to Parliament setting out proposals to tackle the backlog. Since then, organisations involved in the regulation and oversight of local authority financial reporting and audit have been working collectively to agree a proposed solution to clear the outstanding historical audit opinions and ensure that delays do not return. This has resulted in a consultation being issued which closed on 7 March 2024 proposing a 3-phase approach:
- **Phase 1: Reset** involving the backlog of historical audit opinions up to and including financial year 2022/23 by 30 September 2024.
  - **Phase 2: Recovery** from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
  - **Phase 3: Reform** involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.
- 3.17. The sector now awaits the outcome of the Consultation to see what the final arrangements will be.

#### 4. Corporate Priorities

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

## 5. Financial and Resource Implications

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

### Comments from the S151 Officer:

*Approval of the policies ensure the Statement of Accounts is prepared using proper accounting practices as required by statute.*

## 6. Legal Implications

6.1. The Council has not met the statutory requirements to publish and audited Statement of Accounts for 2021/23 or 2022/23 and is highly unlikely to do so for 2023/24.

### Comments from the Monitoring Officer

*No specific legal or governance issues beyond that detailed in the report*

## 7. Risks

7.1. To ensure that the Statement of Accounts is prepared using proper accounting practices as required by statute.

7.2. Potential adverse audit outcomes of not having approved policies.

## 8. Net Zero Target

8.1. None as a direct consequence of this report.

## 9. Equality, Diversity & Inclusion

9.1. None as a direct consequence of this report

## 10. Community Safety issues

10.1. None as a direct consequence of this report.

## Conclusion and Recommendations

To approve the Accounting Policies that will be applied to the Statement of Accounts for 2023/24.

To note the update on the progress of outstanding Statements of Accounts for 2021/22 and 2022/23.

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## **1. Accounting Policies**

### **A General Principles**

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and the Service Reporting Code of Practice 2023/24 supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

A local authority's Statement of Accounts are prepared on a going concern basis, this is, the accounts should be prepared on the assumption that the Council will continue in operational existence for the foreseeable future. This means in particular that the income and expenditure accounts and balance sheet assume no intention to curtail significantly the scale of the operation.

The accounting policies detailed below have been consistently applied within the Financial Statements.

### **B Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a receivable or payable for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of receivables is written down and a charge made to revenue for the income that might not be collected.

Where the Council is acting as an agent for another party (e.g. in the collection of NNDR and Council Tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

### **C Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable on demand. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash on the Balance Sheet date, and which are subject to an insignificant risk of change in value.

### **D Changes in Accounting Policies and Estimates and Errors**

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. There have been changes to the accounting policies in the year relating to Financial Instruments to reflect the changes brought about by IFRS 9. There were no material errors from previous year requiring restatement.

### **E Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations.

### **F Employee Benefits**

#### Benefits Payable during Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render services to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be

reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### Post-employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme (LGPS), administered by Norfolk County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Scheme is accounted for as a defined benefits scheme in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2011, the Local Government Pension Scheme (Administration) Regulations 2009 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2014.

- The liabilities of the Norfolk Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.0% (2.3% in 2019/20). This rate is based on a corporate yield curve based on the constituents of the iBoxx Sterling Corporates AA index and using the UBS delta curve fitting methodology. In line with the adoption of IAS 19 – Employee Benefits, an individual discount rate is calculated for each employer, based on their own weighted average duration category. The weighted average duration is used to identify the appropriate category for each employer as shown in the table below:-

<b>Weighted Average Duration</b>	<b>Discount Rate Category</b>
Less than 17 years	Short
Between 17 and 23 years	Medium
More than 23 years	Long

- The change in the net pensions liability is analysed into seven components:

- Current service cost - The increase in the present value of the defined benefit obligation resulting from employee service in the current period.
- Past service cost – The increase in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may either be positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).
- Interest cost – The increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to payment.
- Expected return on assets -The expected increase during a period in the value of assets, based on values and long term expected returns as at the start of the period.
- Gains/losses on settlements and curtailments -the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- Actuarial gains and losses -changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve. These are recognised under 'other comprehensive income';
- Contributions paid to the Norfolk pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## **G Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events;

- Those that are indicative of conditions that arose after the reporting period - the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes to the accounts of the nature of the events and their estimated financial effect.

## **H Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

## **Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and Government grants, do not give rise to financial instruments.

## **I Financial Liabilities**

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity which is potentially unfavourable to the Council.

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- Short term loans from other local authorities
- Overdrafts with Barclays bank
- Lease payables
- Trade payables for goods and services received

## **J Financial Assets**

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following three classifications:

Amortised Cost (where cash flows are solely payments of principle and interest and the Council's business model is to collect those cash flows) comprising:

- Cash in hand
- Bank current and deposit accounts with Barclays bank
- Loans to other local authorities
- Loans to small companies and housing associations
- Covered bonds issued by banks and building societies
- Trade receivables for goods and services provided

Fair value through profit and loss (all other financial assets) comprising:

- Money market funds
- Pooled bond, equity and property and multi-asset funds

Where loans are advanced at below market rates, they are classed as 'Soft Loans' and specific accounting requirements apply to them. The Council has a very small number of car loans to employees and other loans to voluntary organisations to encourage leisure activities and economic development. The impact of accounting fully for the losses on these loans is considered to be immaterial and the special accounting requirements have not been applied.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

## **K Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as payables. When conditions are satisfied, the grant or contribution is credited to the relevant service line (for attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

Where general (non-ring fenced) revenue grants are allocated to the Council by Central Government these are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

## **L Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is

expected that future economic benefits or service potential will flow from the intangible asset to the Council for more than one financial year.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and for any sale with proceeds greater than £10,000 the Capital Receipts Reserve.

#### **M Inventories and Work in Progress**

Inventories including bar stock are included in the Balance Sheet at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

#### **N Investment Properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and for any sale proceeds greater than £10,000 the Capital Receipts Reserve.

#### **O Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

## The Council as Lessee

### *Finance Leases*

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### *Operating Leases*

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments, e.g. there is a rent-free period at the commencement of the lease.

## The Council as Lessor

### *Finance Leases*

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property -applied to write down the lease liability (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### *Operating Leases*

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## **P Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

## **Q Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

A de-minimis level of £10,000 is applied to expenditure on assets.

### Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of assets acquired other than by purchase is deemed to be its fair value unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction - depreciated historical cost
- Surplus assets – fair value, determined by the measurement of the highest and best use value of the asset
- All other assets - fair value, determined by the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Valuations are carried out either by an internal or external qualified valuer.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

Where decreases in value are identified, the revaluation loss is accounted for as follows:

- where there is a balance of revaluation gains for the asset in the revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

Assets Held for Sale are:

- immediately available for sale;
- where the sale is highly probable;
- actively marketed;
- expected to be sold within 12 months.

The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are generally categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings - straight-line allocation over the useful life of the property as estimated by the valuer (typically 30 to 100 years);
- Vehicles, plant and equipment - a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. The maximum useful life is 10 years and the minimum 4 years typically most assets have a useful life of 5 years;
- Infrastructure – straight line allocation over 20 years.
- Community and Surplus assets – The land element of these is not depreciated, any property is depreciated over its useful life.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant (i.e. more than 30%) in relation to the total cost of the item, the components are depreciated separately.

Componentisation is considered for all new valuations, enhancement expenditure and acquisition expenditure carried out on or after 1 April 2011. Where a component is replaced or restored (i.e. enhancement expenditure) the carrying amount of the old component shall be de-recognised before reflecting the enhancement.

The Council recognises the following levels of components:

- Substructure
- Superstructure
- Internal services
- External works

Componentisation is not applicable to land as land is non-depreciable and is considered to have an infinite life.

## **R Provisions, Contingent Liabilities and Contingent Assets**

### Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation but where there is uncertainty around the timing.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Where the obligation is expected to be settled within 12 months of the Balance Sheet date the provision is recognised as a Current Liability in the Balance Sheet. Other provisions are recognised as Long Term Liabilities.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation. Provisions for bad and doubtful debts are maintained in respect of possible losses from non-collection of amounts owing to the Council. This includes council tax, business rates and other income. The provisions are recalculated each year based on age and category of outstanding debt at the end of the financial year, reflecting historical collection patterns, and are included in the Balance Sheet as an adjustment to receivables.

### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **S Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service and included against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Council - these Unusable Reserves are explained elsewhere within the Accounting Statements.

## **T Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council tax.

## **U VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## **V Council Tax and Non-domestic Rate Income**

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council tax and Non-Domestic Rates (NDR). In its capacity as a Billing Authority, the Council acts as an agent collecting and distributing Council tax and NDR income on behalf of the major preceptors and itself.

From 1 April 2009, the Council has been required to show Council tax income in the Comprehensive Income and Expenditure Account as accrued income.

From 1 April 2013, the Council has been required to show Non-Domestic Rate income in the Comprehensive Income and Expenditure Account as accrued income.

The Council's share of Collection Fund income and expenditure is recognised in the Comprehensive Income and Expenditure Statement in the Taxation and Non-Specific Grant Income and Expenditure section.

## **W Fair Value measurement**

The Council measures some of its non - financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to

transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either;

- a) in the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses a combination of internal and external Valuers to provide valuations for its assets and liabilities in line with the highest and best use definition within the accounting standard. They are therefore using the same assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. This would take into account the markets participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Valuers have used valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date,

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,

Level 3 – unobservable inputs for the asset or liability.

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# Interim Corporate Risk Register as at 28 February 2024

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## Overview

Since last reporting Cabinet has been presented with the third budget monitoring report for 2023/24 i.e. as at 31 January 2024, with 10 months of the financial having passed. The forecast year-end outturn is now much more pessimistic with a year-end deficit of nearly £1.0m now being forecast. The financial sustainability of the Council is a major risk. There are several areas of major concern whereby the budget pressures are not within our control and are effectively 'demand led'.

Firstly the annual pay award and cumulative impact into the future. For this year whilst a 5% pay award was included in the budget the actual pay award of £1,925 for each employee, has created a full year budget pressure of £120k. However with staff vacancies not being filled promptly the savings that this has generated have offset this. The budget for 2024/25 also now includes a 5% pay award and then 3% for the following years of the Medium Term Financial Plan. However the pay negotiations for NJC staff have started with an initial request from the Employees' side of a 10% or £3,000 increase, whichever is the higher. So the budget pressure this would create is a risk which whilst unlikely would have a significant impact.

Secondly, the demand led budget for Temporary Accommodation is under significant pressure due to the rising need for temporary accommodation across the district. It is anticipated that this budget alone may be around £900k overspent by the year-end. The Council is not alone in facing this pressure, it has become a national issue and there are many councils in the same position. Lobbying of the government has been taking place but without effect presently. This is a significant risk as the budget pressure is already being seen and it is getting worse as the number of people presenting as homeless continues to rise.

Thirdly, the impact of nutrient neutrality is being felt across many areas of the Council e.g. the Planning and Building Control actual income is falling far short of the budgeted level, and it is expected to be 30% (£365k) below target by the year end. Planning applications are not being submitted as they are being stalled by nutrient neutrality. The halt in house building has seen our new Homes Bonus Grant fall from £418k in 2022/23 to just £5k in 2024/25. This has an obvious knock on effect on the number of new homes becoming available which is exacerbating our housing provision and temporary accommodation issue.

The fourth area of concern is the implementation of a separate food waste collection by March 2026. Whilst the government have offered capital grant funding for this, it is thought to be only half of what the Council would actually need to cover the capital costs. There has, as yet, been no announcement around any new burdens funding to cover the ongoing revenue costs of doing this. This is a significant financial risk for the Council here.

The final risk to cite and perhaps the most considerable risk for the future, due to the uncertainty, is around the future funding streams coming from central government. If the Business Rates Reforms are implemented as they are currently being interpreted then this will mean a forecast reduction in business rates income in 2025/26 (the first year of implementation) of £2.5m for this Council.

Risk Matrix

5					
4			<a href="#">CR 025</a> <a href="#">CR 034</a>	<a href="#">CR 002</a> <a href="#">CR 010</a> <a href="#">CR 015</a> <a href="#">CR 036</a>	
3	Page 41	<a href="#">CR 009</a> <a href="#">CR 032</a>	<a href="#">CR 001</a>	<a href="#">CR 008</a> <a href="#">CR 013</a>	<a href="#">CR 026</a>
2		<a href="#">CR 024</a> <a href="#">CR 028</a> <a href="#">CR 030</a> <a href="#">CR 033</a> <a href="#">CR 035</a>	<a href="#">CR 029</a>		
1					
Impact					
Likelihood	1	2	3	4	5

CR 015 Medium Term Financial Plan

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Forecast funding reductions and shift to local financing from business rates, council tax and new homes bonus.  2. Reduced funding to fund current service levels and produce a balanced budget. Use of reserves is not sustainable strategy to bridge income/ expenditure.  Funding gaps in the medium to long term.  Primary – A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety).	Reporting - New legislation and consultation. Policy Work.  Lobbying Central Government.  Medium Term Financial Strategy.  Corporate Planning / Service Planning.  Budget Process / Budget Monitoring.  Monitoring impact of the business rates retention.  Annual review of the Council's reserves.  Timely agreement of the annual Localised Council Tax Support Scheme.  Balanced budget agreed.  Growth forecasting models.  Business cases for commercialisation of assets to deliver future income and efficiencies.	4 x 4=16  →	Introducing monitoring of savings and additional income in the 2024/25 budget.	3 x 3=9	It has been update with the latest information presented to Full Council on 21 February.	Council: Effective & Efficient: 1 Managing our finances and contracts robustly to ensure best value for money	Tina Stankley

CR 001 Deteriorating/ underused property assets

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Lack of funding to repair and maintain assets and increased maintenance costs. 2. Deteriorating/ underused property assets. 3. Loss of revenue / legal liability/ not achieving value for money /reputational risk/ capital commitment. Primary - A Financial, Secondary - H Reputational	Business cases for commercialisation of assets to deliver future income and efficiencies. Adequate budget provision both from revenue and capital to support R&M works and capital investment. Asset Condition Surveys. Compliance policies in place and up to date. Compliance works undertaken in a timely fashion. Adequate staff or appropriately qualified external contractor support. Procure a Strategic Development Partner.	<b>3 x 3=9</b> 	<b>Production and approval of the Asset Management Plan</b>	<b>2 x 2=4</b>		Council: Opportunity: 3 Increasing the rates of occupation on all council's commercial properties	Cara Jordan

CR 008 Loss of Information

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Loss of information assets. 2. Loss due to cybercrime (hacking/ theft) 3. Operational disruption, impact on customers. 4. Primary – A Financial, Secondary – H Reputational	PSN Code of Connection compliance. ICT Strategy. IT Security Policies. Implement data security protocols. IT Monitoring. Data Protection training. Regular audits of IT security arrangements. Regular 3rd party data protection and integrity testing. Information Risk Policy and Role Description. GDPR compliance Framework. Certificated Security Professional Training.	4 x 3=12 ↓	Cyber security training	2 x 2=4	Ongoing cyber security training for all staff taking place.	Council: Effective & Efficient: 4 Ensuring that strong governance is at the heart of all we do	Tina Stankley

CR 009 Poor Procurement

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Procurement policies and procedures not followed or not fit for purpose. 2. Inadequate procurements 3. Poor Procurement - poor value for money, poor strategic and operational outcomes, legal challenge, loss of public confidence, lack of transparency. Primary – A Financial, Secondary – H Reputational	Procurement Strategy. Procurement Framework. Joint procurement protocol and opportunities for joint/shared procurement with other authorities. Advice for external suppliers. Procurement responsibility assigned.	<b>3 x 2=6</b> →	<b>Publish updated and complete contracts register.</b>	<b>2 x 2=4</b>	<b>An audit of procurement has been carried and recommendations implemented.</b>	Council: Effective & Efficient: 4 Ensuring that strong governance is at the heart of all we do	Tina Stankley

CR 013 Emergency Event

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Any Internal or external event that has a significant impact on the Council. 2. These events could include those that affect the Council and its resources or an event that affects the wider district. 3. The ability of the Council to deliver services is reduced. Primary – A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety)	Corporate Planning / Service Planning. Budget Process / Budget Monitoring. Refresh the project management framework. Emergency Response & Recovery Planning. Business Continuity Planning. Complete critical services' Business Continuity Plans (BCP). Corporate Business Continuity key role training. Corporate Policies and Procedures. Employment Policies. Forward adverse weather guidance. CC 001 Consideration of COVID-19 implications.	3 x 4=12 →	CC 002 ER1 Review Emergency Response Plan	2 x 2=4	Since October the Civil Contingencies Team have responded to persistent flooding issues, particularly in the Broads, and flooding to properties as a result of the named storms.	Statutory obligation	Alison Sayer

CR 024 People Resources

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Employment market conditions. 2. Failure to retain and recruit adequately trained and experienced staff. 3. Negative impact on corporate plan, business transformation, performance and delivery 4. Primary – A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety)	Corporate Planning / Service Planning. Review Pay Policy. Review relocation policy. Employee Referral Scheme. Market Pay Review report. Apprenticeship programme. Check-in process. HR 006 New Ways of Working - Policy Creation. <b>Updated Recruitment Guidelines for Hiring Managers and Employees – completed in this quarter.</b> <b>Additional information and guidance to support employees when applying for rolls at NNDC – completed in this quarter.</b>	<b>2 x 2=4</b>  	<b>Workforce Development Plan will be drafted written and approved in 2024.</b>	<b>2 x 2=4</b>	<b>NNDC absence rates and turnover rates are significantly less than the sector averages.</b>	Council: Effective & Efficient: 5 Creating a culture that empowers and fosters an ambitious, motivated workforce	James Claxton

CR 025 Contract Failure

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Failure of a contractor 2. The Council has a number of contracts for service delivery. 3. Increased costs and operational disruption. 4. Primary – A Financial, Secondary – H Reputational	Procurement Strategy. Procurement Framework. Joint procurement protocol and opportunities for joint/shared procurement with other authorities. Advice for external suppliers. Procurement Officer post established.	<b>4 x 3=12</b> 	<b>Audit of contract management?</b>	<b>2x 2=4</b>		Council: Effective & Efficient: 1 Managing our finances and contracts robustly to ensure best value for money	Tina Stankley

CR 026 Impact of Economic fluctuations on the North Norfolk economy

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Fluctuations in the Local, National and Global economies. 2. Inability of the local economy to adapt to the fluctuations. 3. Local Economic position- impact on NNDR, revenue streams, higher demand for services, business failure, increased unemployment, and deprivation. National Economic position - central government funding challenges. Global Economic position - potential negative impact on council investments resulting in reduced income. 4. Primary – C Credit and counterparty, Secondary - D Operational (including capacity/ delivery/ resources/ health & safety)	HS 003 - Monitor the need for temporary accommodation and ensure suitable provision. Medium Term Financial Strategy. Corporate Planning / Service Planning. Treasury Management Strategy. Fund Management advice from Arlingclose. Business Survey. Operation of the Council Tax Hardship Fund.	<b>3 x 5=15</b> 	<b>Economic Growth Strategy.</b>	<b>2 x 2=4</b>	<b>Economic Growth Strategy going to Overview and Scrutiny 14 February 2024 for subsequent approval by Full Council.</b> <b>Economic Growth Team maintain contact with key businesses to monitor issues and provide support.</b>	Economy: Thriving Business: 2 Providing support to allow rural businesses to thrive, recognising that many of our larger employers operate outside of our main towns	Rob Young

CR 035 Failure to deliver the Local Plan

1. Cause of risk	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Local Plan process being delayed. 2. Loss of key staff, changes in legislation and political expectations 3. Failure to deliver corporate objectives for all themes. 4. Primary – D Operational (including capacity/ delivery/ resources/ health & safety), Secondary – E Strategic and H Reputational	Effective project management.  Ensuring there is a pool of suitably skilled and knowledgeable Planning staff that can be called on to contribute to the Local Plan process.  Member Training.	<b>3 x 2=6</b> 		<b>2 x 2=4</b>	<b>The departure of the Planning Policy Manager will require associated transitional arrangements.</b>	Statutory obligation	Mark Ashwell

CR 002 Flooding, erosion and loss of assets and delivery of services

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Lack of Government funding. 2. Lack of ability to maintain coast defences and / or to support local coastal adaption needs. 3. Inability to adapt to climate change - increased coastal erosion and flooding. 4. Primary – E Strategic, Secondary - F Environmental and Social	Corporate Planning / Service Planning. Net Zero 2030 Strategy and Climate Action Plan. Shoreline Management Plan (SMP). Repairs & Maintenance Programme. Procurement practices. Health & Safety checking and monitoring. DEFRA funding of capital schemes. <b>Coastal Monitoring including the use of drones – established in the last quarter.</b> Control of coastal management schemes through procurement and regular checking. Coastal Partnership East set up. Environment Forum.	<b>4 x 4=16</b> 	<b>Refurbish coastal defences at Mundesley.</b> <b>10-year capital programme.</b> <b>Refurbish coastal defences at Cromer.</b>	<b>3 x 3=4</b>	<b>Construction of the Cromer and Mundesley Scheme has started as at 5 February 2024. Eight main storms, the largest number for some years, during this winter so far. Urgent health and safety repairs to assets are being undertaken. Non urgent repairs are being included in the ongoing repairs and maintenance programme.</b>	Greener: Coast: 3 Continuing our programme of investment in coastal and resort infrastructure and amenities, building on the progress made in recent years	Tamzen Pope

CR 010 Housing Delivery

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Non delivery of housing targets 2. Potentially many factors that could cause this risk – both at a national and a local level e.g. the state of the economy and/or nutrient neutrality related matters 3. Increasing homelessness, impact on NHB, vibrancy of local communities, impact on social infrastructure, loss of temporary accommodation in district, lack of social housing. Primary – E Strategic, Secondary - F Environmental and Social	1.2.1 Formulate a new Housing Strategy. 1.5.1 Investigate ways to support and assist affordable housing providers. Use of capital. Partnership work with Registered Providers. Local Investment Plan Local Development Framework (LDF) policies. Internal planning protocol. Increased Focus. Housing Strategy implementation. Enhance Housing Association delivery. Monitor Brexit and its potential impact on the ability to deliver and acquire homes as a home owner. Community Housing Fund.	4 x 4=16 	Work to produce a new Local Plan. Delivery of the Planning Service Improvement Plan.	2 x 3=6	Local Plan examination underway. Progress on PSIP being made. Reports to O&S scheduled for summer 2024.	Housing: Housing Need: 1 Supporting the delivery of more affordable housing, utilising partnership and external funding wherever possible	Russell Williams

CR 034 Not achieving the Net Zero 2030 target

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
<p>1. Inaction/ inability to reduce emissions to net zero.</p> <p>2. Not delivering the Climate Action Plan or parts of it. Currant Climate Action Plan will not achieve net zero target. Contractors unable to deliver services with net zero carbon.. All Council input not achieved. Failing to secure contracts that do not result in net zero. Not achieving net zero by 2030. Impact on the reputation of the Council. Financial impact - needing to offset emissions.</p> <p>4. Primary – E Strategic, Secondary – F Environmental and Social and H Reputational</p>	<p>Delivering NZSAP and considering the formation of a decarbonisation board.</p> <p>Formal review of NZSAP every two years. Update and adapt the plan to meet the net zero target.</p> <p>Continual monitoring of the delivery of the NZSAP as a major project through the project board.</p> <p>Quarterly monitoring delivery through the Performance Management Framework.</p> <p>Opportunities to offset from general operations and developments.</p> <p><b>Ensure net zero considerations are at the forefront of all Council decision making - completed this quarter.</b></p>	<p><b>4 x 3=12</b></p> <p style="text-align: center;">↓</p>	<p><b>Additional investment in renewable generation and/ or other offsetting initiatives.</b></p> <p><b>Ensure all staff and Members are carbon aware.</b></p> <p><b>Introduce carbon pricing across all workstreams.</b></p>	<p><b>4 x 3=12</b></p>	<p><b>Trialling EV pool cars during 2024.</b></p>	<p>Greener: Net Zero: 1</p> <p>Continuing our own annual emissions reductions to reach Net Zero by 2030</p>	<p>Martyn Fulcher</p>

CR 028 Governance failures

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Ignorance or non-observance of the Council's agreed governance protocols 2. Lack of governance, inadequate implementation and enforcement of governance. 3. Poor or illegal decision making. Primary – F Environmental and Social, Secondary - H Reputational	Corporate Planning / Service Planning. Clear robust corporate governance framework. Monitoring Officer actions to ensure governance risk is minimised. Section 151 Officer actions to ensure governance risk is minimised. Constitution/Standing Orders/Scheme of Delegations. Committee report templates. Member/ Officer Protocol. Operation of Overview and Scrutiny Committee. Annual Governance Statement supported by assurance framework. Operation of Standards Committee. Monitoring Officer Report. Head of Internal Audit assurance. Audit programme. Operation of Constitution Working Party. Annual Assurance Statements. Annual Audit Report.	<p style="text-align: center;"><b>2 x 2=4</b></p> <p style="text-align: center;">→</p>		<p style="text-align: center;"><b>2 x 2=4</b></p>	<p><b>The review of the Constitution is currently taking place with a target date for completion of July 2024.</b></p>	Council: Effective & Efficient: 4 Ensuring that strong governance is at the heart of all we do	Tina Stankley

CR 029 Poor reputation of the Council in the Community

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Related to the Council's dealings, interests and performance, and the impact of adverse outcomes. 2. The Council is perceived as inefficient, unresponsive to local need and/ or not transparent. 3. The Council's reputation is adversely affected and public confidence reduced. Primary – H Reputational, Secondary - E Strategic.	Develop and Implement a Communications Strategy. Clear robust corporate governance framework. 3.1.2 Review and refine our Customer Strategy. <b>Training including FOI training.</b>	<b>2 x 3=6</b> 	<b>Review the Customer Service Strategy, Updating complaint handling process to match the Local Government Ombudsman code of practice.</b> <b>Revise the Constitution.</b> <b>Further training activity in relevant areas.</b>	<b>2 x 2=4</b>		Council: Effective & Efficient	Steve Hems

CR 030 Sheringham Leisure Centre

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Failure of contractor or issue with the construction sector, consents not given. 2. Building facility did not go ahead. 3. Facility not delivered. 4. Primary – A Financial, Secondary - H Reputational	Operation of Overview and Scrutiny Committee. Project management & reporting procedures - Sheringham Leisure Centre.	<b>2 x 2=4</b> 		<b>2 x 2=4</b>	<b>No longer a risk to the Council. However, the final account remains to be settled.</b>	Communities: Culture: 1 Championing North Norfolk as a place where residents and visitors can enjoy inclusive cultural opportunities and healthy leisure and sports activities	Rob Young

CR 032 Fakenham new roundabout - Delivery of highway infrastructure (roundabout) on A148

1. Cause of risk	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Rising construction and materials costs. 2. Funding not available / timing of works. 3. Failure to deliver a new roundabout at Fakenham, necessary to unlock housing growth. 4. Primary – I Projects, Secondary - H Reputational	Emerging Local Plan. Stakeholders monthly meeting. Regular dialogue with Norfolk County Council. Liaising with NNDC Chief Executive. Keeping ward Members informed. <b>Successful bids for funding via NCC – secured this quarter.</b> Close liaison with stakeholders in exploring potential funding opportunities.	<b>3 x 2=6</b>  	<b>Regular stakeholder meetings.</b> <b>Emerging Local Plan - examinations ongoing (March 2024)</b> <b>Continued input and financial support in relation to design to ensure that infrastructure can be delivered autumn 2024 if funding matter is resolved.</b> <b>Submitted a bid to DLUHC for additional funding.</b>	2 x 2=4	<b>Norfolk County Council project manager appointed.</b> <b>Contractor in place.</b> <b>Revised planning applications have been submitted to NNDC.</b>	Housing: Housing Need: 1 Supporting the delivery of more affordable housing, utilising partnership and external funding wherever possible	Martyn Fulcher

CR 033 North Walsham High Street Heritage Action Zone - project incomplete

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
1. Increases in construction costs. 2. Insufficient finance to deliver all elements as planned. 3. One or more elements of the scheme will not be completed or partners not doing what they said they were going to do. 4. Primary – I Projects, Secondary H Reputational		<b>2 x 2 = 4</b>  		2 x 2=4	<b>Programme about to finish. No issues remaining of any significance. Close risk.</b>	Economy: Thriving Business: 1 Working with our Market and Resort Towns to reinforce their roles as local service centres, centres of employment, financial services and business activity, served by public transport	Rob Young

CR 036 Cromer and Mundesley Coastal Management Schemes - NEW

1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening 4. Risk category	Existing Controls	Score (with controls) Impact x Likelihood = Total rating and change of direction	Action (to achieve target score)	Target Score Impact x Likelihood = Total rating	Progress update	Corporate Objective	Lead Officer
<p>1. Funding, consents.</p> <p>2. Additional application made for Cromer. This may not be approved. Costs will increase as a result of delays. Difficulties and delays in receiving consents will have an impact on timescales and costs.</p> <p>3. Funding – rescope the project, Consents – increased costs and programme delays and subsequent cost revisions leading to funding issues.</p> <p>Primary – A Financial, Secondary - D Operational (including capacity/ delivery/ resources/ health &amp; safety)</p>	<p>Project risk register and management of risks monitored monthly.</p> <p>Monthly project meetings with contractor.</p> <p>Regular risk reduction meetings.</p> <p>The risk overseen by the project board.</p>	<p><b>4 x 4 = 16</b></p>	<p><b>Close liaison with the contractor to identify engineering options.</b></p> <p><b>Retaining the design consultant during the project.</b></p>	<p><b>3 x 3=9</b></p>	<p><b>Full funding package has been approved for the Mundesley scheme.</b></p> <p><b>The application for additional funding for Cromer has been submitted and ongoing discussions are taking place with the Environment Agency.</b></p> <p><b>Consents for both schemes – all information requested has been submitted.</b></p> <p><b>Marine Management License anticipated.</b></p>	<p>Greener: Coast: 2 Implementing the Cromer and Mundesley Coast Protection Schemes</p>	<p>Tamzen Pope</p>

KEY

Impact

Corporate Risk					
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

Probability  
Likelihood ratings and dimensions

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

*Categories of risk*

A Financial

B Macroeconomic

C Credit and counterparty

D Operational (including capacity/ delivery/ resources/ health & safety)

E Strategic

F Environmental and Social

G Governance

H Reputational

I Projects

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*Change of direction*

Rating score the same as the previous quarter →

Rating score higher than the previous quarter ↑

Rating score lower than the previous quarter ↓

Note: Rating score of 1 to 6 = Green, 8 to 12 = Amber, 15 to 25 = Red.

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## Strategic and Annual Internal Audit Plans 2024/25 to 2026/27

**Summary:** This report provides an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2024/25 to 2026/27 and the Annual Internal Audit Plan for 2024/25. The Annual Internal Audit Plan will then serve as the work programme for the Council's Internal Audit Services contractor, TIAA Ltd. It will also provide the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

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

**Recommendation:** That the Committee is requested to review and approve:

- The Internal Audit Charter for 2024/25;
- The Internal Audit Strategy for 2024/25;
- The Strategic Internal Audit Plans 2024/25 to 2026/27; and
- The Annual Internal Audit Plan 2024/25.

Cabinet member(s):

All

Contact Officer, telephone number, and e-mail:

Ward(s) affected:

All

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## 1. Background

1.1 The Accounts and Audit Regulations 2015 require that 'a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector standards or guidance'.

1.2 Those standards are set out in the Public Sector Internal Audit Standards (PSIAS) which came into effect in April 2017.

## 2. Overall Position

2.1 The attached report contains:

- The Internal Audit Charter outlining Internal Audit's purpose, authority and responsibilities;

- The Internal Audit Strategy, which is a strategic high-level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities;
- The Strategic Internal Audit Plan, which details the plan of work for the next three financial years;
- The Annual Internal Audit Plan, which details the timing and the purpose of each audit agreed for inclusion in 2024/25.

### **3. Conclusion**

- 3.1 The attached report provides the Council with Internal Audit Plans that will ensure key business risks will be addressed by Internal Audit, thus ensuring that appropriate controls are in place to mitigate such risks and also ensure that the appropriate and proportionate level of action is taken.
- 3.2 The risk-based internal audit plans will add value to the Council, have a defined and specific scope for each review and ensure that risks in relation to the service area are being reviewed by Internal Audit, thus enabling best practice to be followed.

### **4. Recommendations**

1) That the Committee is requested to review and approve:

- The Internal Audit Charter for 2024/25;
- The Internal Audit Strategy for 2024/25;
- The Strategic Internal Audit Plans 2024/25 to 2026/27; and
- The Annual Internal Audit Plan 2024/25.

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

Appendix 1 – Strategic and Annual Internal Audit Plans for 2024/25 to 2026/27



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# Eastern Internal Audit Services



## NORTH NORFOLK DISTRICT COUNCIL

### Strategic and Annual Internal Audit Plans 2024/25 to 2026/27

**Responsible Officer: Teresa Sharman, Head of Internal Audit for North Norfolk District Council**

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## 1. INTRODUCTION

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

## 2. INTERNAL AUDIT CHARTER

- 2.1 There is an obligation under the PSIAS for the Charter to be periodically reviewed and presented. This Charter is reviewed annually by the Head of Internal Audit to confirm its ongoing validity and completeness, and presented to the Section 151 Officer, senior management, and the Governance, Risk and Audit Committee annually for approval. The

Charter can be found at **Appendix 1**. Please note that no significant changes have been made to the Charter.

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

### **3. INTERNAL AUDIT STRATEGY**

- 3.1 The purpose of the Internal Audit Strategy (**see Appendix 2**) is to confirm:

- How internal audit services will be delivered;
- How internal audit services will be developed in accordance with the internal audit Charter;
- How internal audit services links to organisational objectives and priorities; and
- How the internal audit resource requirements have been assessed and how they will be enhanced.

### **4. STRATEGIC INTERNAL AUDIT PLAN**

- 4.1 The overarching objective of the Strategic Internal Audit Plan (**see Appendix 3**) is to provide a comprehensive programme of review work over the next three-year period following 2024/25. Each year provides sufficient audit coverage to give an annual opinion, which can be used to inform the organisation's Annual Governance Statement.
- 4.2 The coverage over the subsequent three-year period has been discussed with the Executive Leadership Team to ensure audits are undertaken at the right time, at a time where value can be added, as well as ensuring sufficient coverage for an annual opinion on the framework of governance, risk management and control.

### **5. ANNUAL INTERNAL AUDIT PLAN**

- 5.1 Having developed the Strategic Internal Audit Plan, the annual Internal Audit Plan is an extract of this for the forthcoming financial year (**see Appendix 4**). The plan includes the areas being reviewed by Internal Audit, the number of days for each review, the quarter during which the audit will take place and a summary and purpose of the review.
- 5.2 The annual Internal Audit Plan for 2024/25 totals 177 days, encompassing 15 internal audit reviews, three of which cover IT processes.
- 5.3 Audit verification work concerning audit recommendations implemented to improve the Council's internal control environment will also be undertaken throughout the financial year.
- 5.4 Depending on any changes to the control environment over the year, the annual Internal Audit Plan may need to be revised to respond to emerging risks. The Head of Internal Audit will regularly review the Corporate Risk Register and report through to the Committee any necessary changes to the plan of work.

## 6. ASSURANCE MAPPING

- 6.1 The 2022/23 External Quality Assessment of the Internal Audit function concluded that the internal audit service is delivered in conformance with the Public Sector Internal Audit Standards. Assurance Mapping was highlighted as an area requiring development.
- 6.2 Assurance mapping is an emerging area of internal audit practice which involves mapping a visual representation of assurance activities as they apply to a specific set of risks or compliance requirements facing an organisation.
- 6.3 This exercise is particularly useful to undertake as part of internal audit planning as it allows the function to determine to what extent it can rely on and co-ordinate its activities with other assurance providers to enhance value and prevent duplication.
- 6.4 Following discussions with management during the 2023/24 audit planning process, the Internal Audit Team mapped the types of assurance available for the top four corporate risks facing the Council at this time in each of the three assurance categories listed below.

### 6.5 Three lines of assurance

The first line of assurance (functions that own and manage risks)	The second line of assurance (functions that oversee or who specialise in compliance or the management of risk)	The third line of assurance (functions that provide independent assurance)
Assurances in this area are provided by managers and staff who are responsible for identifying and managing risk as part of their accountability for achieving objectives.	Assurances in this area are provided by those that monitor frameworks, enable risk and compliance to be managed in the first line. Second line assurance functions are often involved in monitoring the effectiveness in the first line ensuring risks are managed consistently.	Assurances at this level are typically provided by internal audit. Sitting outside the risk management processes of the first two lines of defence. The main role of this defence line is to provide an evaluation of the effectiveness of the organisations approach to governance, risk management and control.

- 6.6 The assurance map provided at **Appendix 5** of this report highlights what assurances were available in each of the three lines for the then top three corporate risks in 2023/24. This was used to provide justification to the areas included within the strategic and annual internal audit plans for 2023/24. This exercise has not been repeated for audit planning purposes this year.
- 6.7 The top corporate risks have changed, and there are now (December 23) six with a score of 16, CR015 Medium Term Financial Plan, CR008 Loss of Information, SR005 Environmental and Social, CR002 Flooding, erosion and loss of assets and delivery of services, CR010 Housing Delivery, CR034 Not achieving the Net zero 2030 target,
- 6.8 It is proposed that all or some of the top corporate risks are developed further during 2024/25 into more detailed assurance maps.

## APPENDIX 1 – INTERNAL AUDIT CHARTER



### EASTERN INTERNAL AUDIT SERVICES

#### INTERNAL AUDIT CHARTER FOR 2024/25

#### 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1 April 2013, these provide a consolidated approach across the public sector encouraging continuity, sound corporate governance and transparency.
- 1.2 The Standards require all internal audit services to implement, monitor and review an internal audit charter; this formally defines the internal audit's purpose, authority and responsibility, and is a mandatory document.
- 1.3 The Charter also displays a formal commitment to and recognises the mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the Standards, i.e., the International Professional Practices Framework (IPPF).
- 1.4 This Internal Audit Charter is applicable to each of the following internal audit consortium members covered by Eastern Internal Audit Services (EIAS).
  - Breckland District Council;
  - Broadland District Council;
  - Great Yarmouth Borough Council;
  - North Norfolk District Council;
  - Norwich City Council;
  - South Norfolk Council; and
  - Broads Authority.
- 1.5 The term Local Authority will be used to describe the above consortium members throughout the Charter, the term Audit Committee is the generic term for the Governance, Risk and Audit Committee throughout, and the Chief Audit Executive is the Head of Internal Audit.

#### 1.6 Mission

Standards require the Internal Audit Function to articulate its overall purpose and summarise the way it will provide value to the organisation. The mission statement for EIAS is as follows:

*“Protecting each of our consortium members ability to enhance value through the provision of independent risk-based assurance and advice”*

- 1.7 This charter:
- Establishes the position and reporting lines of internal audit;
  - Outlines provision for unrestricted access to information, officers, management and members as appropriate;
  - Sets the tone for internal audit activities;
  - Defines the nature and scope of internal audit services, in particular assurance and consultancy services; and
  - Sets out the nature and scope of assurance provided to other parties.
- 1.8 The Charter is to be periodically reviewed and presented to Senior Management and the Board for approval annually. The Charter will be reviewed by the Chief Audit Executive to confirm its ongoing completeness and validity and presented to senior management and the Board.

## **2 Purpose, Authority and Responsibility**

### **2.1 Purpose**

- 2.1.1 Internal auditing is best summarised through its definition with the Standards, *“an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”*.
- 2.1.2 Internal audit will provide reasonable assurance to each member of the Internal Audit Consortium, that necessary arrangements are in place and operating effectively, and to identify risk exposures and areas where improvements can be made.

### **2.2 Authority**

- 2.2.1 The Accounts and Audit Regulations (England) 2015, states that the relevant body must; *“undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”*. The statutory requirement for internal audit is recognised in the Constitution of each Local Authority and the internal auditing standards in this regard are the Public Sector Internal Audit Standards.

### **2.3 Responsibility**

- 2.3.1 The responsibility for maintaining an adequate and effective internal audit to evaluate risk management, control and governance processes lies with each Local Authority’s Chief Finance Officer (the Section 151 Officer or Section 17 Officer).
- 2.3.2 The Local Authority and its Members must be satisfied about the adequacy of the advice and support it receives from internal audit.
- 2.3.3 Internal audit is provided by Eastern Internal Audit Services, with the Chief Audit Executive being responsible for ensuring the internal audit activity is undertaken in accordance with the definition of internal auditing, the code of ethics and the standards for all consortium members.
- 2.3.4 Senior management are responsible for ensuring that internal control, risk management and governance arrangements are sufficient to address the risks facing the Local Authority.

Accountability for responding to internal audit rests with senior management who either accept and implement the recommendations, or formally reject them. Any advice that is rejected will be formally reported to senior management and the respective Audit Committee.

### **3 Key Relationships and Position in the Organisation**

3.1 The Standards require the terms 'Chief Audit Executive', 'Board' and 'Senior Management' to be defined in the context of the governance arrangements in each public sector organisation in order to safeguard the independence and objectivity of internal audit. The following interpretations are applied within Eastern Internal Audit Services.

#### **3.2 Chief Audit Executive**

3.2.1 The Chief Audit Executive is based at South Norfolk Council and provides the Head of Internal Audit role to all consortium members. At South Norfolk Council, the Chief Audit Executive reports administratively to the Chief of Staff who reports to the Managing Director of South Norfolk and Broadland.

3.2.2 The Head of Internal Audit also report functionally to each Section 151 Officer or Section 17 Officer at all other members of the Consortium and the Audit Committee.

3.2.3 The Head of Internal Audit has a direct line of reporting and unfettered access to each Chief Executive, the Senior Management Team at each Local Authority and the Chair of the Board at each Local Authority.

3.2.4 The delivery of the Annual Audit Plans for all consortium members and any specified ad-hoc assignments is provided by an external contractor, TIAA Ltd from 1 April 2022. The Head of Internal Audit manages this contract.

#### **3.3 Board**

3.3.1 In the context of overseeing the work of Internal Audit at each Local Authority, the 'Board' will be the Audit Committee (or equivalent) of the Local Authority, which has been established as part of the governance arrangements. The Audit Committee's responsibilities are discharged through each of the Local Authority's Constitution's and explicitly referred to in each terms of reference.

3.3.2 This functional reporting includes: -

- Approving the audit charter, audit strategy and risk based annual plans on an annual basis;
- Receiving regular reports on the outcomes of internal audit activity and performance;
- Receiving regular reports on management action in relation to agreed internal audit recommendations;
- Receiving the Annual Report and Opinion of the Head of Internal Audit, alongside a conclusion as to the effectiveness of internal audit;
- Overseeing External Assessments of the Internal Audit Service, at least once every 5 years.

3.3.3 Internal Audit work closely with the chair and members of the Audit Committee to facilitate and support their activities, part of which includes facilitating a self- assessment and providing training.

### 3.4 Senior Management

- 3.4.1 'Senior Management' is those individuals responsible for the leadership and direction of the organisation, and are responsible for specific aspects of internal control, risk management and governance arrangements. There is effective liaison between internal audit and senior management to ensure that independence remains and provides for a critical challenge.
- 3.4.2 The Head of Internal Audit meets regularly with the Section 151 Officer or Section 17 Officer to ensure organisational awareness is maintained, to discuss progress with the agreed Internal Audit Plan and to maintain a good working relationship. These arrangements facilitate discussions in relation to the current and emerging risks and issues to ensure that the internal audit plan of work remains reflective and responds as required.

### 3.5 External Audit

- 3.5.1 Regular liaison is maintained with External Audit to consult on audit plans, and to discuss matters of mutual interest. The external auditors have the opportunity to take account of the work of internal audit where appropriate.

### 3.6 Other Internal Audit Service Providers

- 3.6.1 Where appropriate internal audit will liaise with other internal audit providers, where shared arrangements exist. In such cases, a dialogue will be opened with the Chief Audit Executive to agree a way forward regarding the auditing of such shared services. This is to ensure an efficient and effective approach and enable reliance on each other's outcomes. Where formal arrangements are entered into, a protocol will be determined and agreed by both Chief Audit Executives.
- 3.6.2 Internal audit will also co-operate with all external review and inspection bodies that are authorised to access and evaluate the activities of the Local Authority, to determine compliance with regulations and standards. Assurances arising from this work will be taken into account where applicable.

## **4 Rights of Access**

- 4.1 Internal audit, with strict accountability for confidentiality and safeguarding records and information, is authorised to have the right of access to all records, assets, personnel and premises and has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. This access is full, free and unrestricted and is set out in each Local Authority's Constitution.
- 4.2 Such access shall be granted on demand and shall not be subject to prior notice, although in principle, the provision of prior notice will be given wherever possible and appropriate, unless circumstances dictate otherwise.

## **5 Objective and Scope**

- 5.1 The provision of assurance services is the primary role of Eastern Internal Audit Services, thus allowing the Head of Internal Audit to provide an annual audit opinion on the adequacy and effectiveness of the Local Authority's framework of governance, risk management and control, together with reasons if the opinion is unfavourable.

- 5.2 Internal audit will also provide consultancy services, at the request of management. These reviews are advisory in nature and generally performed to facilitate improved governance, risk management and control. This work may contribute to the annual audit opinion.
- 5.3 Whichever role / remit is carried out by internal audit the scope is to be determined by internal audit, through discussions with senior management; however, this scope will not be unduly bias nor shall it be restricted.
- 5.4 A risk based Strategic Internal Audit Plan will be developed each year to determine an appropriate level of risk-based audit coverage required to generate an annual audit opinion. The plan will be derived from risk assessments, discussions with Senior Management and Audit Committee taking prior year's assurance results into account.
- 5.5 Each audit review will be designed to provide evidence based assurance over the management of risk and controls within that area. The results of each review will be shared with management so that any required improvements can be actioned to restore satisfactory systems of internal control.
- 5.6 It is management's responsibility to control the risk of fraud and corruption; however, internal audit will be alert to such risks in all the work that is undertaken. In addition, the Head of Internal Audit is either responsible for, or is consulted on, related policy and strategy. These include for example, Counter Fraud, Corruption, Anti-Bribery, Whistleblowing, Anti-Money Laundering and includes the related promotion and training for officers and councillors.
- 5.7 Through the contract in place with TIAA Ltd, there are other services that can be provided, these include: fraud investigations, grant certification and digital forensics.

## **6 Independence and Objectivity**

- 6.1 Internal Audit must be sufficiently independent of the activities that are audited to enable an impartial, unbiased and effective professional judgement. All internal auditors working within Eastern Internal Audit Services, annually confirm their adherence the Code of Ethics, which sets out the minimum standards for performance and conduct. The four core principles are integrity, objectivity, confidentiality and competency.
- 6.2 The Internal Audit Team at South Norfolk Council, consisting of the Head of Internal Audit and the Senior Internal Auditor, do not have any responsibility or authority over any activities outside of Internal Audit.
- 6.3 As contractors the TIAA Internal auditors have no operational responsibility or authority over any of the activities which they are required to review. They do not engage in any other activity, which would impair their judgement, objectivity or independence.
- 6.4 If the independence or objectivity of the Head of Internal Audit is impaired, or appears to be, the details of the impairment will be disclosed to senior management. The nature of the disclosure will depend upon the impairment.

## **7 Professional Standards**

- 7.1 The Internal Audit Service and all Internal Audit staff operate in accordance with all mandatory guidance within the PSIAS including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and Definition of Internal Auditing. Internal Auditors also have regard for the principles contained within the Standards of Public Life.

## **8 Internal Audit Resources**

- 8.1 The Head of Internal Audit is professionally qualified (CMIIA, CCAB or equivalent) and has wide ranging internal audit management experience to enable them to deliver the responsibilities of the role.
- 8.2 The Head of Internal Audit is supported by a Senior Internal Auditor in ensuring the Internal Audit Service has access through the contract to a team of staff who have the appropriate range of knowledge, skills and experience to deliver the audit service.

## **9 Audit Planning**

- 9.1 The Head of Internal Audit develops a strategy, alongside a strategic and annual internal audit plan, using a risk-based approach.
- 9.2 The Internal Audit Strategy provides a clear direction for internal audit services and creates a link between the Charter, the strategic plan and the annual plan.
- 9.3 The annual internal audit plan of work, developed as per the Internal Audit Strategy, is derived using a risk-based approach, discussed with Senior Management and approved by the Audit Committee. The Head of Internal Audit is responsible for the delivery of the Internal Audit Plan, which will be kept under regular review and reported to the Audit Committee.

## **10 Audit Reporting**

- 10.1 On conclusion of each assurance review included within the annual internal audit plan, a report will be provided to management giving an opinion on the adequacy of controls in place to manage risk. This report will provide an assurance level and associated recommendations to ensure that risks are appropriately addressed.
- 10.2 Management can choose not to accept / implement the recommendations raised, in all instances this will be reported through to Senior Management and the Audit Committee, especially in instances whereby there are no compensating controls justifying the course of action.
- 10.3 A Progress Report is periodically presented to the Audit Committee which includes the Executive Summary of all final reports, any significant changes to the approved plan and the performance of the contractor relative to completing the agreed plan.
- 10.4 A Follow Up Report is also periodically produced for the Audit Committee showing management progress against the implementation of agreed recommendations arising from internal audit assurance reports. The Internal Audit Team will verify and obtain evidence to demonstrate recommendation completion from responsible officers.
- 10.5 An Internal Audit Annual Report and Opinion is produced for Senior Management and the Audit Committee following the completion of the annual audit plan each financial year.
- 10.6 This report includes a summary of all Internal Audit work carried out, details of recommendations that have been implemented by management and the Annual Opinion.

- 10.7 The annual opinion is based on the overall adequacy and effectiveness of the Local Authority's framework of governance, risk management and control during the financial year, together with reasons if the opinion is unfavourable. This opinion is reached by considering the results from assurance reviews undertaken throughout the year.
- 10.8 The report also highlights any issues that are deemed particularly relevant to the Annual Governance Statement (AGS) and the results of the review of the effectiveness of internal audit.

## **11 Quality Assurance and Improvement Programme**

- 11.1 The Standards require a quality assurance and improvement programme to be developed that covers all aspects of internal audit, including both internal and external assessments.
- 11.2 If an improvement plan is required as a result of the internal or external assessment, the Head of Internal Audit will coordinate appropriate action and report this to Senior Management and the Audit Committee, as part of the annual report and opinion.

### **11.3 Internal Assessment**

- 11.3.1 Internal assessment includes the ongoing monitoring of the performance of the contractor through the performance measures. These form a key part of service management of the contract and are subject to quarterly reporting to the Head of Internal Audit for review.
- 11.3.2 On conclusion of audit reviews, a feedback form is provided to the key officer identified during the audit process. Outcomes are reviewed and relevant improvements discussed with the contractor.
- 11.3.3 The Standards also require periodic self-assessment in relation to the effectiveness of internal audit, the detail and outcomes of which are then forwarded to the Section 151 Officer or Section 17 Officer for their independent scrutiny, before the summary of which is provided to the Audit Committee as part of the annual report and opinion. This information enables the Committee to be assured that the Internal Audit Service is operating in accordance with best practice.

### **11.4 External Assessment**

- 11.4.1 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Organisation. This can be in the form of a full external quality assessment that involves interviews with relevant stakeholders, supported by examination of the internal audit approach and methodology leading to the completion of an independent report, or a validated self-assessment, which the Internal Audit Manager compiles against the PSIAS assessment tool, which is then validated by an external assessor/team. The full external quality assessment is the chosen option for Eastern Internal Audit Services.

#### **11.4.2 An external assessment will:**

- Provide an assessment on the internal audit function's conformance to the standards;
- Assess the performance of the internal audit activity in light of its charter, the expectations of the various boards and executive management;
- Identify opportunities and offer ideas and counsel for improving the performance of the internal audit activity, raising the value that internal audit provides to the organisation; and

- Benchmark the activities of the internal audit function against best practice.

11.4.3 In October 2022, Eastern Internal Audit Services was fully assessed by the Chartered Institute of Internal Auditors. The conclusion of the review was:

*“EIAS conforms with the vast majority of the Standards, as well as the Definition, Core Principles and the Code of Ethics, which form the mandatory elements of the PSIAS and the Institute of Internal Auditors’ International Professional Practices Framework (IPPF), the globally recognised standard of quality in Internal Auditing”.*

11.4.4 The next External Quality Assessment is scheduled for October 2027.

## APPENDIX 2 – INTERNAL AUDIT STRATEGY



### EASTERN INTERNAL AUDIT SERVICES

#### INTERNAL AUDIT STRATEGY FOR 2024/25

## 1. Introduction

- 1.1 The Internal Audit Strategy is a high-level statement of;
  - How the internal audit service will be delivered;
  - How internal audit services will be developed in accordance with the Internal Audit Charter;
  - How internal audit services links to the organisational objectives and priorities; and
  - How the internal audit resource requirements have been assessed.
- 1.2 The provision of such a strategy is set out in the Public Sector Internal Audit Standards (the Standards).
- 1.3 The purpose of the strategy is to define the objectives, function, the approach, resources and processes needed to achieve Internal audit service, providing a clear link between the Charter and the annual plan.
- 1.4 Throughout this strategy the term 'The Council' or 'Council' references any member of the Eastern Internal Audit Services Consortium. The term 'Audit Committee' is used throughout to refer to each Council's Audit Committee or equivalent.

## 2. How the internal audit service will be delivered

- 2.1 The role of the Head of Internal Audit and contract management is provided by South Norfolk Council to; Breckland, Broadland, North Norfolk, and South Norfolk District Councils, Great Yarmouth Borough Council, the Broads Authority and from April 2022, Norwich City Council. All Councils are bound by a Partnership Agreement.
- 2.2 The delivery of the internal audit plans for each Council is provided by an external audit contractor, who reports directly to the Head of Internal Audit at South Norfolk Council. Following a successful procurement exercise the new contract with TIAA Ltd commenced from 1 April 2022 and ends on 31 March 2027, with the option to extend for a further term of two plus two.

## 3. How internal audit services will be developed in accordance with the Internal Audit Charter

### 3.1 Internal Audit objective and outcomes

- 3.1.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by

bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

3.1.2 The outcomes of the Internal Audit Service are detailed in the Internal Audit Charter and can be summarised as; delivering a risk-based audit plan in a professional, independent manner, to provide the Council with an opinion on the level of assurance it can place upon the internal control environment, systems of risk management and corporate governance arrangements, and to make recommendations to improve these provisions, where further development would be beneficial.

3.1.3 The reporting of the outcomes from internal audit is through direct reports to senior management in respect of the areas reviewed under their remit, in the form of an audit report. The Audit Committee and the Section 17 Officer also receive: -

- The annual Internal Audit Plan, which is risk based and forms the next financial year's plan of work; and
- The Annual Report and Opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

## 3.2 Internal Audit Planning

3.2.1 A risk-based internal audit plan (RBIA) is established in consultation with senior management that identifies where assurance and consultancy is required.

3.2.2 The audit plan establishes a link between the proposed audit areas and the priorities and risks of the Authority considering: -

- Stakeholder expectations, and feedback from senior and operational managers;
- Objectives set in the strategic plan and business plans;
- Risk maturity in the organisation to provide an indication of the reliability of risk registers;
- Management's identification and response to risk, including risk mitigation strategies and levels of residual risk;
- Legal and regulatory requirements;
- The audit universe – all the audits that could be performed; and
- Previous internal audit plans and the results of audit engagements.

3.2.3 In order to ensure that the internal audit service adds value to the Council, assurance should be provided that major business risks are being managed appropriately, along with providing assurance over the system of internal control, risk management and governance processes.

3.2.4 Risk based internal audit planning starts with the Council's Corporate Plan, linking through to the priority areas and the related high-level objectives. The focus is then on the risks, and opportunities, that may hinder, or help, the achievement of the objectives. The approach also focuses on the upcoming projects and developments for the Council.

3.2.5 The approach ensures; better and earlier identification of risks and increased ability to control them; greater coherence with the Council's priorities; an opportunity to engage with stakeholders; the Audit Committee and senior management better understand how the Internal Audit Service helps to accomplish its objectives; and this ensures that best practice is followed.

3.2.6 The key distinction with establishing plans derived from a risk based internal audit approach is that the focus should be to understand and analyse management's assessment of risk and to base audit plans and efforts around that process.

3.2.7 Consultation with the Section 151 Officer and senior management takes place through discussion during which current and future developments, changes, risks and areas of concern are considered and the plan amended accordingly to take these into account.

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

### 3.3 Internal Audit Annual Opinion

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

3.3.2 The opinion is based upon: -

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

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

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

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

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

4.3 Awareness of national issues is maintained through the contract in place with the external internal audit provider through regular "horizon scanning" updates, and annually a particular

focus provided on issues to be considered during the planning process. Membership and subscription to professional bodies such as the Chartered Institute of Internal Auditors and the CIPFA on-line query service, liaison with External Audit, and networking, all help to ensure developments are noted and incorporated where appropriate.

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

## **5. How internal audit resource requirements have been assessed**

- 5.1 The in-house Internal Audit Team at Eastern Internal Audit Service (EIAS) Consortium consists of a Head of Internal Audit who is a Chartered internal audit professional and a Senior Internal Auditor, currently training to become a Certified Internal Auditor.
- 5.2 These resources are used to contract manage the outsourced provider effectively, ensuring that the key performance measures of the service are met on behalf of consortium members. The Team also provides internal audit management support to one other Council outside of the Consortium.
- 5.3 The Senior Internal Auditor is a recent appointment to enhance continuity arrangements and contribute towards building succession opportunities within the Consortium.
- 5.4 Through utilising a contractor, the risk-based internal audit plan can be developed without having to take into account the existing resources, as you would with an in-house team, thus ensuring that audit coverage for the year is appropriate to the Council's needs and not tied to a particular resource.
- 5.5 A core team of staff is provided by the contractor to deliver the audit plan, and these staff bring with them considerable public sector knowledge and experience. These core staff can be supplemented with additional staff should the audit plan require it, and in addition specialists, e.g., information technology auditors, contract auditor, fraud specialists, can be drafted in to assist in completing the internal audit plan and focusing on particular areas of specialism.

- 5.6 All audit professionals are encouraged to continually develop their skills and knowledge through various training routes; formal courses of study, in-house training, seminars and webinars. As part of the contract, the contractor needs to ensure that each member of staff completes a day's training per quarter.
- 5.7 The External Quality Assessment in 2022/23 highlighted that that the Internal Audit Service needs to invest in skills relating to data analytics to ensure audits are carried out to take full advantage of the benefits that can be realised from this audit technique.
- 5.8 The new Head of Internal Audit and Senior Internal Auditor are both trained in data analytics using MS PowerBi. The contractor has also been developing data analytic capabilities within its auditing of financial key controls audits. A commitment has been made to ensure that by 2025/26 each internal audit review regardless of area will incorporate some data analytics testing. Where systems data is not available to support such tests, a recommendation will be highlighted with the aim of encouraging the development of data maturity. A Data Analytics Strategy will be developed in 2024/25.
- 5.9 In addition to the above, in order to support the internal audit function to deliver the service using the latest best practice from the internal auditing profession, subject matter leads have been assigned to each new subject area such as climate and sustainability, culture and AI data analytics. Each subject matter lead will proactively seek training and guidance for their assigned area and will be responsible for upskilling the rest of the team.
- 5.10 The above-mentioned arrangements ensure that the Internal Audit Service is able to respond effectively to the assurance needs of the Council whilst ensuring that the core team used are sufficiently qualified and experience.

**Appendix 3 - Strategic Internal Audit Plan 2024/25 to 2026/27**

Audit Area	Last review & assurance	Risk Level	2024/25	2025/26	2026/27	Justification
<b>Governance and Risk Management</b>						
Corporate Governance	2020/21 - Reasonable 2022/23 - Substantial	CR 028 Governance failures - Low (ignorance or non observance of the Council's agreed governance protocols - poor or illegal decision making)		12		
Risk Management	2019/20 - Reasonable 2022/23 - Deferred	No specific strategic or operational risks identified by the Council.	10			Assurance that the Council's risk management framework is adequate and effective.
Annual Governance Statement	2021/22 - Reasonable	No specific strategic or operational risks identified by the Council.		10		
<b>Corporate Areas</b>						
Data Protection	2018/19 - Substantial	CR 008 Loss of information - High (Loss of information assets - reputational (hacking/theft), operational disruption, impact on customers.)	10			Assurance that we are complying with GDPR requirements concerning for example, data security, data breaches, data retention and data storage.
Information Governance and Mgmt		No specific strategic or operational risks identified by the Council.				

Audit Area	Last review & assurance	Risk Level	2024/25	2025/26	2026/27	Justification
Complaints and FOI	2023/24 - Reasonable	SR 007 Reputation - Low (related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception)			10	
Procurement	2019/20 - Reasonable 2020/21 - Position Statement 2023/24 - Reasonable	CR 009 Poor Procurement - Low (poor value for money, poor strategic and operational outcomes, legal challenge, loss of public confidence, lack of transparency)		12		
Contract Management	2019/20 - Reasonable 2020/21 - Position Statement 2023/24 - Reasonable	CR 025 Contract failure - Medium (the Council has a number of contracts for service delivery. Failure of a contractor could lead to increased costs and operational disruption)		12		

Audit Area	Last review & assurance	Risk Level	2024/25	2025/26	2026/27	Justification
Financial Sustainability		CR 015 Medium Term Financial Plan - High (Forecast funding reductions and shift to local financing from business rates, council tax and new homes bonus - reduced funding to fund current service levels and produce a balanced budget. Use of reserves is not sustainable strategy to bridge income/expenditure funding gaps in the medium to long term.)		12		
Democratic Services	2016/17 - Reasonable	No specific strategic or operational risks identified by the Council.			10	
Performance Management, Corporate Policy and Business Planning (includes commercialisation strategy)	2017/18 - Substantial 2021/22 - Reasonable	SR 004 Strategic - Medium (Corporate Plan and Projects may not be delivered within agreed timescales or budget.)		12		
Project Management Framework	Position Statement Cromer Tennis Hub 2020/21 - No Assurance 2021/22 - Reasonable 2022/23 - Advisory assurance	SR 008 Corporate project related risks - Medium (related to individual corporate project risks)			15	

Audit Area	Last review & assurance	Risk Level	2024/25	2025/26	2026/27	Justification
Corporate Health and Safety	2022/23 - Reasonable	No specific strategic or operational risks identified by the Council.		12		
Counter Fraud and Corruption Framework	2021/2022 - Limited	No specific strategic or operational risks identified by the Council.		10		
Legal Services	2022/23 - Substantial	No specific strategic or operational risks identified by the Council.			10	
Elections and Electoral Registration	2014/15 - Substantial 2018/19 - Substantial	No specific strategic or operational risks identified by the Council.		10		
<b>Fundamental Financial Systems</b>						
Key Controls and Assurance	2021/22 - Reasonable 2022/23 - Limited 2023/24 - TBC	CR 027 Strategic financial and performance management - Medium	15	15	15	This is an annual review of key controls.
Accountancy Services includes control accounts, banking, bank reconciliation, asset management / capital expenditure, budgetary control and treasury management	2019/20 - Substantial 2021/22 - Substantial 2023/24 - Limited	SR 001 Financial (including credit & counterparty) - Medium (the Council's expenditure in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure)		15		
Accounts Payable (insurance)	2020/21 - Substantial 2022/23 - Deferred 2023/24 - TBC	No specific strategic or operational risks identified by the Council.		10		
Accounts Receivable	2019/20 Reasonable 2021/22 - Substantial 2023/24 - Reasonable	No specific strategic or operational risks identified by the Council.			10	

Audit Area	Last review & assurance	Risk Level	2024/25	2025/26	2026/27	Justification
Income	2019/20 - Reasonable 2021/22 - Reasonable 2023/24 - Reasonable	No specific strategic or operational risks identified by the Council.			8	
<b>Housing Benefits and Council Tax</b>						
Council Tax and National Non-Domestic Rates	2020/21 - Substantial 2022/23 - Substantial	No specific strategic or operational risks identified by the Council.		15		
Local Council Tax Support and Housing Benefits	2020/21 - Reasonable 2022/23 - Substantial	No specific strategic or operational risks identified by the Council.		15		
<b>Payroll, HR and Organisation Development</b>						
Payroll incl. officer and members expenses	2020/21 - Substantial 2022/23 - Substantial	No specific strategic or operational risks identified by the Council.			12	
Human Resources	2020/21 - Substantial 2022/23 - Substantial	CR 024 People Resources - Low (failure to retain and recruit adequately trained and experienced staff - negative impact on corporate plan, business transformation, planning performance and delivery etc.)		12		
<b>Service Area audits</b>						
<b>Commercial Assets</b>						

Audit Area	Last review & assurance	Risk Level	2024/25	2025/26	2026/27	Justification
Commercial Estates	2016/17 - Substantial 2019/20 - Reasonable	CR 001 Deteriorating/ underused property assets - Medium (deteriorating / underused property assets - loss of revenue / legal liability / increased maintenance costs / not achieving value for money / reputational risk / capital commitment	12			Assurances on the rent setting process for commercial property, the letting process, collection of rent and arrears and the completion of maintenance obligations during and after the rental period.
<b>People Services</b>						
Early Help Hub	New audit area	No specific strategic or operational risks identified by the Council.	10			Assurance on the workstreams carried out by the Early Help Hub Team and Community Connectors utilising external funding received, including the achievement of outcomes.

Audit Area	Last review & assurance	Risk Level	2024/25	2025/26	2026/27	Justification
Homelessness and Housing Options	2015/16 - Reasonable 2018/19 - Reasonable 2023/24 - TBC	<p>CR 026 Impact of economic fluctuations on the North Norfolk economy - High ( Local Economic position - impact on NNDR, revenue streams, higher demand for services, business failure, increased unemployment and deprivation.)</p> <p>SR 003 Macroeconomic - High (national/global recession resulting in business failure and unemployment)</p>			12	
		<p>CR 010 Housing Delivery - High (Non delivery of housing targets may lead to increasing homelessness, impact on NHB, vibrancy of local communities, impact on social infrastructure, loss of temporary accommodation in district, lack of social housing.)</p>				

Audit Area	Last review & assurance	Risk Level	2024/25	2025/26	2026/27	Justification
Private Sector Housing - HMOs, private rental enforcement and empty homes		No specific strategic or operational risks identified by the Council.	10			Assurance that the Council is complying with its responsibilities under the Housing Act 2004 for the enforcement of housing conditions in private rentals and the licencing of HMOs.
DFGs and discretionary grants	2016/17 - Reasonable 2020/21 - Reasonable	No specific strategic or operational risks identified by the Council.		10		DFGs - a certification is completed for Norfolk County Council on the use of funds received through them and regarding whether the expenditure was eligible.
<b>Sustainable Growth</b>						
Economic Growth	2013/14 - Reasonable 2022/23 - Position Statement	CR 026 Impact of economic fluctuations on the North Norfolk economy - High (Local Economic position - impact on NNDR, revenue streams, higher demand for services, business failure, increased unemployment and deprivation.)		12		

Audit Area	Last review & assurance	Risk Level	2024/25	2025/26	2026/27	Justification
Coastal Management	2014/15 - Reasonable 2019/20 - Substantial 2023/24 - Deferred	CR 002 Flooding, erosion and loss of assets and delivery of services - High (Inability to adapt to climate change - increased coastal erosion and flooding.)	12			Assurance over the plans to protect and manage the coastline and the programme of work with the Coastal East Partnership.
Environmental Charter	2021/22 - Reasonable	CR 034 - Not achieving the Net Zero 2030 target - High	10			Assurance on progress in achieving the targets and objectives in the Environmental Charter.
Housing Strategy and Housing Enabling	2019/20 - Reasonable	CR 010 Housing Delivery - High (Non delivery of housing targets may lead to increasing homelessness, impact on NHB, vibrancy of local communities, impact on social infrastructure, loss of temporary accommodation in district, lack of social housing.)		12		
<b>Communities Environment and Leisure</b>						

Audit Area	Last review & assurance	Risk Level	2024/25	2025/26	2026/27	Justification
Waste Management Contract with SERCO (refuse collection, street cleansing, recycling, commercial waste collection, bulky items, garden waste collection service, clinical waste and grounds maintenance)	2017/18 - Reasonable 2021/22 - Reasonable	No specific strategic or operational risks identified by the Council.	12			Assurance that contract with SERCO is being managed effectively and that processes in place for income collection and monitoring are robust for trade and garden waste.
Leisure	2015/16 - Reasonable 2019/20 - Substantial	No specific strategic or operational risks identified by the Council.	12			Assurance that contract in place with the Council's leisure provider is being managed effectively.
Pier Pavilion (Contract with Open Wide Coastal Ltd - theatre, box office and Tides Restaurant)	2018/19 - Reasonable 2022/23 - Limited	No specific strategic or operational risks identified by the Council.			10	
Markets	2016/17 - Substantial	No specific strategic or operational risks identified by the Council.				
Parks and Open Spaces and Woodland Management	2015/16 - Reasonable	No specific strategic or operational risks identified by the Council.			10	Assurance on site safety and maintenance works programmes at the Council's woodland sites.
Environmental Health (food health & safety, pest control, dog warden, licensing (taxis, premises, alcohol)	2018/19 Reasonable 2021/22 - Reasonable	No specific strategic or operational risks identified by the Council.		10		

Audit Area	Last review & assurance	Risk Level	2024/25	2025/26	2026/27	Justification
Environmental Protection (statutory nuisances, environmental crime, ASB, contaminated land, air quality, pollution control) and Private Water Supplies	New Area	No specific strategic or operational risks identified by the Council.	12			Assurance that the Council's processes for meeting its statutory duties under legislation in relation to PWS, air quality and pollution control and contaminated land are adequate and effective.
Civil Contingencies and Business Continuity	2023/24 - TBC	CR 013 Emergency event - Medium				
<b>Planning</b>						
Building Control	2017/18 - Substantial 2022/23 - Reasonable	No specific strategic or operational risks identified by the Council.		15		
Land Charges	2017/18 - Reasonable 2023/24 - Limited	No specific strategic or operational risks identified by the Council.			10	Some of the services are due to transfer to Land Registry.
Development Management Planning & planning enforcement)	2019/20 - Reasonable 2022/23 - (Planning) Reasonable	No specific strategic or operational risks identified by the Council.		12		
Section 106 Arrangements	2019/20 - Reasonable	No specific strategic or operational risks identified by the Council.	10			Assurance on the processes regarding the applying for, receipt of and spend of monies in relation to S106 agreements.
<b>Organisational Resources</b>						
Car Parking	2017/18 - Reasonable 2019/20 - Reasonable	No specific strategic or operational risks identified by the Council.			10	
Customer Services	2021/22 - Substantial	No specific strategic or operational risks identified by the Council.			10	

Audit Area	Last review & assurance	Risk Level	2024/25	2025/26	2026/27	Justification
Property Services	2019/20 - Reasonable 2022/23 - Position Statement 2023/24 (FU of Pos Statement Temp Accom) - TBC	No specific strategic or operational risks identified by the Council.				
<b>ICT Audits</b>						
Network Infrastructure and Security	2014/15 - Limited 2018/19 - Reasonable 2021/22 (Change & patch mgmt) - Reasonable	No specific strategic or operational risks identified by the Council.				
Service Desk	2023/24 - Reasonable	No specific strategic or operational risks identified by the Council.				
Software Licensing		No specific strategic or operational risks identified by the Council.		10		
Data Centre		No specific strategic or operational risks identified by the Council.			10	
Mobile devices		No specific strategic or operational risks identified by the Council.				
Remote Access	2020/21 - Reasonable	No specific strategic or operational risks identified by the Council.			10	
Business Support Arrangements	2018/19 - Reasonable	No specific strategic or operational risks identified by the Council.				

Audit Area	Last review & assurance	Risk Level	2024/25	2025/26	2026/27	Justification
Disaster Recovery	2019/20 - Reasonable 2022/23 - Reasonable	No specific strategic or operational risks identified by the Council.				
Applications review: Finance system HR system	2022/23 - Deferred 2023/24 (Post Impln Review - Finance System Upgrade Project) - Limited	No specific strategic or operational risks identified by the Council.	12			Assurance on the governance of applications (user access and sign on, role set up, Admin role, connections to the network, user account mgmt etc) and a follow up of the actions from the post implementation review.
Applications review: Revenues and Benefits		No specific strategic or operational risks identified by the Council.	10			Assurance on the governance of applications (user access and sign on, role set up, Admin role, connections to the network, user account mgmt etc).
Cyber Security	2019/20 - Reasonable	CR 008 Loss of information - High (Loss of information assets - reputational (hacking/theft), operational disruption, impact on customers.)	10			Assurance that the Council is adequately protected against and can deal with a cyber attack.
<b>Follow Up of audit recommendations</b>						
Follow up of internal audit recommendations			10	10	10	
<b>Total number of days</b>			<b>177</b>	<b>275</b>	<b>182</b>	

## Appendix 4 - Annual Internal Audit Plan 2024/25

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
<b>Governance and Risk Management</b>						
Risk Management	10		10			Assurance that the Council's risk management framework is adequate and effective.
<b>Corporate Areas</b>						
Data Protection	10	10				Assurance that we are complying with GDPR requirements concerning for example, data security, data breaches, data retention and data storage.
<b>Fundamental Financial Systems</b>						
Key Controls and Assurance	15				15	This is an annual review of key controls. For those systems not subject to an audit review within the year more coverage will be provided in those areas.
<b>Service area audits</b>						
<b>Commerical Assets</b>						
Commercial Estates	12				12	Assurances on the rent setting process for commercial property, the letting process, collection of rent and arrears and the completion of maintenance obligations during and after the rental period.
<b>People Services</b>						
Early Help Hub	10			10		Assurance on the activities carried out by the Early Help Hub team and Community Connectors utilising external funding received, including the achievement of outcomes.
Private Sector Housing - HMOs, private rental enforcement and empty homes	10	10				Assurance that the Council is complying with its responsibilities under the Housing Act 2004 for the enforcement of housing conditions in private rentals and the licencing of HMOs.
<b>Sustainable Growth</b>						
Coastal Management - joint audit with GYBC	12		12			Assurance over the plans to protect and manage the coastline and the programme of work with the Coastal East Partnership.
Environmental Charter	10				10	Progress of achieving the target and objectives in the Environmental Charter.
<b>Communities, Environment and Leisure</b>						

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Waste Management Contract with SERCO (including contract / agreement monitoring, income collection & monitoring, refuse collection, street cleansing, recycling, clinical waste and grounds maintenance)	12				12	Assurance that the contract with SERCO is being managed effectively and that processes in place for income collection and monitoring are robust for trade and garden waste.
Leisure	12		12			Assurance that the contract in place with the Council's Leisure provider is being managed effectively.
Environmental Protection (statutory nuisances, environmental crime, anti social behaviour, contaminated land, pollution) and Private Water Supplies	12			12		Assurance that the Council's processes for meeting its statutory duties under legislation in relation to PWS, air quality and pollution control and contaminated land are adequate and effective.
<b>Planning</b>						
Section 106 Arrangements	10	10				Assurance on the processes regarding the applying for, receipt of and spend of monies in relation to S106 agreements.
<b>ICT Audits</b>						
Cyber Security	10	10				Assurance that the Council is adequately protected against and can deal with a cyber attack.
Applications review: Revenues and Benefits	10		10			Assurance on the governance of applications (user access and sign on, role set up, Admin role, connections to the network, user account mgmt etc).
Applications review: Finance & HR System	12			12		Assurance on the governance of applications (user access and sign on, role set up, Admin role, connections to the network, user account mgmt etc) and a follow up of the actions from the post implementation review.
<b>Follow Up of audit recommendations</b>						
Follow Up - Internal Audit recommendations	10	2.5	2.5	2.5	2.5	Follow up of agreed internal audit recommendations to ensure that these have been appropriately addressed by management and the risks mitigated.
<b>Total number of days</b>	<b>177</b>	<b>42.5</b>	<b>46.5</b>	<b>36.5</b>	<b>51.5</b>	

**APPENDIX 5 – ASSURANCE MAP NNDC TOP 2 SCORING RISKS 2023/24**

Risk	First Line Assurance	Second Line Assurance	Third Line Assurance
<p><b>SR 003 Macroeconomic Status - high inflation and anticipated rising unemployment we have to expect that the challenging economic circumstances will have an impact on the performance of the North Norfolk economy and therefore on demand for many council services.</b></p>	<p>The Council held a cost of living summit on 3 November 2022 to understand across the public and voluntary sectors demand for services and support and will closely monitor service demand and implications for the Council's finances which will be reflected in preparation of the 2023/24 budget</p> <p>Preparing and analysing evidence relating to local economic context and business needs, including contextual data and that gathered through surveys and business engagement;</p>	<p>Fund management advice from Arlingclose for management of Councils finances allowing support for economic growth projects.</p> <p>Regular reporting to Department for Levelling Up, Housing &amp; Communities in accordance with Memorandum of Understanding to provide assurance over spend and management of both UK Shared Prosperity Fund (UKSPF) and the Rural England fund allocated to the Council.</p>	<p><b>Economic Growth audit scheduled for Q4 of 2022/23 covering the management of £1.2m of UKSPF and the £1.45m worth of Rural England funding allocated to the Council.</b></p>
<p><b>SR 005 ENVIRONMENTAL AND SOCIAL - related to the environmental and social impact of the Council's strategy and interests. Council fails to take into account changing environmental and social needs. Resulting in strategic objectives not reflecting environmental and social issues.</b></p> <p><b>Natural England - Nutrient Neutrality. This will have a significant impact on the local construction industry, rates of housing growth and 5 year housing land supply issues.</b></p> <p><b>CR 002 Flooding, erosion and loss of assets and delivery of services</b></p>	<p>The Council has an Environmental Charter in place and approved the Net Zero Strategy and accompanying Climate Action Plan at Full Council on 23 February 2022.</p> <p>Nutrient Neutrality - Norfolk local authorities about working collaboratively through the Duty to Cooperate Framework to develop a shared response to this challenging issue.</p> <p>Coastal Erosion - DEFRA has selected NNDC to be involved in the Coastal Transition Accelerator Programme (CTAP) to investigate, develop, deliver and learn new approaches to support communities to transition away from coastal erosion.</p>	<p>Progress delivering the goals of the Climate strategy and the action plan will be reported to Cabinet every six months.</p> <p>Nutrient Neutrality - Regular updates on progress to mitigate the nutrient neutrality risk are discussed with Natural England through the partnership.</p> <p>Coastal Erosion - NNDC continues to work in partnership with Coastal Partnership East. Assurances to be provided to DEFRA regarding progress against the CTAP project.</p>	<p><b>An audit of the Councils Climate Strategy was undertaken in 2021/22 and was given a reasonable assurance grading.</b></p> <p><b>Internal audit will continue to evaluate the nutrient neutrality risk and provide assurance on intended outcomes when required.</b></p> <p><b>Coastal Erosion - Coastal management was audited in 2019/20 and given a substantial assurance grading. As the CTAP and Refurbishment of Mundesley sea defences projects get underway it is proposed this area is audited again in 2023/24.</b></p>

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## Governance, Risk and Audit Committee Self-Assessment Exercise

- Summary:** This report outlines the results of the self-assessment questionnaires returned and completed by Members of the Governance, Risk and Audit Committee.
- Conclusions:** Completion of a self-assessment provides feedback on the effectiveness of the current arrangements and ensures that best practice is followed by the Governance and Audit Committee, and good corporate governance is achieved.
- Recommendation:** That Members discuss and review the returned scores, agreeing final scores for the first tool assessment, the 'Self-assessment of good practice' **attached at Appendix 1** and the second tool assessment, 'Evaluating the impact and effectiveness of the audit committee' **attached at Appendix 2**, and consider whether improvement actions need to be developed in any areas.

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

All

All

Contact Officer, telephone number, and e-mail:

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## 1. Background

- 1.1. The Chartered Institute for Public Finance and Accountancy (CIPFA) document on "Audit committees - practical guidance for local authorities and police 2022" sets out the guidance on the function and operation of audit committees. It represents CIPFA's view of best practice. The guidance states the purpose of an audit committee "is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements."
- 1.2. In 2022 CIPFA updated its advice and guidance for Local Authority Audit Committee's and a new Audit Committee self-assessment template is now available.
- 1.3. Good audit committees are characterized by; objective, independent knowledgeable and properly trained members, a membership that promotes good governance principles, a strong, independently minded chair, an unbiased attitude, the ability to challenge when required.
- 1.4. It is good practice for audit committee members to review their knowledge and skills – for example, as part of an annual self-assessment process or training needs analysis.
- 1.5. In addition, the Public Sector Internal Audit Standards also call for the Audit Committee to assess their remit and effectiveness, in relation to Purpose, Authority and Responsibility, to facilitate the work of this Committee.
- 1.6. The Governance and Audit Committee has regularly carried out the self-assessment exercise annually and has acted where necessary to ensure full compliance with best practice.

- 1.7. The guidance provides two tools against which the Committee can assess itself. The first, 'Self-assessment of good practice' supports an assessment against recommended practice to inform and support the Committee under the areas of 'purpose and governance', 'functions of the Audit Committee', 'membership and support', and 'effectiveness of the committee'. Scores of 0 – 5, does not comply / major improvement to fully complies / no further improvement are the available options for the questions.
- 1.8. The second assessment tool, 'Evaluating the impact and effectiveness of the audit committee' helps Members to consider where it is most effective and where there may be scope to do more. To be effective the Governance and Audit Committee should be able to identify evidence of its impact or influence. For each area, an evaluation of strengths, weaknesses and proposed actions is required. The areas are: -
- Promoting the principles of good governance and their application to decision making;
  - Contributing to the development of an effective control environment;
  - Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks;
  - Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively;
  - Supporting effective external audit, with a focus on high quality and timely audit work;
  - Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence;
  - Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, controls and assurance arrangements;
  - Supporting the development of robust arrangements for ensuring value for money;
  - Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks; and
  - Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.

## 2. Overall Position

- 2.1. Members were sent the two tool assessment documents detailed at 1.7 and 1.8 above to complete. The scores from those returned were collated and are shown in **Appendix 1 and Appendix 2**.

## 3. Conclusion

- 3.1 Completion of a self-assessment provides feedback on the effectiveness of the current arrangements and ensures that best practice is followed by the Governance and Audit Committee, and good corporate governance is achieved.

## 4. Recommendations

- 1) That Members discuss and review the returned scores, agreeing final scores for the first tool assessment, the 'Self-assessment of good practice' **attached at Appendix 1** and the second tool assessment, 'Evaluating the impact and effectiveness of the audit committee' **attached at Appendix 2**, and consider whether improvement actions need to be developed in any areas.

Appendix 1 – Self-Assessment of Good Practice 2024 (containing scores)

Appendix 2 - Evaluating the impact and effectiveness of the audit committee (containing scores)

**Appendix 1**

**Self-assessment of good practice 2024**

A regular self-assessment should be used to support the Governance and Audit Committee work programme, training plans and the annual report. This evaluation will support an assessment against recommended practice to inform and support the Governance and Audit Committee. This review incorporates the key principles set out in CIPFA’s Position Statement: Audit Committees in Local Authorities and Police. Where an Audit Committee has a high degree of performance against the good practice principle’s then it is an indicator that the committee is soundly based and has in place knowledgeable membership. These are essential factors in developing an effective Audit Committee.

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<b>Good Practice Questions</b>		<b>Does not comply</b>	<b>Partially complies and extent of improvement needed*</b>			<b>Fully complies</b>
		<b>Major improvement</b>	<b>Significant improvement</b>	<b>Moderate improvement</b>	<b>Minor improvement</b>	<b>No further improvement</b>
	<b>Weighting of answers</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>5</b>
<b>Audit committee purpose and governance</b>						
<b>1</b>	Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?					5
<b>2</b>	Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?					5
<b>3</b>	Has the committee maintained its advisory role by not taking on any decision-making powers?					5
<b>4</b>	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA’s 2022 Position Statement?					5
<b>5</b>	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?					5
<b>6</b>	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?					5

7	Does the governing body hold the audit committee to account for its performance at least annually?					5
8	Does the committee publish an annual report in accordance with the 2022 guidance, including:					
	<ul style="list-style-type: none"> <li>Compliance with the CIPFA Position Statement 2022</li> </ul>					5
	<ul style="list-style-type: none"> <li>Results of the annual evaluation, development work undertaken and planned improvements</li> </ul>					5
	<ul style="list-style-type: none"> <li>How it has fulfilled its terms of reference and the key issues escalated in the year?</li> </ul>					5
<b>Functions of the committee</b>						
9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?					
	Governance arrangements					5
	Risk management arrangements					5
	Internal control arrangements, including: <ul style="list-style-type: none"> <li>Financial management</li> <li>Value for money</li> <li>Ethics and standards</li> <li>Counter fraud and corruption</li> </ul>					5
	Annual governance statement					5
	Financial reporting					5
	Assurance framework					5
	Internal audit					5
	External audit					5

10	Over the last year, has adequate consideration been given to all core areas?					5
11	Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?					5
12	Has the committee met privately with the external auditors and head of internal audit in the last year?	0				5
<b>Membership and support</b>						
13	Has the committee been established in accordance with the 2022 guidance as follows?					
	<ul style="list-style-type: none"> <li>Separation from executive</li> </ul>			2		5
	<ul style="list-style-type: none"> <li>A size that is not unwieldy and avoids use of substitutes</li> </ul>					5
	<ul style="list-style-type: none"> <li>Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</li> </ul>	0			3 in progress	
14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?		1			5
15	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	0				5
16	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	0				5
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?		1			5
18	Is adequate secretariat and administrative support provided to the committee?					5

19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					5
<b>Effectiveness of the committee</b>						
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?			2		5
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					5
22	Are meetings effective with a good level of discussion and engagement from all the members?	0				5
23	Has the committee maintained a non-political approach to discussions throughout?				3 minor	5
24	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?					5
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?					5
26	Do audit committee recommendations have traction with those in leadership roles?		1			5
27	Has the committee evaluated whether and how it is adding value to the organisation?	0				5
28	Does the committee have an action plan to improve any areas of weakness?	0				5
29	Has this assessment been undertaken collaboratively with the audit committee members?					5
<b>Total score</b>						
<b>Maximum possible score</b>						<b>200</b>

**Appendix 2**

**Evaluating the impact and effectiveness of the audit committee**

An audit committee’s effectiveness should be judged by the contribution it makes to and the beneficial impact it has on the authority’s business. Since it is primarily an advisory body, it can be more difficult to identify how the audit committee has made a difference. Evidence of effectiveness will usually be characterised as ‘influence’, ‘persuasion’ and ‘support’.

This assessment tool helps Audit Committee members to consider where it is most effective and where there may be scope to do more.

Assessment Key:

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

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Areas where the audit committee can have impact by supporting improvement	Examples of how the audit committee can demonstrate its impact	Key indicators of effective arrangements	Your assessment score (plus any strengths, weaknesses and proposed actions)
<p><b>Promoting the principles of good governance and their application to decision making</b></p>	<ul style="list-style-type: none"> <li>• Supporting the development of a local code of governance.</li> <li>• Providing a robust review of the AGS and the assurances underpinning it.</li> <li>• Supporting reviews/audits of governance arrangements.</li> <li>• Participating in self-assessments of governance arrangements.</li> <li>• Working with partner audit</li> </ul>	<ul style="list-style-type: none"> <li>• Elected members, the leadership team and senior managers all share a good understanding of governance, including the key principles and local arrangements.</li> <li>• Local arrangements for governance have been clearly set out in an up-to-date local code.</li> <li>• The authority’s scrutiny arrangements are forward looking and constructive.</li> <li>• Appropriate governance arrangements established for all collaborations and arm’s-</li> </ul>	<p>5, 5</p>

	committees to review governance arrangements in partnerships.	length arrangements. <ul style="list-style-type: none"> <li>The head of internal audit's annual opinion on governance is satisfactory (or similar wording).</li> </ul>	
<b>Contributing to the development of an effective control environment.</b>	<ul style="list-style-type: none"> <li>Encouraging ownership of the internal control framework by appropriate managers.</li> <li>Actively monitoring the implementation of recommendations from auditors.</li> <li>Raising significant concerns over controls with appropriate senior managers</li> </ul>	<ul style="list-style-type: none"> <li>The head of internal audit's annual opinion over internal control is that arrangements are satisfactory.</li> <li>Assessments against control frameworks such as CIPFA's FM Code have been completed and a high level of compliance identified.</li> <li>Control frameworks are in place and operating effectively for key control areas – for example, information security or procurement</li> </ul>	4, 5
<b>Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.</b>	<ul style="list-style-type: none"> <li>Reviewing risk management arrangements and their effectiveness, eg risk management maturity or benchmarking.</li> <li>Monitoring improvements to risk management.</li> <li>Reviewing accountability of risk owners for major/ strategic risks</li> </ul>	<ul style="list-style-type: none"> <li>A robust process for managing risk is evidenced by independent assurance from internal audit or external review</li> </ul>	1, 5
<b>Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.</b>	<ul style="list-style-type: none"> <li>Reviewing the adequacy of the leadership team's assurance framework.</li> <li>Specifying the committee's assurance needs, identifying gaps or overlaps in assurance.</li> <li>Seeking to streamline</li> </ul>	<ul style="list-style-type: none"> <li>The authority's leadership team have defined an appropriate framework of assurance, including core arrangements, major service areas and collaborations and external bodies</li> </ul>	3, 5

	<p>assurance gathering and reporting.</p> <ul style="list-style-type: none"> <li>• Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit</li> </ul>		
<p><b>Supporting effective external audit, with a focus on high quality and timely audit work.</b></p>	<ul style="list-style-type: none"> <li>• Reviewing and supporting external audit arrangements with focus on independence and quality.</li> <li>• Providing good engagement on external audit plans and reports.</li> <li>• Supporting the implementation of audit recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• The quality of liaison between external audit and the authority is satisfactory.</li> <li>• The auditors deliver in accordance with their audit plan and any amendments are well explained.</li> <li>• An audit of high quality is delivered</li> </ul>	5, 5
<p><b>Supporting the quality of the internal audit activity, in particular underpinning its organisational independence.</b></p>	<ul style="list-style-type: none"> <li>• Reviewing the audit charter and functional reporting arrangements.</li> <li>• Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements.</li> <li>• Actively supporting the quality assurance and improvement programme of internal audit</li> </ul>	<ul style="list-style-type: none"> <li>• Internal audit that is in conformance with PSIAS and LGAN (as evidenced by the most recent external assessment and an annual self-assessment).</li> <li>• The head of internal audit and the organisation operate in accordance with the principles of the CIPFA <b><u>Statement on the Role of the Head of Internal Audit</u></b> (2019).</li> </ul>	4, 5
<p><b>Aiding the achievement of the authority’s goals and objectives by helping to ensure appropriate governance, risk,</b></p>	<ul style="list-style-type: none"> <li>• Reviewing how the governance arrangements support the achievement of sustainable outcomes.</li> <li>• Reviewing major projects and programmes to ensure that</li> </ul>	<ul style="list-style-type: none"> <li>• Inspection reports indicate that arrangements are appropriate to support the achievement of service objectives.</li> <li>• The authority’s arrangements to review and assess performance are satisfactory</li> </ul>	2, 5

<p><b>control and assurance arrangements</b></p>	<p>governance and assurance arrangements are in place.</p> <ul style="list-style-type: none"> <li>• Reviewing the effectiveness of performance management arrangements</li> </ul>		
<p><b>Supporting the development of robust arrangements for ensuring value for money.</b></p>	<ul style="list-style-type: none"> <li>• Ensuring that assurance on value-for-money arrangements is included in the assurances received by the audit committee.</li> <li>• Considering how performance in value for money is evaluated as part of the AGS.</li> <li>• Following up issues raised by external audit in their value-for-money work.</li> </ul>	<ul style="list-style-type: none"> <li>• External audit’s assessments of arrangements to support best value are satisfactory</li> </ul>	<p>4, 5</p>
<p><b>Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.</b></p>	<ul style="list-style-type: none"> <li>• Reviewing arrangements against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).</li> <li>• Reviewing fraud risks and the effectiveness of the organisation’s strategy to address those risks.</li> <li>• Assessing the effectiveness of ethical governance arrangements for both staff and governors</li> </ul>	<ul style="list-style-type: none"> <li>• Good ethical standards are maintained by both elected representatives and officers. This is evidenced by robust assurance over culture, ethics and counter fraud arrangements).</li> </ul>	<p>2, 5</p>
<p><b>Promoting effective public reporting to the authority’s stakeholders and local</b></p>	<ul style="list-style-type: none"> <li>• Working with key members/ the PCC and chief constable to improve their understanding of the AGS and their</li> </ul>	<ul style="list-style-type: none"> <li>• The authority meets the statutory deadlines for financial reporting with accounts for audit of an appropriate quality.</li> <li>• The external auditor completed the audit of</li> </ul>	<p>4, 5</p>

<p><b>community and measures to improve transparency and accountability</b></p>	<p>contribution to it.</p> <ul style="list-style-type: none"> <li>Improving how the authority discharges its responsibilities for public reporting – for example, better targeting the audience and use of plain English.</li> <li>Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency.</li> <li>Publishing an annual report from the committee</li> </ul>	<p>the financial statements with minimal adjustments and an unqualified opinion.</p> <ul style="list-style-type: none"> <li>The authority has published its financial statements and AGS in accordance with statutory guidelines.</li> <li>The AGS is underpinned by a robust evaluation and is an accurate assessment of the adequacy of governance arrangements</li> </ul>	
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<b>Anti Money Laundering Policy</b>	
<b>Executive Summary</b>	<p>The new Anti-Money Laundering Policy is attached to this report at Appendix 1.</p> <p>The above policy has been created as, although Local authorities are not directly covered by the requirements of the money laundering regulations, guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA), indicates that public service organisations should comply with the spirit of the legislation and regulations and have appropriate and proportionate anti-money laundering safeguards and reporting arrangements.</p>
<b>Options considered</b>	<p>The Policy has been drafted to meet the main UK legislation covering anti-money laundering and terrorist financing:</p> <ul style="list-style-type: none"> <li>• Proceeds of Crime Act 2002 (as amended by the Serious Organised Crime and Police Act 2005)</li> <li>• Terrorism Act 2000 (as amended by the Anti-Terrorism, Crime and Security Act 2001)</li> </ul>
<b>Consultation(s)</b>	No Consultation Required
<b>Recommendations</b>	That Members review the policy before recommending to Cabinet for approval.
<b>Reasons for recommendations</b>	The purpose of this policy is to make all councillors and staff aware of the legislative framework, their responsibilities regarding this framework, and the consequences of non-compliance.
<b>Background papers</b>	None

<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Cllr Lucy Shires
<b>Contact Officer</b>	Cara Jordan Assistant Director – Finance Assets Legal Cara.Jordan@north-norfolk.gov.uk

<b>Links to key documents:</b>	
Corporate Plan:	A strong, responsible, and accountable Council
Medium Term Financial Strategy (MTFS)	No Links

Council Policies & Strategies	This policy is to be read in conjunction with the council's Whistleblowing Policy and the Anti-Fraud and Anti-Corruption Policy.
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<b>Corporate Governance:</b>	
Is this a key decision	No
Has the public interest test been applied	The Item is not exempt
Details of any previous decision(s) on this matter	None

## **1. Purpose of the report**

- 1.1. The policy specifies the processes the Council needs to put in place to ensure that it does all it can to prevent the Council and its employees being exposed to money laundering and so ensure that the Council complies with all legal and regulatory requirements.

## **2. Introduction & Background**

- 2.1. The policy contained at Appendix 1 outlines the Council's approach to preventing, identifying and investigating any allegations of money laundering highlighting relevant legislation and best practice where appropriate.
- 2.2. This policy, once recommended by GRAC and approved by Cabinet will be applicable to officers, members and those working directly with North Norfolk to achieve its objectives. This policy is updated every three years.

## **3. Proposals and Options**

- 3.1. The purpose of this policy is to make all councillors and staff aware of the legislative framework, their responsibilities regarding this framework, and the consequences of non-compliance.

## **4. Corporate Priorities**

- 4.1. A Strong, Responsible and Accountable Council – This policy ensures that North Norfolk District Council is ensuring strong governance is at the heart of all that we do.

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

- 5.1. There are no direct financial or resource implications of this policy.

**Comments from the S151 Officer:**

*There are  
No direct financial or resource implication arising directly from this policy.  
Compliance with the policy should minimize the risk of being exposed to any  
money laundering activities.*

**6. Legal Implications**

- 6.1. Although there are no direct legal implications of this policy, by adhering to it councillors or members of staff reduce the risk of being subjected to money laundering provisions or offences under the Proceeds of Crime Act.

**Comments from the Monitoring Officer**

*The Monitoring Officer (or member of the Legal team on behalf of the MO) will complete this section. They will outline any legal advice provided.  
The policy will aid compliance with the Money Laundering Regulations and will have particular relevance for some areas of the council, for example, where assets are sold and pre-sale anti money laundering checks are made.  
Compliance with the policy is likely to help prevent money laundering activity.*

**7. Risks**

- 7.1. Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities as criminal sanctions may be imposed for breaches of the legislation.

**8. Net ZeroTarget**

- 8.1. None as a direct consequence of this report.

**9. Equality, Diversity & Inclusion**

- 9.1. None as a direct consequence of this report.

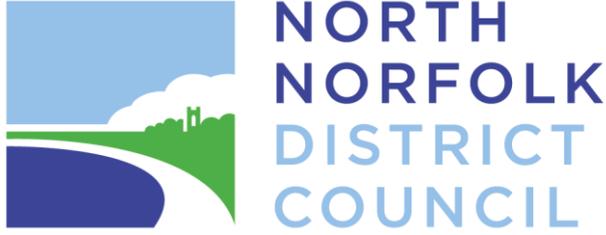
**10. Community Safety issues**

- 10.1. None as a direct consequence of this report.

**11. Conclusion and Recommendations**

- 11.1. The purpose of this policy is to make Officers and Members aware of the legislative framework, their responsibilities regarding this framework, and the possible consequences of non-compliance.

11.2. Members are requested to review the policy before recommending to Cabinet for approval.



# Anti-Money Laundering Policy

15 March 2024

VERSION NUMBER	DATE
0.01	15 03 2024

## Contents

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## 1 Foreword

1.1 This policy explains what money laundering is and the legal and regulative framework that is in place to govern it. It also specifies the processes the Council needs to put in place to ensure that it does all it can to prevent the Council and its employees being exposed to money laundering and so ensure that the Council complies with all legal and regulatory requirements.

## **2 Scope of the policy**

2.1 Local authorities are not directly covered by the requirements of the Proceeds of Crime Act and the Money Laundering Regulations 2017, but guidance from Chartered Institute of Public Finance and Accountancy (CIPFA), indicates that public service organisations should comply with the spirit of the legislation and regulations and have appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

2.2 This policy applies to all staff (including external appointments, such as consultants) and elected Members of the council..

2.3 This policy aims to promote and maintain high standards of conduct within the Council by preventing criminal activity through money laundering and enable the Council to comply with legal obligations.

2.4 This policy is to be read in conjunction with the council's Whistleblowing Policy and the Anti-Fraud and Anti-Corruption Policy.

## **3 What is money laundering?**

3.1 Money laundering is the process by which criminally obtained money or other assets are exchanged for clean money or assets with no obvious link to their criminal origins. It also covers money, however come by, which is used to fund terrorism.

3.2 Money laundering is a term describing offences defined under the Proceeds of Crime Act 2002 [“POCA”]. Money laundering involves the integration of the proceeds of crime, or terrorists funds, into the mainstream economy, and can take many forms, such as:

- Concealing, disguising, converting, transferring criminal property or removing it from the UK. [s.327 POCA]
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person [s.328 POCA]
- Acquiring, using or possessing criminal property [s.329 POCA].  
Doing something that might prejudice an investigation (such as falsifying a document [s.333 POCA])
- Tipping off a person(s) who is or is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation [s. 333 POCA].

3.3 Provided that the Council does not undertake activities regulated under the Financial Services and Markets Act 2000, the offences of ‘failure to disclose’ and ‘tipping off’ under POCA do not apply.

However, the Council and its employees and Members remain subject to the remainder of the offences and the full provisions of the Terrorism Act 2000.

3.4 Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities: serious criminal sanctions may be imposed for breaches of the legislation.

## **4 Legislation**

4.1 The main UK legislation covering anti-money laundering and terrorist financing is:

- Proceeds of Crime Act 2002 (as amended by the Serious Organised Crime and Police Act 2005) - money laundering offences include those detailed at 3.2 above
- Terrorism Act 2000 (as amended by the Anti-Terrorism, Crime and Security Act 2001) – money laundering offences include being concerned in an arrangement relating to retention or control of property likely to be used for the purposes of terrorism or resulting from acts of terrorism.

Some of these offences can result in heavy penalties on conviction (including unlimited fines and imprisonment up to fourteen years)

## **5 The Council's Obligations**

5.1 The purpose of this policy is to make all councillors and staff aware of the legislative framework, their responsibilities regarding this framework, and the consequences of non-compliance.

- (a) To appoint a Money Laundering Reporting Officer [MLRO]
- (b) Maintain client identification procedures in certain circumstances
- (c) Implement a procedure to enable the reporting of suspicions of money laundering
- (d) Maintain record keeping procedures

5.2 All employees, contractors, agents and Members of the council are therefore required to be familiar with the council's policy and to comply with the procedures set out in the following sections and particularly with the reporting procedure.

## **6 The money laundering reporting officer (MLRO)**

6.1 The officer nominated, as MLRO, to receive disclosures about money laundering activities is the chief finance officer (section 151 officer). Details as to how to contact the MLRO are found at Appendix A.

6.2 Reporting to the MLRO

You should report to the MLRO in the following instances as failure to do so could amount to an offence:

- Where you know or suspect or have reasonable grounds to know or suspect that a money laundering activity is taking place or has taken place, you must notify the MLRO immediately, using the money laundering reporting form attached at appendix F.

- Similarly, where you believe your involvement in a matter may amount to a prohibited act under sections 327 – 329 of the Proceeds of Crime Act 2002 (see relevant provisions at appendix 2), you must disclose this to the MLRO using the form attached at appendix F.
- You must still report your concerns even if you believe that someone else has already reported their suspicions of the same money laundering activity.

#### 6.3 After reporting to the MLRO you MUST:

- not voice your suspicion to the suspected person or any third party
- not disclose to anyone the fact that you have made the report
- not make any further enquiries into the matter yourself
- not make any reference on the file of the report
- do nothing further on the matter unless you receive specific, written consent from the MLRO to proceed.

#### 6.4 Once the MLRO receives the report, the MLRO will:

- advise you of the timescale within which they expect to respond to you.
- consider the form and any other available internal information they think relevant.
- undertake such other reasonable inquiries they think appropriate
- seek specialist legal and financial advice (if appropriate)

#### 6.5 Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination about money laundering, as to whether:

- there is actual or suspected money laundering taking place; or
- there are reasonable grounds to know or suspect that is the case; and
- they need to seek consent from the National Crime Agency (NCA) for a particular transaction to proceed

#### 6.6 Then the MLRO must disclose this as soon as practicable to the NCA on its standard report form and in the prescribed manner, unless there is reasonable excuse for non-disclosure to the NCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).

#### 6.7 All disclosure reports referred to the MLRO and reports made by the MLRO to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

#### 6.8 The MLRO commits a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering, and they do not disclose this as soon as practicable to the NCA.

#### 6.9 The MLRO should always consult the Monitoring Officer in complex or difficult cases.

## 7 Due Diligence Procedure

#### 7.1 Where the Council is carrying out activities in the course of business, extra care needs to be taken to check the identity of the customer – this is known as carrying out customer due diligence. This is covered in Regulations 27-38 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information

on the Payer) Regulations 2017. Details of the process to be undertaken is provided in Appendix C: Customer Due Diligence Procedure Flowchart.

## 7.2 When is it done?

The requirement for customer due diligence applies immediately for new customers and should be applied on a risk basis for existing customers. Ongoing customer due diligence must also be carried out during the life of a business relationship but should be proportionate to the risk of money laundering and terrorist funding, based on the officers' knowledge of the customer and a regular scrutiny of the transactions involved.

## 7.3 Cash Payment Procedure

Where cash in excess of £1000 is received from customers, employees should ask for, and inspect, identification (Appendix D: Verification of Customer Identity). This will help to identify and report any suspicious transactions.

7.4 Electronic or cheque payments to the Council are easily traceable through the banking system. As traceability is key and an individual walking in to pay a debt with cash is not necessarily traceable, it is best practice to insist on payment electronically from a UK Clearing Bank.

## 7.5 Satisfactory Evidence of Identity

The Council require only the most basic of identity checks (e.g. signed, written instructions on the organisation in question's headed paper at the outset of a particular matter) documented on a Verification of Customer Identity Checklist. The following factors suggest these minimum level checks are appropriate for the Council:

- For Members, employees and contractors of the Council, the Council already has detailed information through recording systems and internal processes.
- For external customers, the Council, as a matter of law, can only provide services to other local authorities and designated public bodies. These customers are heavily regulated and most are well known to us.

Generally:

- We know most of our customers and those through whom they are acting – there is no, or very little, doubt as to their identity;
- Any services that may be defined as regulated business activities are provided to customers who are UK local authority/public bodies; and
- We are subject to defined, robust public sector governance and financial management controls.

## 8 Record Keeping Procedures

8.1 Each area of the Council acting in the course of business carried on by them, must maintain records of every customer due diligence record, preferably electronically, and details of all relevant transactions carried out for customers for a minimum of five years from the date of (as appropriate) the transaction / end of any client relationship. This is to meet the requirements of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (Regulation 40) and may be used as evidence in any subsequent investigation/inspection by the relevant supervising body.

8.2 Records must be capable of providing an audit trail during any investigation, for example distinguishing the customer and the relevant transaction and recording in what form any funds were received or paid. In practice, the business areas of the Council will be routinely making records of work carried out for customers in the course of normal business and these should suffice in this regards

8.3 Any record keeping should be in line with GDPR and the originating department's Privacy Statement.

## **9 Training**

9.1 The MLRO and Monitoring Officer will communicate the Council's anti- money laundering obligations to its staff and officers. Training will be arranged for key officers most likely to be affected by the legislation.

## **10 Review**

10.1 The Council will continue to review its rules and procedures and will make sure that the Anti-Money Laundering Policy is regularly reviewed to ensure it stays current, appropriate and effective.

## **11 Conclusion**

11.1 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This policy has been written so as to enable the Council to meet the legal requirements in a way which is proportionate to the low risk to the Council of contravening the legislation.

11.2 Should you have any concerns whatsoever any transactions then you should contact the MLRO.

## Appendix A

### SCHEDULE OF KEY CONTACTS under the Anti-Money Laundering Policy

(These key contacts will be updated as changes arise)

Contact Title	Name	Tel No	Email Address
Chief Financial Officer (S.151 Officer) Director for Resources MLRO  Council Offices Holt Road Cromer Norfolk NR27 9EN	Tina Stankley	01263 516439	<a href="mailto:tina.stankley@north-norfolk.gov.uk">tina.stankley@north-norfolk.gov.uk</a>

In the event that you are unable to contact the Chief Financial Officer, you should make contact with the Deputy s.151 officer, the Chief Executive or the Monitoring officer

## Appendix B

### POSSIBLE SIGNS OF MONEY LAUNDERING

Types of risk factors which *may*, either alone or along with other factors suggest the possibility of money laundering activity:

#### General

- A new customer with no previous 'history' with the Council;
- A secretive customer: for example, one who refuses to provide requested information without a reasonable explanation;
- Concerns about the honesty, integrity, identity of a customer;
- Illogical third party transactions: for example, unnecessary routing or receipt of funds from third parties or through third party accounts;
- Involvement of an unconnected third party without logical reason or explanation;
- Payment of a substantial sum in cash (but it's reasonable to be suspicious of any cash payments particularly those over £1,000);
- Overpayments by a customer;
- Absence of an obvious legitimate source of the funds;
- Movement of funds to/from overseas, particularly to and from a higher risk country;
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions is out of line with normal expectations;
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational;
- Cancellation or reversal of an earlier transaction;
- Requests for release of customer account details other than in the normal course of business;
- Poor business records or internal accounting controls;
- A previous transaction for the same customer which has been, or should have been, reported to the MLRO.

#### Property Matters

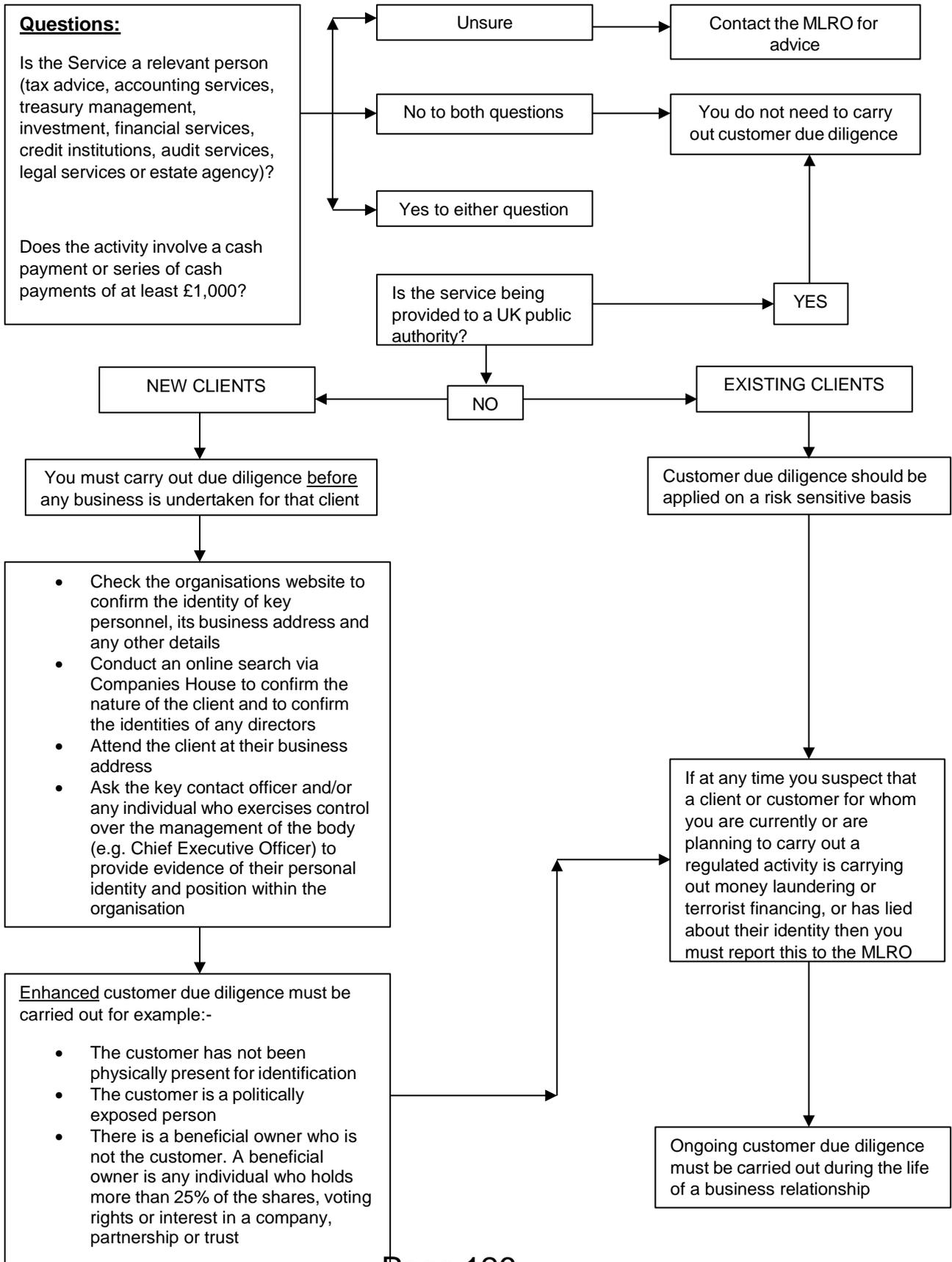
- Unusual property investment transactions with no apparent investment purpose;
- Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking);
- Regarding property transactions, funds received for deposits or prior to completion from an unexpected source or where instructions are given for settlement funds to be paid to an unexpected destination.

The following table sets out the types of activities that might be suspicious and where the council may be susceptible to money laundering activities. It is not intended to be exhaustive, and just because something is not on the list, it doesn't mean that it shouldn't be reported.

ACTIVITY	The types of activity that may be affected
New customers with high value transactions	<ul style="list-style-type: none"> <li>• Selling property to individuals or businesses</li> <li>• Renting out property to individuals or businesses</li> <li>• Entering into other lease agreements</li> <li>• Undertaking services for other organisations</li> </ul>
Secretive clients	<ul style="list-style-type: none"> <li>• Housing benefit claimants who have sums of money entering into / out of their bank account (even if we do not award them benefit, we should still consider money laundering implications)</li> <li>• People buying or renting property from the council who may not want to say what it is for</li> <li>• People receiving grant funding who refuse to demonstrate what funding was used for</li> </ul>
Customers who we think are acting dishonestly or illegally	<ul style="list-style-type: none"> <li>• People paying for council services who do not provide details about themselves</li> <li>• People making odd or unusual requests for payment arrangements</li> </ul>
Illogical transactions	<ul style="list-style-type: none"> <li>• People paying in cash then requesting refunds</li> <li>• Requests for the council to pay seemingly unconnected third parties in respect of goods / services provided to the council</li> <li>• Requests for the council to pay foreign currencies for no apparent reason</li> </ul>
Payments of substantial sums by cash	<ul style="list-style-type: none"> <li>• Large debt arrears paid in cash</li> <li>• Refunding overpayments</li> <li>• Deposits / payments for property</li> </ul>
Movement of funds overseas	<ul style="list-style-type: none"> <li>• Requests to pay monies overseas, potentially for "tax purposes"</li> </ul>
Cancellation of earlier transactions	<ul style="list-style-type: none"> <li>• Third party "refunds" grant payment as no longer needed / used</li> <li>• No payment demanded even though goods / services have been provided</li> <li>• Sudden and unexpected termination of lease agreements</li> </ul>
Requests for client account details outside normal course of business	<ul style="list-style-type: none"> <li>• Queries from other companies regarding legitimacy of customers</li> <li>• Council receiving correspondence / information on behalf of other companies</li> </ul>
Extensive and over-complicated client business structures / arrangements	<ul style="list-style-type: none"> <li>• Requests to pay third parties in respect of goods / services</li> <li>• Receipt of business payments (rent, business rates) in settlement from seemingly unconnected third parties</li> </ul>
Poor accounting records and internal financial control	<ul style="list-style-type: none"> <li>• Requests for grant funding / business support indicates third party not supported by financial information</li> <li>• Companies tendering for contracts unable to provide proper financial information / information provided raises concerns</li> <li>• Tender for a contract which is suspiciously low</li> </ul>
Unusual property investment or transactions	<ul style="list-style-type: none"> <li>• Requests to purchase Council assets / land with no apparent purpose</li> <li>• Requests to rent Council property with no apparent business motive</li> </ul>
Overcomplicated legal arrangements / multiple solicitors	<ul style="list-style-type: none"> <li>• Property transactions where the Council is dealing with several different parties</li> </ul>

Appendix C

**CUSTOMER DUE DILIGENCE PROCEDURE FLOWCHART**



## Appendix D

### VERIFICATION OF CUSTOMER IDENTITY

Verification of Customer Identity Checklist for customer:

Name: \_\_\_\_\_

NB: If you are receiving funds from a Council customer in any transaction **above £1,000 cash**, the identity of the customer must be checked.

All suspicions, regardless of amount, should be reported to the MLRO via the Money Laundering Reporting Form.

#### A. Evidence not obtained – reasons:

1. Customer previously identified in: Month \_\_\_\_\_ Year \_\_\_\_\_
2. Other – state reason fully \_\_\_\_\_  
\_\_\_\_\_

#### B. Evidence obtained to verify name and address:

##### (GROUP A) - Acceptable on their own:

- Full national passport.
- Full national driving licence with photo.
- Pension book.
- Armed Forces ID Card.
- Signed ID card of employer known to you.

##### (GROUP B) - Acceptable with two of next group below:

- Young person NI card (under 18 only).
- Pensioner's travel pass.
- Building Society passbook.
- Credit Reference agency search.
- National ID Card.
- Copy Company Certificate of Incorporation if a limited company.

- Company and 2 Directors personal identify as above.

**(GROUP C) - \*NOT acceptable on their own:**

- Gas, electricity, telephone bill.
- Mortgage statement.
- Council tax demand.
- Bank/Building Society/credit card statement.
- Young persons medical card (under 18 only).
- Home visit to applicants address.
- Check of telephone directory.
- Check electoral roll.

*\*Suitable for proof of address only*

NB BEST PRACTICE is to have one of Group (a) plus two of Group (c)

**C. Evidence obtained for unquoted company or partnership:**

- Certificate of Incorporation or equivalent.
- Certificate of Trade or equivalent.
- Latest report and audited accounts.
- Principal shareholder/partner (*personal ID*).
- Principal Director (*personal ID*)
- Screenshot of the customers' website to confirm their business address.
- Screenshot of Companies House website detailing the nature and business of the customer and confirming the identities of directors.
- A written instruction on the organisation in question's headed paper.

**D. Disadvantaged Customers:**

e.g. Confirmation of identity from Social Worker or Bail Officer, Police, School, Courts etc.

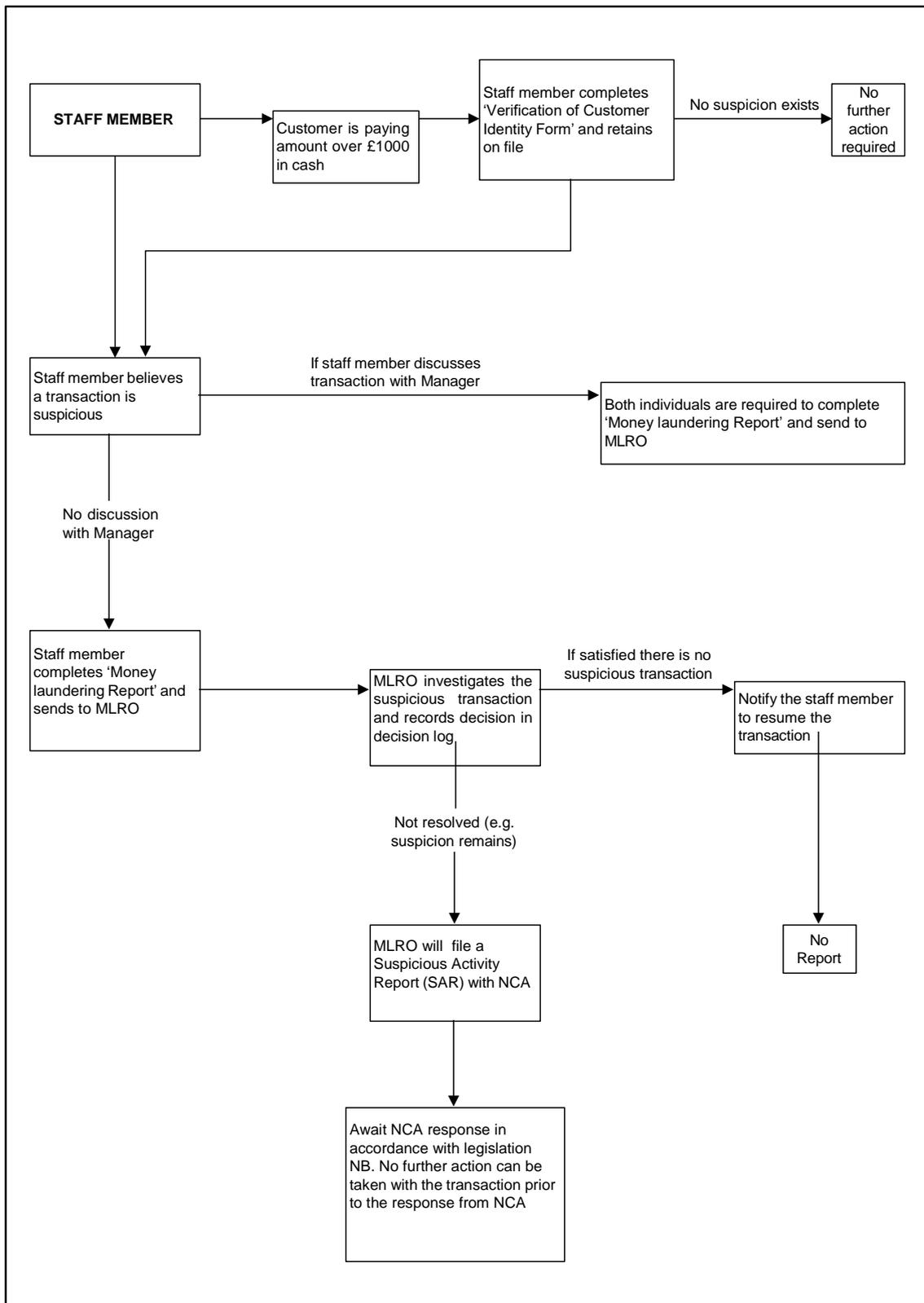
E. If evidence not obtained for the reasons in A, do you have any suspicions regarding identity? \_\_\_\_\_  
\_\_\_\_\_

I confirm that I have seen the originals of the documents indicated above and have identified the above Customer(s)

**Signed** \_\_\_\_\_ **Date** \_\_\_\_\_

NB Wherever possible TAKE PHOTOCOPIES of the identification evidence TO PLACE ON FILE. Copies should be notarised to indicate a copy and signed to evidence sight of the original.

**SUSPICIOUS TRANSACTION REPORTING PROCEDURE**



Appendix F

MONEY LAUNDERING REPORT

**CONFIDENTIAL**

To: Money Laundering Reporting Officer

From: .....

*[insert name of officer]*

Directorate: ..... Ext/Tel No:.....

*[insert post title and Service Area]*

**DETAILS OF SUSPECTED OFFENCE**

**Name(s) and address(es) of person(s) involved:**

*[if a company/public body please include details of nature of business]*

**Nature, value and timing of activity involved:**

*[Please include full details eg what, when, where, how. Continue on a separate sheet if necessary]*

**Nature of suspicions regarding such activity:**

*[Please continue on a separate sheet if necessary]*

**Has any investigation been undertaken (as far as you are aware)?**

*[Please tick the relevant box]*

Yes

No

**If yes, please include details below:**

**Have you discussed your suspicions with anyone else?**

*[Please tick the relevant*

*box]*

Yes

No

**If yes, please specify below, explaining why such discussion was necessary:**

**Have you consulted any supervisory body guidance re: money laundering? (e.g. the Law Society)**

*[Please tick the relevant*

*box]* Yes  No

**If yes, please specify below**

**Do you feel you have a reasonable excuse for not disclosing the matter to the NCA? (eg are you a lawyer and wish to claim legal professional privilege?)**

*[Please tick the relevant*

*box]* No  Yes

**If yes, please set out full details below:**

**Are you involved in a transaction which might be a prohibited act under sections 327- 329 of the Proceeds of Crime Act 2002 or Regulations 86 – 88 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and which requires appropriate consent from the NCA? (see Appendix A, Offences Table)**

*[Please*

*tick*

*the*

*relevant*  
No

*box]*

Yes

If yes, please enclose details in the box below:

Please set out below any other information you feel is relevant:

Signed:..... Dated:.....

***Please do not discuss the content of this report with anyone else and in particular anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years' imprisonment.***

**THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO**

**Date report received:** .....

**Date receipt of report acknowledged:** .....

**CONSIDERATION OF DISCLOSURE:**

**Action Plan:**

**OUTCOME OF CONSIDERATION OF DISCLOSURE:**

**Are there reasonable grounds for suspecting money laundering activity?**

**If there are reasonable grounds for suspicion, will a report be made to the NCA?**

*[Please tick the relevant box]*

Yes

No

*If yes, please confirm date of report to the NCA: .....*

and complete the box below:

**Details of liaison with the NCA regarding the report:**

**Notice Period:** ..... to .....

**Moratorium Period:** ..... to .....

**Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited acts?**

*[Please tick relevant*

*box]*

Yes

No

**If yes, please confirm full details in the box below:**

**Date consent received from the NCA:**

..... **Date consent given by**

**you to employee:** .....

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:

Date consent given by you to employee for any prohibited act transactions to proceed: .....

Other relevant information:

Signed:..... Dated:.....

***THIS REPORT TO BE RETAINED SECURELY FOR AT LEAST FIVE YEARS***

**Earliest disposal date: .....**

## Document Information & Version Control

<b>Document Name</b>	
<b>Document Description</b>	
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0.01			

<b>Counter Fraud, Corruption and Bribery Policy Update</b>	
<b>Executive Summary</b>	<p>The updated Counter Fraud, Corruption and Bribery Policy is attached to this report at Appendix 1.</p> <p>It outlines the Council's approach to preventing, identifying and investigating any allegations of fraud, corruption and bribery highlighting relevant legislation and best practice where appropriate.</p>
<b>Options considered</b>	The policy contained at Appendix 1 outlines the Council's approach to preventing, identifying and investigating any allegations of fraud, corruption and bribery highlighting relevant legislation and best practice where appropriate.
<b>Consultation(s)</b>	No Consultation Required
<b>Recommendations</b>	That Members review the policy before recommending to Cabinet for approval.
<b>Reasons for recommendations</b>	<p>The legal framework for fraud and corruption is defined by a number of acts.</p> <p>Primarily, the Fraud Act 2006 establishes a criminal liability for fraud through either false representation, failing to disclose information or abuse of position. Section 17 of the Theft Act 1968 creates an offence of destroying, defacing, concealing, or falsifying any account, record or document made, or required, for any accounting purposes.</p> <p>The Bribery Act 2010 makes it an offence to attempt to bribe someone or receive a bribe where that may result in improper discharge of a public function.</p>
<b>Background papers</b>	None

<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Cllr Lucy Shires
<b>Contact Officer</b>	Cara Jordan Assistant Director – Finance Assets Legal Cara.Jordan@north-norfolk.gov.uk

<b>Links to key documents:</b>	
Corporate Plan:	A strong, responsible, and accountable Council
Medium Term Financial Strategy (MTFS)	No Links
Council Policies & Strategies	This policy is to be read in conjunction with the council's Whistleblowing Policy.

<b>Corporate Governance:</b>	
Is this a key decision	No
Has the public interest test been applied	The Item is not exempt
Details of any previous decision(s) on this matter	This Policy was previously brought to GRAC in 2020

## **1. Purpose of the report**

- 1.1. This report aims to update members on the changes made to the Counter Fraud, Corruption and Bribery Policy following a recent review.

## **2. Introduction & Background**

- 2.1. In order to deliver against Council priorities, it is necessary for North Norfolk to ensure that it minimises losses to fraud, corruption and bribery. As a public service authority, the Council has a duty to ensure that it promotes effective stewardship and value for money in the use of public funds.
- 2.2. The policy contained at **Appendix 1** outlines the Council's approach to preventing, identifying and investigating any allegations of fraud, corruption and bribery highlighting relevant legislation and best practice where appropriate.
- 2.3. This policy, once recommended by GRAC and approved by Cabinet will be applicable to officers, members and those working directly with North Norfolk to achieve its objectives. This policy is updated every three years.

## **3. Proposals and Options**

- 3.1. There have been minimal updates to the existing policy which was last reviewed in 2020. Updates have been made to job titles to reflect recent changes in personnel at the Council and changes were made to reference changes in relevant legislation.
- 3.2. Updates made to the policy have been highlighted to the Committee by track changes for ease of reference.

## **4. Corporate Priorities**

- 4.1. A Strong, Responsible and Accountable Council – This policy ensures that North Norfolk District Council is ensuring strong governance is at the heart of all that we do.

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

- 5.1. There are no direct financial or resource implications of this policy.

## **6. Legal Implications**

- 6.1. This policy helps to ensure that the Council promotes effective stewardship and value for money in the use of public funds.

## **7. Risks**

- 7.1. None as a direct consequence of this report.

## **8. Net Zero Target**

- 8.1. None as a direct consequence of this report.

## **9. Equality, Diversity & Inclusion**

- 9.1. None as a direct consequence of this report.

## **10. Community Safety issues**

- 10.1. None as a direct consequence of this report.

## **11. Conclusion and Recommendations**

- 11.1. The above policy has been reviewed and updated. The last review was carried out in 2020. There have been minimal updates to this policy. The next review will be carried out in 2027.
- 11.2. It is recommended that Members review the updates to the policy at **Appendix 1** before recommending to Cabinet for approval.

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## NORTH NORFOLK DISTRICT COUNCIL

### COUNTER FRAUD, CORRUPTION AND BRIBERY STRATEGY

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Effective Date: tbc post Committee approval

This Strategy will be subject to regular review with any significant variations leading to re-presentation of the Strategy.

## **INTRODUCTION:**

### **1. Why have a Strategy**

1.1 North Norfolk District Council (NNDC) has a Corporate Plan 2023-2027 which sets out the priorities for the four-year period. This is a strategic document, listing the priorities for Council actions for the period 2023-2027, giving the shared vision and values and listing the priority areas on which the council intends to concentrate its efforts:

- Our greener future
- Developing our communities
- Meeting our local housing need
- Investing in our local economy and infrastructure
- A strong, responsible and accountable Council

1.2 In order to deliver against our priorities, we need to ensure that we minimise losses to fraud, corruption, and bribery. For every pound we lose to these activities, there is a pound less we can spend on delivering our objectives. As a public service authority, we have a duty to ensure we promote effective stewardship and value for money in the use of our public funds. Fraud, corruption, and bribery reduce the reputation, and confidence that can be placed in the Council and public service bodies generally.

1.3 Historically, the Council has relatively low levels of detected fraud activity in relation to its business operations. Where such activity has been identified, we have addressed this promptly and sought sanctions as appropriate. However, this does not mean that the Council is immune to future activity, and so it is important that this strategy makes clear our commitment to ensuring losses to fraud and corruption are minimised, enabling resources to be used for their intended purpose, which is to deliver quality services to the community in accordance with identified requirements.

1.4 The Bribery Act 2010 places an expectation that organisations will have appropriate and adequate procedures in place to minimise the risk of bribery occurring. This Strategy seeks to reduce this risk, and to outline the Council's anti-bribery approach.

### **2. Objectives of the Strategy**

2.1 The key objectives of this strategy are to:

- Increase staff and Members awareness of the corporate counter fraud culture which the Council actively supports and encourage individuals to promptly report suspicious of fraudulent and corrupt behaviour.
- Communicate to partners, suppliers, contractors, and other organisations that interact with the Council that it expects them to maintain high standards aimed at minimising fraud and corruption in their dealings with the Council.
- Further embed and support the management of fraud risk within the Council.
- Demonstrate the arrangements that the Council has in place to counter fraud and corruption.
- Minimise the likelihood and extent of losses through fraud and corruption.

### **3. Statement of Intent / Policy Statement**

- 3.1 NNDC is determined that the culture and tone of the organisation is one of honesty and opposition to fraud and corruption.
- 3.2 There is an expectation and requirement that all individuals and organisations associated in whatever capacity with the Council will act with integrity and that Council Members and staff, at all levels, will lead by example in these matters.
- 3.3 The Council's staff and elected Members are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns which they may have on those issues where they are associated with the Council's activity. They can do this in the knowledge that such concerns will be treated in confidence, properly investigated and fairly dealt with.

### **4. Definitions and Examples**

- 4.1 CIPFA (the Chartered Institute of Public Finance and Accountancy) define fraud as "the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain."
- 4.2 With reference to corruption, CIPFA describes this as "the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person".
- 4.4 We might usually term this as bribery – for example, if someone was to try to offer an incentive to ensure that a planning application was approved, or conversely someone accepted or asked for something of material value from contractors, suppliers, or persons in return for their being approved to provide services / goods to the Council.
- 4.5 The legal framework for fraud and corruption is defined by a number of acts. Primarily, the Fraud Act 2006 establishes a criminal liability for fraud through either false representation, failing to disclose information or abuse of position. Section 17 of the Theft Act 1968 creates an offence of destroying, defacing, concealing, or falsifying any account, record or document made, or required, for any accounting purposes. The Bribery Act 2010 makes it an offence to attempt to bribe someone or receive a bribe where that may result in improper discharge of a public function.
- 4.6 Examples of fraud and corruption are:
- Theft of Council property or services
  - Evading liability for payment
  - False accountancy, including the destruction, concealment or falsification of any account or record, or giving misleading, false or deceptive information.
  - Obtaining property by false pretences
  - Misuse of office
  - Bribery
  - Working while on sick leave
  - Falsifying time or mileage sheets, including flex time.
  - Selling Council equipment inappropriately
  - Failure to declare an interest.
  - Fraudulent tendering process
  - Fraudulent property letting

- Accepting any gift or consideration as an inducement for doing or refraining from doing anything in relation to Council business

## 5. Responsible Officers

- 5.1 There are many stakeholders who have roles and responsibilities in relation to fraud, corruption, and bribery; these are noted in sections 8 through to 13.
- 5.2 In particular The Head of Internal Audit is responsible for reviewing and updating the Counter Fraud, Corruption and Bribery Strategy, along with making staff aware of the Strategy's requirements through training and publicising initiatives.
- 5.3 Concerns can be raised in confidence and with the knowledge that they will be properly addressed, in line with the Whistleblowing Policy. If necessary, a route other than a line manager may be used, as follows:

Chief Executive	Steve Blatch <a href="mailto:Steve.blatch@north-norfolk.gov.uk">Steve.blatch@north-norfolk.gov.uk</a>
Monitoring Officer	Cara Jordan <a href="mailto:Cara.jordan@eastlaw.org.uk">Cara.jordan@eastlaw.org.uk</a> 01263 516373
Section 151 Officer	Tina Stankley <a href="mailto:tina.stankley@north-norfolk.gov.uk">tina.stankley@north-norfolk.gov.uk</a> 01263 516439

- 5.4 All concerns raised, and the outcomes will be reported to the Governance, Risk and Audit Committee (GRAC), by the Head of Internal Audit, annually in a form that does not endanger confidentiality. However, if no concerns are raised no report will be provided.
- 5.5 This strategy is to be reviewed at least every 3 years (or more frequently if required by changes to statutory legislation) and the following parties will be consulted prior to finalising and submitting the strategy to Cabinet for subsequent approval:
- Corporate Leadership Team
  - Governance, Risk and Audit Committee (GRAC)
- 5.6 On an annual basis the details of the responsible officers shall be reviewed by the Head of Internal Audit to ensure that details remain relevant and up to date. This review will not require re-endorsement of the strategy.

## **PREVENTION AND DETERRENCE**

### **6. Corporate Framework**

6.1 The Council has a number of policies, procedures and guidance that are designed to support this policy in countering and preventing fraud occurring. These policies take account of legislation and expected standards in public life. Such documents include:

- The Codes of Conduct for Members and Employees.
- The Council Constitution.
- Disciplinary Procedures.
- Complaints Procedures.
- Whistleblowing Policy.
- Anti-Money Laundering Policy.
- Counter Fraud, Corruption and Bribery Policy; and
- Register of Interests and Register of Gifts and Hospitality.

### **7. Cultural Framework**

7.1 The Council is determined to promote a culture of honesty, integrity and opposition to fraud, corruption, and bribery. The prevention and detection of this is the responsibility of all. To deliver this the Council will:

- Accurately identify the risk of fraud
- Create and maintain a strong counter fraud culture.
- Take action to deter, prevent and detect fraud.
- Investigate and apply sanctions and seek redress where fraud is proven.
- Record and report our outcomes annually (where appropriate) to the GRAC.

7.2 To this end, the Council expects the highest possible standard of service to the public, and employees and Councillors are expected, without fear of recrimination, to bring to the attention of the Council's Monitoring Officer any unlawfulness or maladministration in the provision of services. Further details in respect of this are included within the Council's Constitution and the Code of Conduct for Members and Employees.

7.3 The Council has adopted a Whistleblowing Policy, which encourages employees, Members, and other parties to raise concerns, in the knowledge that they will not suffer victimisation, or harassment, as a result.

7.4 The Council endeavours to be open and transparent in the way that it conducts business and in making decisions. The Council's Constitution outlines the decision-making framework within the Council and demonstrates where functions may be delegated. The Council has published details of all expenditure over £500 on its website and will endeavour to meet all transparency requirements of Central Government. The Council has policies and procedures to respond to Freedom of Information Act requests.

7.5 Both Councillors and Employees ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, internal tendering, planning and land issues, etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.

## **8. Members**

- 8.1 All Councillors are expected to maintain high standards of Conduct when performing the public duties. The Monitoring Officer works with the Standards Committee to monitor standards of conduct and provide advice, guidance, and training with both the legal requirements, and the Council's own expectations.
- 8.2 Councillors are provided a copy of the Code of Conduct, advice, and guidance on the declaration of interests, gifts and hospitality, and protocols on Member / Employee behaviour and involvement in planning and other judicial matters.
- 8.3 The Council's GRAC is responsible for the oversight of the production and delivery of this strategy.

## **9. Employees**

- 9.1 A successful counter fraud culture is one where acts of fraud, corruption and bribery are widely recognised as unacceptable behaviour and whistleblowing is perceived as a public-spirited action. The Council has put in place a number of policies, procedures, and other actions to promote an anti-fraud culture to the Council's officers, as detailed in paragraph 6.1.
- 9.2 All officers must abide by the Council's Code of Conduct for Employees, which sets out the Council's requirement on personal conduct. Professionally qualified officers of the Council are also expected to follow any Code of Conduct or Ethics as required by their Professional Institute.
- 9.3 In particular the Chief Executive has overall responsibility for the Council's counter fraud, corruption, and bribery arrangements.

Service Managers support the Chief Executive in this role; they are responsible for the prevention and detection of theft, fraud, corruption, and other irregularities within their area of responsibility. They are expected to:

- Identify, be familiar with and assess the types of risks and fraud or corruption that might occur within their area.
- Promote the Strategy, publicity and relevant training of staff and bodies they do business with.
- Be alert for any indication of fraud or corruption; and
- Be ready to take appropriate action in a timely way should there be a suspicion of theft, fraud, or corruption.

The Section 151 Officer has a statutory duty to report where a decision has been made that would involve expenditure, or a loss, which is unlawful. This officer will also ensure the Council has adequate resources in place for the provision of an Internal Audit Service that is able to provide an annual opinion on the quality of systems of internal control which inform the Council's Annual Governance Statement.

- 9.4 The Council also has disciplinary procedures for all categories of employee. Any breach of conduct will be dealt with under these procedures and may result in dismissal.
- 9.5 Officers must comply with the Code of Conduct in respect of the declarations of interests, and in particular declaring any financial or non-financial interests that could conflict with the Council's interests or could cause your conduct to be questioned.

## **10. Partners, Suppliers, Contractors, and Other Organisations that the Council interacts with**

- 10.1 The Council expects the highest standards from all organisations that have dealings with it. Any partners, suppliers, contractors and other third parties funded by or in receipt of payments from the Council are required to adopt or abide by Council policies, procedures, protocols, and codes of practice, where appropriate, in order to prevent and detect fraud.
- 10.2 All transactions with suppliers and other organisations will be entered into in line with the Council's Contract Standing Orders. These make appropriate provisions for declaring interests and the circumstances where such regulations may not apply, and rules regarding entering into contracts and verifying contract conditions. In addition, prior to entering into significant, ongoing transactions, Procurement Procedures require that appropriate due diligence checks are undertaken to ensure that suppliers have an appropriate financial and risk profile before transactions are entered into.

## **11. Members of the Public**

- 11.1 Members of the public have an important role to alert the Council to any concerns about the potential for fraud, corruption, or bribery that they may become aware of. They are encouraged to report their concerns, either through the Council's complaint procedure or by contacting the officers, as noted.

## **12. Internal Control environment**

- 12.1 The Council's internal control environment plays a key role in ensuring that fraud can be prevented. Soundly designed systems, with adequate checks built in, minimise the opportunities for untoward activities. This could be through automated controls, or through management oversight of transaction activity.
- 12.2 Management retains responsibility for the oversight of the internal control environment within their specific service areas, internal and external inspections additionally play an important role in ensuring that operational arrangements are operating effectively.
- 12.3 For example, Internal Audit prepares a risk-based audit plan each year, which is cognisant of those areas where historically, there has been the potential for fraud and corruption, and effectively provides for a work programme which encompasses those services and systems (financial and non-financial) that are subject to the highest level of inherent risk.
- 12.4 In the course of completing audit assignments, Internal Audit will also separately identify fraud risks, determine what management control mechanisms have been put in place to address those risks and review their adequacy and effectiveness. Recommendations will be put forward aimed at strengthening systems of internal control which are designed to remove potential opportunities for fraud and corruption in the future. This also ensures that any concerns that External Audit may have with regards to the risk of misstatement due to fraud and error is both sufficiently addressed and appropriate recommendations made where necessary.
- 12.5 The Council also recognises that a key preventative measure against the possibility of fraud or corruption is to take effective steps at the recruitment stage to establish, as far as possible, the propriety and integrity of potential employees. This includes temporary and contract staff. Agencies providing temporary staff should be required to confirm references have been obtained and validated.

12.6 The Council requires recruitment to be in accordance with the Council's Recruitment Policy. Written references should be obtained, and any relevant qualifications should be confirmed prior to appointment.

12.7 Once recruited, employees are subject to an induction process. Similarly, upon election, Members are also required to complete an induction. As part of this induction, Members and officers must review the relevant Codes of Conduct and familiarise themselves with the Whistleblowing Policy and this strategy.

### **13. Working with others – External Audit and National Fraud Initiative**

13.1 External Audit are charged with ensuring that the Council is correctly reporting its arrangements in relation to counter fraud, corruption, and bribery and where cases are uncovered involving sums in excess of £10,000 or of a particularly complex nature, these are being brought to its attention by Internal Audit. In the event that External Audit suspects a fraud, they will pass this over to Internal Audit for investigation, or in exceptional circumstances reserve the right to retain control over a fraud investigation.

13.2 Annually the Head of Internal Audit provides a response to the External Auditors; "Internal Audit's Views on the Risk of Fraud". This provides information to assist the External Auditors in assessing the Council in relation to:

- Knowledge of any actual, suspected, or alleged fraud affecting the Authority.
- Views about the risks of fraud at the Authority.
- Areas within the Council at greater risk of fraud.
- Procedures used by Internal Audit to detect fraud; and
- Management's response to any findings as a result of these procedures.

13.3 The Council participates, wherever possible, with exercises specifically developed to ensure that opportunities to identify instances and risks of fraud and corruption are maximised. In this regard, the Council takes part in activities such as the National Fraud Initiative (NFI) and utilises data from the Housing Benefit Matching Service (HBMS), as well as being a member of the National Anti Fraud Network (NAFN) and being responsive to their bulletins and guidance.

13.4 The Council has also regularly reviewed Single Person Discount, the first round of this was completed in 2012 / 13 and this has occurred annually since.

13.5 In addition, the Council seeks to work with partners and other stakeholders to make the best use of resources and exchange information (subject to provisions of the Data Protection Act and Human Rights Act) to minimise losses. Other partners include the Police, the Department for Work and Pension, the National Health Service and other local Council's.

## **DETECTING AND INVESTIGATING**

### **14. Detecting Fraud that has occurred**

14.1 The Council has several measures in place designed to detect fraudulent activity.

14.2 Managing the risk of fraud, corruption and bribery is the responsibility of the Chief Executive and Service Managers. Hence, the Council expects its Senior Managers to be vigilant regarding the possibility of fraud or corruption having

occurred within their spheres of control. However, it is often the alertness of other employees, Councillors or members of the public that enables detection to occur and appropriate action to take place.

- 14.3 Despite best efforts some fraudulent activity or corrupt acts will be discovered by chance, “tip off” or via a whistleblowing incident. The Council has developed appropriate arrangements to enable such matters to be handled through the Whistleblowing Policy.
- 14.4 Employees are required to report any suspicion they have that fraud or corruption has taken place or may be about to take place. The Code of Conduct for Employees also advises them to report any aspect of the provision of service or behaviour of a colleague which might, if more widely known, bring the Council into disrepute.
- 14.5 In addition, participating in activities such as NFI and utilising data from HBMS more readily helps the Council to identify where fraud has potentially occurred. The work of Internal Audit and the Council’s External Auditors may lead to detection of fraud.

## **15. Investigative approach**

- 15.1 The primary means of investigating frauds is through the Monitoring Officer and is able to apply appropriate sanctions and call in other relevant officers for support as required. This will apply to all benefits related fraud, and the majority of other “internal” frauds.
- 15.2 There are provisions in the Internal Audit Service contract to engage Counter Fraud trained auditors, to work under the direction of the Head of Internal Audit, and in addition, the Head of Internal Audit can be involved in such special investigations. **Appendix A** provides the detailed processes that need to be followed.
- 15.3 The Monitoring Officer is responsible for monitoring and ensuring the investigation of Whistleblowing concerns received. Where such cases involve an instance of fraud and corruption, these will need to be jointly overseen by the Monitoring Officer and the Head of Internal Audit.
- 15.4 The Head of Internal Audit shall be responsible for the reporting of the outcomes of **non**-housing and council tax support fraud cases to Council Members, through providing updates in response to any cases that arise.

## **SANCTIONS AND REDRESS**

### **16. Taking action where necessary**

- 16.1 Where it has been identified that fraud, corruption, or bribery has occurred, the Council is committed to ensuring that all appropriate sanctions and courses of redress are undertaken.
- 16.2 Although the Council’s primary means of sanction and redress of employees is through the Disciplinary Procedure, and Members may be investigated through the Standards Committee, this does not preclude the Council taking additional action.
- 16.3 The Council will seek to work with other parties, in particular the Police, wherever necessary or appropriate. The Council also has a public duty to seek financial redress, wherever feasible.

## **Appendix A**

### **Investigative approach**

#### **1. Introduction**

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

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

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

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

- 3.1 All reported cases will be handled in a fair and consistent manner. The Council will remain mindful of the legislative framework governing the investigation of concerns, in particular:
- Freedom of Information Act 2000
  - Data Protection Act 2018
  - Human Rights Act 1998
  - Criminal Procedures and Investigations Act 1996
  - Police and Criminal Evidence Act 1984
- 3.2 As the Whistleblowing Policy identifies, if someone raises a malicious allegation, they know is untrue, then the Council will not investigate the case further. The Council will also endeavour to be sensitive to the alleged wrongdoers, to ensure minimisation of damage where subsequently, allegations cannot be substantiated.

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

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

- 4.1 The Head of Internal Audit is responsible for overseeing the progress of fraud, corruption, and bribery investigations to ensure they are undertaken in a consistent and appropriate manner and undertaken in line with legislative requirements and agreed procedures. If the concern directly affects the Head of Internal Audit, this role will be adopted by the Section 151 Officer.
- 4.2 The Head of Internal Audit will also remain responsible for liaising with Service managers as to the incident raised and the progression of the investigation. Should disputes arise during the course of an investigation, these will be referred to the Section 151 Officer (and, if necessary, the Chief Executive to assist resolution).
- 4.3 A number of options will be considered when determining who will be responsible for undertaking investigative work but for the most part, the Monitoring Officer will be called upon to perform this work, unless the investigation directly affects an officer within that team, or it is deemed that additional expertise is required to undertake the review. If necessary, external investigators (e.g., forensic auditors) may be appointed to undertake the investigation.
- 4.4 At the commencement of any investigation, the Head of Internal Audit will agree the method and terms of reference for the investigation. Although it is acknowledged that flexibility will be required depending on the nature of the case, it is expected that the following will need to be considered:
- Who will conduct the investigation?
  - The arrangements for collecting and documenting evidence
  - Estimated time span for the investigation
  - Consideration of direct referral to / liaison with other authorities (e.g., Police)
  - Agreeing the mechanism for reporting progress and the final outcomes
  - Liaison with Human Resources over potential suspension / transfer / disciplinary action with regards alleged wrongdoers
- 4.5 Where it is deemed necessary to refer cases to the police, careful consideration will be given as to whether to proceed with internal investigation. However, it is expected that all staff, Members and third parties will be expected to comply with both internal and police investigations as appropriate, and wherever possible Council and police enquiries will be co-ordinated to maximise their effectiveness.
- 4.6 Upon completion of any investigation, it is expected that a report will be produced highlighting the main findings. The report will be shared with the Head of Internal Audit, who will then be responsible for identifying the further necessary action in line with other appropriate officers (e.g., liaison with Human Resources if disciplinary action is required, or referral to the Section 151 Officer where inappropriate spending has been identified). Where it has been found that fraud or corruption has occurred, then a summary of the findings will be presented to the Corporate Leadership Team. Where fraud or corruption could not be proven, the findings will only be shared with those who have a genuine and legitimate need to know.

- 4.7 The Head of Internal Audit will also keep the person raising the concern informed of the progress of the investigation, however, will not necessarily be able to share either the report or the conclusions of the investigation. Where this relates to a whistleblowing case, the Head of Internal Audit will continue to work with the Monitoring Officer in this regard.
- 4.8 It is the responsibility of management to ensure that any losses arising from an investigation are recovered, provided that there are reasonable grounds for doing so. There are various methods of recovery the Council can utilise, for example recovery from the perpetrator, through the Council's insurers, or through legal proceedings.

## **5. General Processes**

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

## Corporate Counter Fraud Awareness Action Plan

Aim	Actions	Outcome
To measure exposure to fraud risk and address fraud risks identified.	There is a corporate risk register and relevant fraud risks are recorded therein. There is also national data available through the National Fraud Initiative, which is analysed periodically, data from the Housing Benefit Matching Service, information from National Anti Fraud Network and information sharing with External Audit.	A record of potential fraud risks and a record of these are mitigated and monitored.
To undertake validation / verification checks on areas at risk of fraud.	These are identified as part of the annual audit planning process and also during each audit. These will be tested to gain assurance that fraud risks are appropriately mitigated.	A Council that is pro-active in mitigating the risk of fraud.
To increase internal fraud awareness	<p>We will increase the awareness of fraud among employees through:</p> <ul style="list-style-type: none"> <li>• Targeted fraud awareness training for key teams and staff in high fraud risks areas.</li> <li>• General fraud training for all staff and Members.</li> <li>• Consideration of other publicity methods i.e., counter fraud item in Council's Staff Bulletin and counter fraud pages on the Intranet.</li> <li>• Regular promotion of the Whistleblowing Policy and ways staff can report concerns.</li> <li>• This Strategy and the Whistleblowing Policy being accessible to staff through the Intranet.</li> </ul>	<p>A counter fraud and corruption culture.</p> <p>Staff are alert to the risk, and indicators, of fraud.</p> <p>Staff know when and how to report fraud concerns.</p> <p>Fraudsters are deterred from committing fraud.</p>

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# Agenda Item 13

## Exemptions granted from 15 November 2023 – 8 March 2024

Date	Contractor	Type of Work	Amount (rounded to nearest pound)	Exemption (Chapter 9, Paragraph 11, Constitution)
10/01/24	Cornerstone Barristers	Highly specialist legal advice relating to a planning public inquiry	£14,750	(e) for the provision of highly specialised professional legal or other services
26/01/24	Thomson Reuters	Online legal research library	£27,428	(g) for the supply of goods or services where there is only one supplier and no acceptable alternative
21/2/24	6 Pump Court Chambers	Cost of legal advice, assistance, preparation and presentation in a complex trial	£120,000.00	(e) involve the provision of highly specialised professional legal or other services And (l) contract is an extension to an existing contract and change of supplier would cause disproportionate technical difficulties, diseconomies of sales etc.

### Notes

- The previous period reported to GRAC was for the period 30 August 2023 to 14 November 2023
- In that period 1 exemption was reported to the Committee.
- The next reporting period to GRAC will follow on from the last reporting period.

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<b>Whistleblowing Policy</b>	
<b>Executive Summary</b>	<p>The updated Whistleblowing Policy is attached to this report at Appendix 1.</p> <p>Whilst not a legal obligation, Councils are expected to have and maintain a Whistleblowing Policy. Our policy requires that it is endorsed by councillors at least every three years.</p>
<b>Options considered</b>	<ul style="list-style-type: none"> <li>• To adopt the revised Whistleblowing Policy.</li> </ul> <p>Although not a legal obligation, it would place the Council at risk to be without a Whistleblowing Policy</p>
<b>Consultation(s)</b>	Head of Internal Audit and CLT
<b>Recommendations</b>	<p>That Members:</p> <ul style="list-style-type: none"> <li>• review and approve the revised Whistleblowing Policy</li> </ul>
<b>Reasons for recommendations</b>	The purpose of the Whistleblowing Policy is to promote a culture that actively encourages the challenge of inappropriate behaviour. The policy provides all councillors and staff with an awareness of their rights and obligations under the legislative framework.
<b>Background papers</b>	None

<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Cllr Lucy Shires
<b>Contact Officer</b>	Cara Jordan Assistant Director – Finance Assets Legal Cara.Jordan@north-norfolk.gov.uk

<b>Links to key documents:</b>	
Corporate Plan:	A strong, responsible, and accountable Council
Medium Term Financial Strategy (MTFS)	No Links
Council Policies & Strategies	This policy is to be read in conjunction with the council's Anti-Fraud and Anti-Corruption Policy.

<b>Corporate Governance:</b>	
Is this a key decision	No
Has the public interest test been applied	The Item is not exempt

Details of any previous decision(s) on this matter	None
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## 1. Purpose of the report

- 1.1 North Norfolk District Council has a Whistleblowing Policy which is reviewed every three years. The current version is July 2021. The policy has been reviewed and shared with Internal Audit. In accordance with paragraph 8.6, Unison and the Corporate Leadership Team have been consulted prior to submitting this amended policy to GRAC.

## 2. Introduction & Background

- 2.1. The Whistleblowing Policy provides a framework to enable members of staff, and others, to disclose public interest concerns in a safe way within the Council. The policy sets out who the key people are in this framework and how a concern can be reported. Some minor changes have been made to the policy, including change of details where an individual has come into post.
- 2.2. A principal aim of the policy is to promote a culture that actively encourages the challenge of inappropriate behaviour. Having a suitable Whistleblowing Policy has benefits for the Council, as it:
- Encourages concerns to be reported internally, and at an early stage, enabling the Council to address the concern and thereby avoid serious regulatory breaches, financial loss and reputational damage
  - Avoids external disclosures, such as a concern being reported directly to the media
  - Reduces the risk of litigation as it informs officers and others that the Council recognises the importance of raising concerns and the protections available under the policy
  - Promotes a positive reporting culture, contributing to a safe working environment, protection of finances and the effective delivery of public services
- 2.3 Even though the changes made are minor, Members still need to be satisfied that the Whistleblowing Policy, and the procedures contained therein, are suitable before approval.

## 3. Future considerations

- 3.1. In March 2023, the Government announce a review of the UK's whistleblowing framework with the aim of developing and reviewing the existing regime, to look at, in particular, whether the aims of the Public Interest Disclosure Act 1998 are still being met. [Government reviews whistleblowing laws - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/reviews/whistleblowing-laws). This review is gathering evidence from whistleblowers, employers, regulators and charities and follows the sharp increase in whistleblowing disclosures received by the Care Quality Commission and the Health and Safety Executive during the Covid-19 pandemic. Its conclusions are expected shortly.
- 3.2. The review is timely as EU member states have implemented the EU Whistleblowing Directive (to which the UK is not subject, following Brexit),

which imposes more stringent obligations than those imposed by UK legislation. Some UK employers are already implementing these more stringent obligations into their policies and procedures.

- 3.3. The UK's current whistleblowing framework was established around 25 years ago by the Public Interest Disclosure Act 1998. There has been criticism as to whether this framework may be out-dated and complex. In particular, gaps cited in the current regime include the limited legal protections afforded to whistleblowers where they are subject to a detriment or dismissed as a result of their disclosure. Further criticism aired is that there is no protection for people who do not meet the category of worker or employee, leaving individuals, such as job applicants, trainees, trustees and volunteers unprotected. The outcome of the Government's review [Review of the whistleblowing framework: terms of reference - GOV.UK \(www.gov.uk\)](#), once announced, will be considered in the context of the Council's own Whistleblowing Policy and supporting arrangements, and further changes considered.

#### **4. Proposals and Options**

- 4.1. The purpose of this report is for Members to consider the amendments and the policy in general. Where they are satisfied that the Whistleblowing Policy, and the procedures contained therein, are suitable, to approve the policy.

#### **5. Corporate Priorities**

- 5.1. A Strong, Responsible and Accountable Council – This policy ensures that North Norfolk District Council is ensuring strong governance is at the heart of all that we do.

#### **6. Financial and Resource Implications**

- 6.1. There are no direct financial or resource implications of this policy.

##### **Comments from the S151 Officer:**

*As stated in paragraph 6.1 there are no direct financial or resource implications of this policy.*

#### **7. Legal Implications**

- 7.1. There is no legal obligation to have a Whistleblowing Policy. However, the Council would be placed at risk in not having a process in place for reporting concerns as set out at 2.2 above.

## Comments from the Monitoring Officer

*The Monitoring Officer (or member of the Legal team on behalf of the MO) will complete this section. They will outline any legal advice provided.*

*There are no significant changes to the current Whistleblowing Policy. It is important that the Council has procedures in place (as set out in the policy) for the reporting of concerns, in the public interest, by members of staff and others. Without such a process the Council may not be aware of a concern at an early stage, and would be more at risk of external disclosure. It is noted that there is a current review by the Government, the result of which may require changes to the present policy.*

### **8. Risks**

- 8.1. Without a suitable Whistleblowing Policy and mechanism to report concerns, the Council may be at greater risk of harm of wrongdoing by others which includes risk to matters in the public interest, including financial loss and health and safety breaches.

### **9. Net ZeroTarget**

- 9.1. None as a direct consequence of this report.

### **10. Equality, Diversity & Inclusion**

- 10.1. None as a direct consequence of this report.

### **11. Community Safety issues**

- 11.1. None as a direct consequence of this report.

### **12. Conclusion and Recommendations**

- 12.1. The purpose of this policy is to make all councillors and staff aware of the procedures and protections available to individuals reporting a public interest concern. Some minor amendments have been made to the policy.

- 12.2. **It is recommended that members review and approve the revised Whistleblowing Policy.**

**NORTH NORFOLK DISTRICT COUNCIL**  
**WHISTLEBLOWING POLICY AND PROCEDURE**

Version Control:

Version 2.4a – 28 January 2015

Version 2.5 – 5 September 2017

Version 2.6 – 10 August 2018

Version 2.7 – July 2021

Version 2.8 – March 2024

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## **WHISTLEBLOWING POLICY**

### **1.0 INTRODUCTION TO THE POLICY**

- 1.1 The Whistleblowing Policy is intended to provide a local framework for disclosing concerns about unacceptable conduct with the public interest in mind. The Public Interest Disclosure Act 1998 provides statutory protection to any person who raises any concerns in good faith about a possible wrong-doing. However, as the Committee on Standards in Public life observed:

*“The statutory framework is a helpful driver but must [not be seen] as a substitute for cultures that actively encourage the challenge of inappropriate behaviour”.*

This policy and associated procedures have been developed in the spirit of this observation, to promote a culture that actively encourages the challenge of inappropriate behaviour.

- 1.2 Protect is a charity which provides independent advice and information on whistleblowing: [Protect - Speak up stop harm \(protect-advice.org.uk\)](http://protect-advice.org.uk).

The following distinction has been drawn between whistleblowing and pursuing a complaint:

*“When someone blows the whistle they are raising a concern about danger or illegality that affects others (e.g. customers, members of the public, or their employer). The person blowing the whistle is usually not directly, personally affected by the danger or illegality. Consequently, the whistleblower rarely has a personal interest in the outcome of any investigation into their concern - they are simply trying to alert others. For this reason, the whistleblower should not be expected to prove the malpractice. He or she is a messenger raising a concern so that others can address it.”*

- 1.3 Employees are often the first to realise that there may be actions or activities that are wrong or unacceptable within the Council. However, they may not be confident about expressing their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, it may seem easier to ignore the concern rather than report what may just be a suspicion of malpractice. However, if the Council has the chance to deal with a potentially serious problem at the earliest opportunity this can minimise the risks before serious damage can be caused to persons, finances, property or reputation. Allegations made under the Whistleblowing Policy should relate to a matter within the public interest and not just in relation to a personal or employment matter.
- 1.4 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment the Council expects employees, councillors, organisational partners, contractors and members of the public to raise concerns about any impropriety or illegality in the Council's work. It is recognised that most cases will have to proceed on a confidential basis.
- 1.5 It is also expected that contractors will be required to have their own Whistleblowing policies and arrangements established in accordance with thresholds set in the Council's contract conditions through the tendering process. Where a contractor does not have its own policy, it is expected that the principles and arrangements of the Council's policy and associated procedures will apply.
- 1.6 This policy document makes it clear that employees, Councillors, organisational partners, contractors and members of the public can raise such matters in good faith

without fear of subsequent victimisation, discrimination or disadvantage by the Council as a result of their allegation.

- 1.7 This policy and associated procedure is intended to encourage and enable employees and others to raise concerns about impropriety or illegality within the Council rather than overlooking the problem or 'blowing the whistle' outside the Council. If they decide that the matter needs to be taken up outside, then they should be aware of this policy and ensure that they do not disclose confidential information. The Public Interest Disclosure Act 1998 encourages people to raise concerns within the Council in the first instance, and does not offer the same protection to those who raise concerns to outside parties inappropriately. Therefore, if they are concerned information may be confidential, they should seek advice from the Responsible Officer(s).
- 1.8 The procedures accompanying this policy document are in addition to the Council's complaints procedures and other statutory reporting procedures. Directors and Assistant Directors are responsible for ensuring their managers and staff are aware of the existence of this policy and procedures and managers and relevant employees are responsible for making organisational partners and contractors aware through the procurement and contract process. The Council is responsible for promoting awareness of this policy and procedures amongst members of the public through a range of media. This policy and procedures can be accessed directly through the North Norfolk District Council website.
- 1.9 Where it is deemed necessary or appropriate, to ensure all individuals are equally able to raise concerns under this policy, the Council will make provision for:
- An interpreter or relevant support mechanisms to ensure a fair and consistent level of understanding
  - Flexibility in scheduling meetings to accommodate caring responsibilities or similar commitments
  - Suitable rooms with easy access or facilities for those with disabilities
  - Flexibility in scheduling meetings to accommodate religious days and beliefs.

## **2.0 AIMS AND SCOPE OF THIS POLICY**

- 2.1 This policy aims to:
- encourage employees and others to feel confident in raising serious concerns and to question and act upon concerns about practice and procedures;
  - provide avenues for employees and others to raise their concerns and receive feedback on any action taken;
  - receive a response to their concerns and to be aware of how to pursue them if they are not satisfied;
  - reassure employees and others that they will be protected from reprisals or victimisation if they have made any allegation or disclosure in good faith.
- 2.2 There are existing procedures in place to enable employees to raise matters relating to their own employment, including grievances, bullying and harassment. This policy is intended to cover concerns of impropriety and illegality that are within the public interest and fall outside the scope of such employment procedures.
- 2.3 The Public Interest Disclosure Act 1998, as amended by the Enterprise and Regulatory Reform Act 2013 Sections 17 – 20 outlines that a “protected” disclosure of a concern is one which demonstrates one or more of the following:

- that a criminal offence has been committed, is being committed or is likely to be committed;
  - that a person has failed, is failing or is likely to fail to comply with a legal obligation;
  - that a miscarriage of justice has occurred, is occurring or is likely to occur;
  - that the health and safety of any individual has been, is being or is likely to be endangered;
  - that the environment has been, is being or is likely to be damaged;
  - that information relating to any of the above has been or is likely to be deliberately concealed.
- 2.4 Beyond the legal context above, the Council would encourage employees, members of the public, and any other interested parties to raise any significant concerns that they may have, as soon as they are reasonably aware of them. These concerns could be about any aspects of the Council's activities, e.g. with reference to Council employees, Members or suppliers acting on behalf of the Council, and relate to issues that are either occurring now or are likely to happen in the future.
- 2.5 It should be emphasised that this Policy is intended to assist individuals who have discovered malpractice or serious wrongdoing, provided they make the disclosure in accordance with the Policy. Individuals who make disclosures outside the arrangements set out here will not be protected under this Policy and may not be protected under the Act.

### **3.0 SAFEGUARDS**

- 3.1 The Council is committed to good practice and high standards and wants to be supportive of individuals when raising concerns.
- 3.2 The Council recognises that the decision to report a concern can be a difficult one to make. If what an individual is saying is true or reasonably believed to be true, they should have nothing to fear. In these circumstances, the individuals will be doing their duty to their employer, the Council and those for whom they are providing a service.
- 3.3 The Council will not tolerate any harassment or victimisation, including informal pressures, of whistleblowers or witnesses, and will take appropriate action to protect the individual when they raise a concern in good faith.
- 3.4 If an individual is found to have been victimised, harassed or disadvantaged as a result of raising a concern, the Council will consider taking the following action against the perpetrators:
- (a) An employee will be subject to the Council's disciplinary process;
  - (b) A councillor will be the subject of a Standards process;
  - (c) A contractor or supplier may be considered to be in breach of contract and will be required to stop such behaviour. This may have serious implications for existing and future contract relations, up to and including termination of the contract;
  - (d) A customer or service user may be considered to be in breach of the conditions of service. This may make it necessary to modify or discontinue the service provided.
- 3.5 If an individual is being considered under the Council's Disciplinary, Staff Adjustment or other dispute resolution procedures, this will not affect their right to raise a concern under this procedure.

## 4.0 CONFIDENTIALITY

- 4.1 In accordance with the Public Interest Disclosure Act 1998, the Council undertakes to protect, as best it can, an employee who blows the whistle from personal claims, victimisation, harassment or bullying as a result of their disclosure. This assurance is not extended to someone who maliciously raises a matter they know is untrue; such instances will be subject to the Council's disciplinary procedure.
- 4.2 All concerns will be treated in confidence and every effort will be made not to reveal the individual's identity if they so wish. However, it may become evident that in order to investigate an allegation, the confidentiality of the whistleblower may be compromised. The Responsible Officer will endeavour to notify the whistleblower where this is likely to arise. Further, having completed any investigation or enquiries, it may be necessary for them to come forward as a witness or provide a statement as part of the evidence.
- 4.3 **The Responsible Officers (see 8.0 below)** will do all they reasonably can to support the individual once they have taken the decision to voice their concerns, including providing the individual with access to:
- internal support through the Responsible Officers, Human Resources team, trade union representatives and managers, as appropriate; or
  - external, confidential advice such as Protect or the Council's Employee Assistance Programme.
- 4.4 If confidentiality is compromised and this creates a tension between the whistleblower and their manager, the subject of the allegation or other employees, it may be necessary to make provision to mitigate associated difficulties. Depending on the nature of the allegations, this may include mediation, counselling, retraining or redeployment.

## 5.0 ANONYMOUS ALLEGATIONS

- 5.1 This policy encourages individuals to put their name to their allegation whenever possible.
- 5.2 Concerns expressed anonymously are more difficult for the Council to investigate and resolve as there is no opportunity to discuss the issue and relevant information with the whistleblower. In addition, those individuals who make anonymous allegations are not protected by the provisions of the Public Interest Disclosure Act 1998. Therefore, concerns expressed anonymously will be considered at the discretion of the Responsible Officers.
- 5.3 In exercising this discretion, the factors taken into account when reviewing anonymous allegations include:
- the seriousness of the issues raised
  - the quality of any documentary evidence
  - the credibility of the concern; and
  - the likelihood of confirming the allegation from attributable sources.

## 6.0 ASSURANCES TO THIRD PARTIES

- 6.1 The assurances provided to employees raising concerns set out in section 4 above cannot be given in the same way to third parties. For example, the Council cannot guarantee protection to employees of third party (contractor) organisations. However,

we expect that all contractors are aware of the Council's whistleblowing procedures, and act in accordance with these.

- 6.2 Further, with regard to members of the public, whilst they are not afforded statutory protection in the same way as employees, the Council is committed to treating all citizens fairly. Raising a concern under this policy will not affect the rights of any Council citizens.

## **7.0 UNTRUE ALLEGATIONS**

- 7.1 If an individual makes an allegation in good faith, which is not confirmed by the investigation, no action will be taken against the individual. However, if an individual makes an allegation for personal advantage, or with malicious intent, disciplinary action may be taken against them. Allegations of this nature are not protected by the Public Interest Disclosure Act 1998.

## **8.0 THE RESPONSIBLE OFFICERS AND PROCESS INTEGRITY**

- 8.1 For the purposes of this policy, there are four Responsible Officers with specific and shared responsibilities. Those officers are the Monitoring Officer, the Chief Executive, the Chief Financial Officer (also referred to as the s.151 officer) and the Head of Internal Audit, or their nominated deputies.
- 8.2 The Monitoring Officer has overall responsibility for the maintenance and operation of this policy. That officer maintains a confidential record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality unless you choose to waive this protection) and will report to the Chief Executive, Governance, Risk and Audit Committee (GRAC), Standards Committee and Full Council as necessary and appropriate. If no concerns are raised no report will be provided.
- 8.3 The four Responsible Officers, have responsibility for the efficient and effective handling of whistleblowing allegations. A Responsible Officer will determine whether an investigation will take place or whether an alternative course of action would be appropriate. Furthermore, at the end of the investigation one of the Responsible Officers will adjudicate on what has been found and determine what, if any, action is required.
- 8.4 In addition, the Chair of the Governance, Risk and Audit Committee will be responsible for satisfying themselves that the Whistleblowing Policy and procedures are effective, being the Council's nominated responsible Member in the context of effective corporate governance.
- 8.5 The integrity of the Whistleblowing process is critical for individuals to be confident in coming forward with their concerns. The process must be robust, independent and ensure all relevant contributions are considered. The view of the Responsible Officer will not be allowed to be fettered by representations made by staff, councillors or any third party. Any officer or councillor with a personal interest in the whistleblowing matter will be excluded from any decision making or adjudication in the process in order to preserve the integrity of the process.
- 8.6 This policy is to be reviewed at least every three years (or more frequently if required by changes to statutory legislation) by the Head of Internal Audit and the following parties will be consulted prior to finalising and submitting the policy to the Governance, Risk and Audit Committee (GRAC) for approval:

- Unison

- Senior Officers as listed at Appendix A
  - Corporate Leadership Team
- 8.7 On an annual basis, Appendix A of the policy, which provides details of the key parties responsible for whistleblowing, shall be reviewed by the Head of Internal Audit to ensure the details remain relevant and up-to-date. This review will not require re-endorsement of the policy.
- 8.8 The Council is responsible for making staff aware of the Policies' requirements through training and publicising initiatives.

## **WHISTLEBLOWING PROCEDURES**

### **INTERNAL ALLEGATIONS PROCEDURE**

#### **9.0 HOW TO RAISE A CONCERN**

- 9.1 As a first step, you should normally raise your concerns with your immediate manager. If you are unable to do so for any reason, you should go to any other manager in whom you have confidence. The important issue is to raise the matter with a manager with whom you feel comfortable, bearing in mind the seriousness and sensitivity of the issues involved and who is suspected of the malpractice.
- 9.2 Concerns may be raised verbally or, preferably, in writing. Individuals who submit their concerns in writing are invited to use the following format:
- the background and history of the concern (giving relevant dates);
  - details of any evidence that supports the concern;
  - the reason why you are particularly concerned about the situation.
- 9.3 If your concern is raised verbally with a Responsible Officer, they will confirm with you in writing the nature of the allegation to ensure there is a full and accurate understanding of the matter.
- 9.4 The earlier you express the concern the greater the likelihood that an appropriate intervention may be made, to minimise the risk, impact or continuation of the concern in question.
- 9.5 Although you are not expected to prove beyond doubt the truth of an allegation, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern. However, it is important to note that your responsibility under this policy is to report your concerns; you are not expected to investigate them.
- 9.6 Advice and guidance on how your specific matters of concern may be pursued can be obtained from the Responsible Officers (contact details can be found at Appendix A):
- The Monitoring Officer
  - The Chief Executive
  - The Chief Financial Officer
  - The Head of Internal Audit

And also from:

- Trade Union Representatives
  - Protect - [Speak up stop harm \(protect-advice.org.uk\)](https://www.protect-advice.org.uk)
- 9.7 You may wish to consider discussing your concern with a colleague first or your trade union representative and you may find it easier to raise the matter together with a colleague if there are two (or more) of you who have had the same experience or concerns.
- 9.8 You may invite your trade union representative, another employee of the Council or another person previously agreed with the Monitoring Officer to be present during any meetings or interviews in connection with the concerns you have raised.

- 9.9 Having considered the nature of the issue that gives you cause for concern, and having taken advice or guidance, as necessary, it will be a matter for you to decide to which of the Responsible Officers you will submit your allegation.
- 9.10 In the event of an allegation concerning one of the Council's statutory officers, namely the Chief Executive, the Monitoring Officer, the Section 151 Officer or the Head of Internal Audit, different arrangements will be made as follows:
- If the allegation is against or implicates the **Monitoring Officer**, the Responsible Officers will be the Chief Executive, the Chief Financial Officer the Head of Internal Audit, the Leader of the Council and the Chair of the Governance, Risk and Audit Committee.
  - If the allegation is against or implicates the **Chief Executive**, the Responsible Officers will be the Monitoring Officer, the Chief Financial Officer, the Head of Internal Audit, the Leader of the Council and the Chair of the Governance, Risk and Audit Committee.
  - If the allegation is against or implicates the **Section 151 Officer**, the Responsible Officers will be the Chief Executive, the Monitoring Officer, the Head of Internal Audit, Leader of the Council and the Chair of the Governance, Risk and Audit Committee.
  - If the allegation is against or implicates **more than one statutory officer**, alternative arrangements will be made by the remaining officers and will involve the Leader of the Council and the Chair of the Governance, Risk and Audit Committee.
  - If the allegation concerns the **internal audit service**, the Responsible Officers will be the Chief Executive, the Chief Financial Officer, and the Monitoring Officer.
- 9.11 In the event of the above allegations involving statutory officers the nominated Responsible Officers will undertake a preliminary assessment of the allegation and gauge its nature and validity. If it is concluded that the allegation should be investigated, the following considerations must be addressed:
- Is it appropriate for the investigation to be undertaken in accordance with the procedures outlined?
  - Is it appropriate for the relevant officer to remain at work whilst any investigation is undertaken?
- 9.12 If the answers to either of these questions is "no" the Responsible Officers must refer to Chapter 10, Section 7 of the Council Constitution and, in consultation with the Head of HR, arrange for a meeting of the Employment and Appeals Committee to consider the matter.

## 10.0 HOW THE COUNCIL WILL RESPOND

- 10.1 A whistleblowing allegation may originate from within or outside the Council and will be received by any of the Responsible Officers.

- 10.2 One of the Responsible Officers (or their nominated deputies) will determine whether or not:
- your concerns should be considered under this policy;
  - your concerns can be allayed satisfactorily without invoking a formal whistleblowing investigation;
  - no further investigation is necessary;
  - your concerns may be resolved by other mechanisms or action, e.g. mediation, training or review; or
  - there is sufficient substance behind your concerns to trigger an investigation.
- 10.3 Where concerns or allegations fall within the scope of other specific procedures (for example, discrimination issues) they will be normally referred for consideration under those procedures.
- 10.4 Some concerns may be resolved by agreed action without the need for investigation. Where this is the case, the Responsible Officer who has assessed this will look to make a record of the outcome agreed with you as the whistleblower.
- 10.5 Where the Responsible Officer concludes that no further investigation is required, they will make and retain a confidential record of the concern for future reference in the event of further concerns arising and advise you accordingly. A conclusion of no action will be recorded. There will be no cross reference to the subject employee's or employees' personal file(s). If their identity is known, the whistleblower will be advised of the outcome. If the Responsible Officer believes that the allegation was made vexatiously or with malicious intent, they will decide if disciplinary action should be taken where the whistleblower is a member of staff. If disciplinary action is pursued, it will be undertaken as a management action, not within the remit of this policy. Where the whistleblower is not a member of staff the Responsible Officer will decide whether any other form of action is appropriate and practical – a clear and intended outcome must be stated and the benefit which the Council will derive must justify taking such action. Any confidential records retained will be kept for a period of 6 years and then destroyed. The nominated Chair of the Governance, Risk and Audit Committee will be informed that a whistleblowing allegation was received and that no investigatory action is being taken.
- 10.6 It is expected that the subject of the allegation will be told about the matters raised but there may be exceptional circumstances where this is not appropriate. The decision to tell the subject of the allegation will consider the consequences of disclosing or not disclosing the information.
- 10.7 Testing out your concern is not the same as either accepting or rejecting it. Where it is agreed that your concern needs further formal investigation, and depending on the nature of your concerns, the matters raised may:
- be investigated by management or internal audit;
  - be referred to the Standards Committee
  - be referred to the police;
  - be referred to the external auditor;
  - form the subject of an independent inquiry.
- 10.8 If the allegation relates to both a Councillor and an officer it may be necessary to conduct a joint investigation. In the event that the investigation finds that there are matters requiring action against the Councillor, this would be conducted through the

Standards Committee; if action is required against the officer, this would be conducted through the Council's disciplinary procedure.

- 10.9 If the Responsible Officer determines that the nature of the whistleblowing concern requires urgent action, this will be taken immediately to reduce or remove the risk to individuals, assets and property, and to protect staff and Councillors. Urgent matters may include theft or fraud that could result in the Council bearing financial losses, or health and safety failings that could result in serious injury or loss of life.
- 10.10 Where the Responsible Officer decides that an investigation should be carried out, they will ordinarily:
- (i) confirm who will be responsible for managing the investigation (the Investigation Manager);
  - (ii) identify and authorise the resources required to undertake the investigation effectively (which may include budgets, internal audit staff (see Appendix A) or external investigators);
  - (iii) agree the steps needed to progress the investigation (including interviews, document reviews and data analysis) along with indicative timescales
  - (iv) ensure that the investigation manager and investigators have the appropriate competencies to discharge their responsibilities.
- 10.11 The Investigation Manager will aim to contact you (in a way which does not arouse suspicions in your workplace) within ten working days of being authorised to undertake a whistleblowing investigation:
- (a) acknowledging that your concern has been received and allocated for action;
  - (b) indicating how it is proposed to deal with the matter;
  - (c) giving an estimate of how long it will take to provide a final response;
  - (d) telling you whether any initial enquires have been made;
  - (e) supplying you with information on staff support mechanisms and advising you of your entitlement to seek advice and support (e.g. trade union or the Employee Assistance Scheme), as appropriate;
  - (f) agreeing with you how to proceed if you have chosen to remain anonymous; and
  - (g) advising you of any other relevant issues concerning the investigation
- 10.12 Depending on the nature of the concern, the Investigation Manager may undertake the investigation or may manage the work of others (e.g. internal audit staff).
- 10.13 The Investigation Manager or other investigator may need to arrange a meeting with you and if you so wish you may be accompanied by your trade union representative or another employee.
- 10.14 The Investigation Manager will aim to give you as much feedback as possible during the course of the investigation but will not be able to infringe any duty of care or confidence owed to someone else. If it is apparent that the investigation will not be completed within 28 days of authorising the investigation, the Investigation Manager will aim to advise you of progress to date and any revised timeframe and where possible will update you at least every four weeks thereafter until the investigation.
- 10.15 The Investigation Manager will take steps to minimise any difficulties you may experience as a result of raising your concern. However, depending on the findings, it may be necessary to convene additional meetings with you or to require you to give evidence in criminal or disciplinary proceedings. In such circumstances the Investigation Manager will arrange for you to receive relevant advice or support.

10.16 Once the Investigation Manager has completed their investigations, they will produce a written report to the Responsible Officer who referred the matter for investigation that sets out:

- (a) the background to the whistleblowing concern;
- (b) the findings of fact and associated evidence;
- (c) the proposed decision and reasons for the decision; and
- (d) the proposed recommendations and associated action plan.

10.17 The Responsible Officer will review the report and seek to reach a decision on what actions to pursue. The following will be considered:

- If the allegation has been substantiated, and / or in the event of ancillary issues being revealed, the Responsible Officer should compile an action plan to address what has happened and the consequences for the Council. Consideration must be given to the following as appropriate:
  - Disciplinary action against the member(s) of staff concerned
  - Remedial actions to recover any financial losses where there has been fraud etc.
  - The potential for legal action against third parties
  - Restoration of the Council's reputation
  - Review / strengthening of relevant internal controls if breached and / or the introduction of new controls and refer to the Governance, Risk and Audit Committee (GRAC) as appropriate.
- If the allegation has not been substantiated, the Responsible Officer should reflect on the context in which the original concern was raised. The Responsible Officer must reach a judgment on whether they still believe in the light of the findings that the original allegation was made in good faith. Where they conclude that this is not the case, the appropriate management action will be agreed concerning the whistleblower and the subject(s) of the allegation.
- Circulation of the report. It should be noted that whistleblowing reports, by their nature, should be treated as confidential. Any wider circulation will need to be clearly justified.

10.18 The Council accepts that you may need to be assured that the cause of your concern has been properly investigated and addressed. Upon conclusion of the investigation the Investigation Manager can arrange to meet with you to ensure this is the case. Subject to legal constraints or other reasonable limitations, the outcomes of any investigation may be shared with you.

10.19 If for any reason, you are not satisfied with the conduct of the investigation you may decide it is still appropriate to take your concerns outside the Council. While it is hoped a satisfactory outcome can be achieved internally, details of how you may take your concerns further are set out in section 13.0 below.

10.20 At the end of each whistleblowing investigation, the Responsible Officer should review the investigative process. That review will consider:

- (a) whether the Policy has been properly followed and that the whistleblower's confidentiality was not compromised;
- (b) the extent to which the whistleblower's concerns have been addressed based on the facts of the matter and the evidence gathered;

- (c) the adequacy of an action plan for issues arising from the investigation and report;
- (d) the extent to which the draft report and action plan should be circulated internally;
- (e) whether any other bodies should be informed of the outcomes (e.g. the Police or the external auditors);
- (f) whether the report outcomes and action plan should be reported to the Governance, Risk and Audit Committee (GRAC), Standards Committee or Overview and Scrutiny Committee.

10.21 Actions relating to internal controls should be fed into and monitored through the Council's performance management system and will be subject to further internal audit review as appropriate to ensure adequacy of the actions taken.

10.22 The Responsible Officer will ensure that the case file is completed as soon as possible. It should then be closed and retained as a confidential document by the Monitoring Officer. The subsequent outcomes of any ongoing management or legal actions will be placed on the file when those actions are concluded.

## **11.0 WITHDRAWING YOUR ALLEGATION**

11.1 You do of course have the right to withdraw any allegation previously made under this Procedure. You should think very carefully before taking this course of action, bearing in mind an investigation may have started and you may need to explain your change of heart.

11.2 If you wish to withdraw your allegation you will need to write to the Investigation Manager. However, even though you have asked for your allegation to be withdrawn, it may be the case that the subject of the allegation is already aware of, or has discovered, the matter(s) of concern. In such circumstances, this could create a tension between you and the subject of the allegation, which may make it necessary to provide appropriate support to address potential difficulties. Depending on the nature of the allegations, this may include mediation, counselling, retraining or redeployment.

11.3 If it is considered appropriate, despite the complainant withdrawing the allegation, the investigation of the allegation/complaint may continue if the Responsible Officer /Investigation Manager deem it necessary.

## **12.0 THE INVOLVEMENT OF COUNCILLORS IN THE WHISTLEBLOWING PROCESS**

12.1 Except where the Leader and the Chair of the Governance, Risk and Audit Committee are involved in the arrangements (see 9.10 above), Councillors will not make decisions on the processing of whistleblowing allegations. This is the role of the Responsible Officers who will inform the Councillors of the outcomes, as appropriate. The primary role for Councillors will be to ensure that appropriate actions stemming from whistleblowing investigations are endorsed and implemented, especially where these relate to governance arrangements. Should a Councillor receive a whistleblowing allegation, they should pass it on immediately to a Responsible Officer.

12.2 Councillors do have a number of formal roles in the whistleblowing process:

- The Chair of the Governance, Risk and Audit Committee will be nominated annually to be the point of contact for the Responsible Officer dealing with a whistleblowing disclosure. Communication will be:
  - Advised that an allegation has been received and whether or not it is to be investigated;
  - A headline summary of the allegation;

- Update on progress and of the final outcome.
- The Leader of the Council is involved as outlined at 9.10 when allegations relate to one or more of the statutory officers. The Responsible Officer may also notify the Leader if the allegations are of a serious concern to the governance and reputation of the Council.
- The Governance, Risk and Audit Committee (GRAC) will receive recommendations and update on progress in addressing these as appropriate.
- Councillors may individually provide support by acting as a friend or advisor to other councillors who come forward as whistleblowers.
- Councillors will be required to formally endorse the Whistleblowing Policy at least every three years.

## **EXTERNAL ALLEGATIONS PROCEDURE**

### **13.0 HOW THE MATTER CAN BE TAKEN FURTHER**

- 13.1 This policy is intended to provide you with an avenue within the Council to raise concerns. The Council hopes you will be satisfied with any action taken.
- 13.2 However, if you decide not to use the internal Whistleblowing Procedure set out in the sections above, or you are dissatisfied with the outcome, you are at liberty to make a complaint externally at any time to the appropriate independent organisation. A list of those external agencies which may be used are set out in Appendix C.
- 13.3 You will then need to follow the instructions and procedures of the relevant independent organisation should they decide to investigate your complaint.
- 13.4 Before consulting an external party, the Council recommends that the whistleblower seeks independent legal advice (disclosures to a legal advisor is protected by law). The law most readily protects disclosures that are seen to be 'reasonable'. i.e. disclosures that are made within the Council or to an appropriate regulator at an early stage. If the matter is taken outside of the Council, the whistleblower should ensure that they do not disclose information about a third party that may be covered by a duty of confidentiality (e.g. commercially sensitive information or personal, private data). It is recognised that potentially the Public Interest Disclosure Act and the Data Protection Act could have some bearing on disclosures, however one statute does not overrule the other and both must be complied with, and thus each case would need to be considered on its individual merits.
- 13.5 If you do take the matter outside the Council, you should ensure that you do not disclose confidential information and ensure that you comply with the requirements of the Public Interest Disclosure Act 1998 so that you do not lose the protection of the Act against dismissal or other detriment. Seek advice from the contact point about this.

### **14.0 WITHDRAWING YOUR ALLEGATION**

- 14.1 As with the internal Whistleblowing Procedure, you do of course have the right to withdraw any allegation previously made under this Procedure. You should think very carefully before taking this course of action bearing in mind an investigation may have started and you may need to explain your change of heart.
- 14.2 If you use this Procedure it will be up to the Independent Organisation to whom the allegation has been referred as to how you should do this and you will need to take their advice.

### **15.0 PROCEDURE FOR THE PUBLIC, CONTRACTORS, COUNCILLORS AND PARTNERS**

- 15.1 Members of the Public, contractors, Councillors and partners who suspect a Council employee, Councillors, organisational partners or contractors (in their business dealings with the Council) of impropriety or illegality should contact the District Council's Chief Executive, Monitoring Officer or the Head of Internal Audit.
- 15.2 If your suspicion is about the Chief Executive, Directors, S.151 Officer Monitoring Officer or the Head of Internal Audit then you should contact the External Auditor, contact details are at Appendix A.

- 15.3 All allegations are treated as confidential and will be thoroughly investigated and reported appropriately. The identity of the whistleblower will only be disclosed with their express permission or where required as set out in 4.2 above.
- 15.4 For confidential advice about how to proceed with a suspicion anyone can contact “Protect” – a whistleblowing charity which advises individuals with whistleblowing concerns at work ( [Contact us - Protect - Speak up stop harm \(protect-advice.org.uk\)](https://protect-advice.org.uk) )

## **APPENDIX A SCHEDULE OF KEY CONTACTS**

(These key contacts will be updated as changes arise)

<b>Contact Title</b>	<b>Name</b>	<b>Tel No</b>	<b>Email Address</b>
Monitoring Officer	Cara Jordan	01263 516373	<a href="mailto:cara.jordan@north-norfolk.gov.uk">cara.jordan@north-norfolk.gov.uk</a>
Chief Executive	Steve Blatch	01263 516232	<a href="mailto:Steve.blatch@north-norfolk.gov.uk">Steve.blatch@north-norfolk.gov.uk</a>
Head of Internal Audit	Teresa Sharman	01603 430138	<a href="mailto:Teresa.sharman@southnorfolkandbroadland.gov.uk">Teresa.sharman@southnorfolkandbroadland.gov.uk</a>
Chief Financial Officer (S.151 Officer) Director for Resources	Tina Stankley	01263 516439	<a href="mailto:tina.stankley@north-norfolk.gov.uk">tina.stankley@north-norfolk.gov.uk</a>
HR Manager			
UNISON Branch Convenor			
UNISON – Branch Secretary	Jonathon Dunning	01603 624760	<a href="mailto:Unison.norfolkcounty@btconnect.com">Unison.norfolkcounty@btconnect.com</a>
Leader of the Council	Cllr Tim Adams	07789625033	<a href="mailto:tim.adams@north-norfolk.gov.uk">tim.adams@north-norfolk.gov.uk</a>
Chair of the Governance, Risk and Audit Committee	Cllr John Toye	07400 724676	<a href="mailto:john.toye@north-norfolk.gov.uk">john.toye@north-norfolk.gov.uk</a>
Chair of the Employment and Appeals Committee			<a href="#">This committee is politically balanced. Details of the Chair can be obtained from the North Norfolk District Council website or the Democratic Services Manager</a>

## **APPENDIX B PROTECT**

Protect is the independent authority on public interest whistleblowing. Established as a charity in 1993 following a series of scandals and disasters, Protect has played a leading role in putting whistleblowing on the governance agenda and in developing legislation in the UK and abroad.

[Contact us - Protect - Speak up stop harm \(protect-advice.org.uk\)](http://protect-advice.org.uk)

## **APPENDIX C LIST OF INDEPENDENT ORGANISATIONS**

<b>Name and Address</b>	<b>Area of Concern</b>
Protect The Green House 244-254 Cambridge Heath Road London E2 9DA (Telephone: 020 3117 2520 (* option 1)info@protect-advice.org.uk	Protect is the UK's whistleblowing charity. It aims to stop harm by encouraging safe whistleblowing.
Ernst and Young One Cambridge Business Park Cambridge CB4 0WZ (Telephone: 01223 394400	Financial Probity
Local Government Ombudsman The Commission for Local Administration on England The Oaks No 2 Westwood Way Westwood Business Park Coventry CV4 8JB (Telephone: 0845 602 1983)	Maladministration
Norfolk Constabulary Operations and Communications Centre Jubilee House Falconers Chase Wymondham Norfolk NR18 0WW (Telephone: 0845 456 4567)	Breaches of Criminal Law
The Serious Fraud Office 2 – 4 Cockspur Street London SW1Y 5BS confidential@sfo.gsi.gov.uk	Fraud and Corruption

<p>The National Crime Agency  Units 1 – 6 Citadel Place  Tunworth Street  London  SE11 5EF  (Telephone: 0370 496 7622)  www.nationalcrimeagency.gov.uk</p>	<p>For money laundering issues</p>
<p>The Health and Safety Executive  Rosebery Court, 2<sup>nd</sup> Floor  St Andrews Business Park  Norwich  Norfolk  NR7 0HS  (Telephone: 0845 345 0055)</p>	<p>Health and Safety dangers</p>
<p>Planning Aid  East of England Region  PO Box 1225  Kenninghall  Norwich  NR16 2WR  (Telephone: 0870 850 9801)</p>	<p>Planning help, advice and information</p>
<p>The Environment Agency  National Customer Contact Centre  PO Box 544  Rotherham  S60 1BY  (Telephone: 0800 80 70 60)</p>	<p>Environment dangers</p>

## **APPENDIX D GLOSSARY OF TERMS**

Anonymous – an individual who does not identify themselves at any stage to anyone.

Confidential – information may be confidential when it is non-public and disclosed to predetermined individuals in the trust and expectation that it will not be shared more widely. Information may be confidential to the Council, to a third party (e.g. a commercial contract) or to an individual (e.g. personal and private medical information).

Confidentiality – where the whistleblower's name is known but will not be disclosed without their consent, unless required by law.

Impropriety – an act that is deemed improper or unacceptable in relation to established rules, practices and conventions.

Illegality – a failure to comply with the requirements of, or an act not permitted by, prevailing law.

Malicious – an allegation may be considered malicious if it is a calculated and deliberate decision or act intended to be harmful or spiteful. There is no rigid test or definition, however the key question is whether the decision to or act of making the allegation was undertaken for no other reason than to cause harm to someone.

Personal advantage – a deliberate act or omission which is intended to secure an immediate or future benefit for the individual raising the concern (e.g. increased salary or promotion).

Vexatious – deciding whether an allegation is vexatious is a balancing exercise, taking into account all the circumstances of the case. There is no rigid test or definition, however, the key question is whether the allegation is likely to cause distress, disruption or irritation, without any proper or justified cause.

Whistleblower – one or more individuals who have a reasonable and honest suspicion of an impropriety or illegality about which they disclose to the relevant organisation.

Witnesses – one or more individuals who have, or provide, independent evidence relevant to the allegation, with voluntarily in advance of an investigation or as part of an investigation.

<b>Review of the Council's Asset Register</b>	
<b>Executive Summary</b>	This report is being presented to this committee in response to the request to include a review of the Council's Assets Register in the Work Programme of this Committee on an annual basis.
<b>Options considered</b>	As this is the presentation of factual content there were no other options considered.
<b>Consultation(s)</b>	None
<b>Recommendations</b>	It is recommended that the Committee note the contents of the report and Appendix A.
<b>Reasons for recommendations</b>	To enable the Committee to review the Council's Assets Register as requested and discuss any matters arising from the content.
<b>Background papers</b>	None

<b>Wards affected</b>	All
<b>Cabinet member(s)</b>	Councillor Lucy Shires
<b>Contact Officer</b>	Tina Stankley Director of Resources tina.stankley@north-norfolk.gov.uk

<b>Links to key documents:</b>	
Corporate Plan:	A Strong and Accountable Council – The Council produces its accounts each year so that it can demonstrate how resources have been used. The valuation of the Council's non-current assets is part of this process with many of the valuations being based on existing use.
Medium Term Financial Strategy (MTFS)	There are no direct financial implications surrounding the valuation of the Council's non-current assets.
Council Policies & Strategies	None

<b>Corporate Governance:</b>	
Is this a key decision	No

<p>Has the public interest test been applied</p>	<p>Exempt Appendix A</p> <p>Information in this appendix involves the likely disclosure of exempt information as defined in paragraph 3, Part 1 of schedule 12A (as amended) to the Local Government Act 1972.</p> <p>This paragraph relates to:</p> <p style="padding-left: 40px;">Para 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> <p>The public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:</p> <p>The information is commercially sensitive, relating to values. Releasing this information would be likely to prejudice the Council in obtaining best value, in the interests of Council Tax payers, in the event of any future negotiations or disposal.</p>
<p>Details of any previous decision(s) on this matter</p>	<p>None</p>

## 1. Purpose of the report

- 1.1. This report is being presented to this committee in response to the request to include a review of the Council's Assets Register in the Work Programme of this Committee on an annual basis.

## 2. Introduction & Background

- 2.1. This report presents the Council's Assets Register that is kept for accounting purposes. It is summarised at Appendix A and gives the closing net book values for the Council's non-current assets as at 31 March 2022. The primary purpose of the Asset Register is to keep a record of all transactions relating to the Council's non-current assets and to enable all the year-end accounting entries that need to be made in the General Ledger to be carried out.

- 2.2. The year-end values of the non-current assets appear on the Balance Sheet in the Statement of Accounts against the headings Property, Plant and Equipment, Investment Properties, Intangible Assets and Assets Held for Sale. The Appendix gives the values as at 31 March 2022, which is the latest complete set of accounts that we have, albeit in draft format. However these accounts are unlikely to be audited and so should be the final values.

2.3. Section 2 below gives a summarised explanation of how the values that appear in the Balance Sheet within the Statement of Accounts are calculated each year.

### 3. Categorisation of Non-Current Assets and Methods of Valuation

3.1. The Council prepares its Accounts in line with the CIPFA Code of Practice for Local Authority Accounting and in accordance with all relevant Accounting Standards. In doing so the Council's non-current assets are valued in several different ways depending on their usage categorisation. The categories of assets that are included in the Statement of Accounts (SOA) and the method of valuation are shown below.

3.2. Non-current Assets – the value they are carried at in the Balance Sheet and where they can be found in notes to the accounts.

<b>Asset Category</b>	<b>SOA location</b>	<b>Valuation method</b>
Operational Property, Plant and Equipment	PPE note 30	Current value to the authority in their existing use
Non-operational assets i.e. Surplus Assets and Assets Under Construction	PPE note 30	Fair value (Surplus Assets) & historical cost (AUC)
Infrastructure Assets	PPE note 30	Depreciated historical cost
Community Assets	PPE note 30	Historical Cost or valuation
Investment Property	Investment Property note 27	Fair value
Assets Held for Sale	Assets Held for Sale note 32	Lower of carrying amount or fair values less costs

3.3. Only those non-current assets that are carried at current and fair value are required to be formally revalued and must be done so at least every five years (although more frequent valuations may be required for investment properties).

3.4. The Accounting Standards that the Council complies with are adapted and interpreted differently for the Public Sector and so there are several different methods of valuation which might not be applied in the private sector. This is because in local authorities assets are held primarily to enable service delivery. This means that the Council's Operational Property, Plant and Equipment is not measured at fair value (essentially highest market value) but it is measured for its service potential (and not at fair value) either at:

- Existing use value
- Existing use value – social housing (not applicable to NNDC as it does not hold social housing stock)
- Depreciated replacement cost – where there is no market, or the asset is specialist e.g. a leisure centre

3.5. Operational Property, Plant and Equipment is further categorised as:

- Other Land and Buildings
- Vehicles, Plant and Equipment
- Infrastructure
- Community Assets

3.6. Non-operational Assets are further categorised as:

- Surplus Assets
- Assets Under Construction

3.7. There is another category of non-current assets, and this is Intangible Assets, and these are non-physical assets held by the Council. These are primarily Computer Software. The values on the Balance Sheet are based on acquisition cost or development cost. The value of these non-assets at 31 March 2022 was £0.878m and are shown in Note 29 of the draft Statement of Accounts for 2021/22 on the Council's website.

3.8. Accounting for the Council's non-current assets is one of the more technical areas of work that the Finance Team undertake, and this is largely due to the adaptations of the valuation methods that are applied in valuing the Council's non-current assets.

3.9. Whilst the Balance Sheet carries the values of the Council's non-current assets it should be recognised that they are not necessarily valued following the same conventions that are applied in the private sector. This does mean that the values are not always comparable with the values of non-current assets held in the private sector. One such readily identifiable example would be a house which would be valued on the basis of existing use for social housing in the Council's accounts but at market value in the private sector.

#### **4. Proposals and Options**

4.1. As this is the presentation of factual content there were no other options considered.

#### **5. Corporate Priorities**

5.1. A Strong and Accountable Council – The Council produces its accounts each year so that it can demonstrate how resources have been used. The valuation of the Council's non-current assets is part of this process with many of the valuations being based on existing use.

5.2. There are no direct MTFS implications surrounding the valuation of the Council's non-current assets.

#### **6. Financial and Resource Implications**

6.1. There are no direct financial implications surrounding the valuation of the Council's non-current assets.

#### **Comments from the S151 Officer:**

*This report is factual in content and does not raise any concern from a financial perspective.*

#### **7. Legal Implications**

7.1. The Council will have complied with the CIPFA Code and relevant Accounting Standards in valuing the Council's non-current assets and in doing so as part

of the preparation of the Statement of Accounts each year will have met the statutory requirement to publish audited Statement of Accounts.

**Comments from the Monitoring Officer**

*No specific governance issues have been raised or arise from this report which, with the appendix, provides asset values within the Council's Assets Register.*

**8. Risks**

8.1. None as a direct consequence of this report.

**9. Net Zero Target**

9.1. None as a direct consequence of this report.

**10. Equality, Diversity & Inclusion**

10.1. None as a direct consequence of this report.

**11. Community Safety issues**

11.1. None as a direct consequence of this report.

**Conclusion and Recommendations**

The values contained in the Appendix are the ones included in Balance Sheet of the Statement of Accounts for 2021/22. There are notes within the Statement of Accounts which give more information about the assets. All the assets are valued and accounted for in accordance with CIPFA Code of Practice for Local Authority Accounting and in accordance with all relevant Accounting Standards.

It is recommended that the Committee note the contents of the report and Appendix A.

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## GOVERNANCE, RISK & AUDIT COMMITTEE ON 5<sup>th</sup> DECEMBER 2023 – OUTCOMES & ACTIONS LIST

MINUTE NO.	AGENDA ITEM AND ACTION	ACTION BY
39	<b>EXTERNAL AUDIT RESULTS REPORT</b>	
	<p><b>RESOLVED</b></p> <p>To review and note the External Audit Results Report.</p>	<b>GRAC</b>
40	<b>PROGRESS AND FOLLOW UP REPORT ON INTERNAL AUDIT ACTIVITY 01 SEPTEMBER TO 30 NOVEMBER 2023</b>	
	<p><b>RESOLVED</b></p> <ol style="list-style-type: none"> <li>1. To note the internal audit progress and progress against internal audit recommendations</li> <li>2. To request that a review is undertaken on how land charges are monitored and how this will be reported in the future</li> </ol>	<p><b>GRAC</b></p> <p><b>DFR</b></p>
41	<b>CIVIL CONTINGENCIES UPDATE</b>	
	<p><b>RESOLVED</b></p> <p>To note the report and the Council's contributions to the Norfolk Resilience Forum in emergency preparedness planning and incident response, which help to discharge the Council's functions under the Civil Contingencies Act 2004.</p>	<b>GRAC</b>
42	<b>COASTWISE – REVIEW OF RISKS</b>	
	<p><b>RESOLVED</b></p> <p>to provide the following statement to the Overview &amp; Scrutiny Committee:</p> <p>'The Governance, Risk &amp; Audit Committee reviewed the risks and having clarified several key points, was satisfied that the additional evidence presented to them demonstrated that the proposed mitigation actions will work and therefore provide assurance that they are being managed effectively, with clear evidence of ownership for each action.</p> <p>The Committee made the following recommendations:</p> <p>To help members understand and quantify the risks, the risk register for the Coastwise project should include the following:</p> <ul style="list-style-type: none"> <li>• Additional information setting out the consequences of the risks.</li> <li>• Additional information setting out the impact of the mitigation actions.' </li></ul>	<p><b>GRAC</b></p> <p><b>CTM</b></p>

<b>43</b>	<b>PROCUREMENT EXEMPTIONS REGISTER</b>	
	<p><b>RESOLVED</b></p> <p>To note the procurement exemptions register</p>	<b>GRAC</b>
<b>44</b>	<b>CORPORATE RISK REGISTER</b>	
	<p><b>RESOLVED</b></p> <p>To request that the following changes to the Corporate Risk Register are considered:</p> <ul style="list-style-type: none"> <li>- Details to be provided for each score to explain how the final figure had been reached.</li> <li>- To include a 'last updated' column</li> <li>- Additional information to be included regarding the work being done to mitigate the risk of the Council not achieving its Net Zero target.</li> </ul>	<b>DFR</b>

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

Date	Topic	Lead Officer	Comments	Cycle
<b>13<sup>th</sup> June 2023</b>				
	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 – Teresa Sharman		Quarterly
	Annual Report/Opinion & Review of the Effectiveness of Internal Audit	Internal Audit – Teresa Sharman		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
<b>18<sup>th</sup> July 2023</b>	<b>TBC</b>			
	Annual Accounts Sign-off TBC			
<b>12<sup>th</sup> Sept 2023</b>				
	Independent Persons Co-option	Monitoring Officer – Cara Jordan	To consider whether to seek appointment of independent persons to the Committee	
	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 – Teresa Sharman	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 –	To review Committee's work over the previous year	Annual
	External Audit Results report 2020/21 TBC	External Audit		Annual
	AGS 22/23 & Local Code of Corporate Governance	Director for Resources – Tina Stankley	Review & approve AGS & Local Code of Corporate Governance	Annual – scheduled for <u>June</u>

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

Date	Topic	Lead Officer	Comments	Cycle
<b>5<sup>th</sup> Dec 2023</b>				
	External Audit Letter 2020/21 <i>Now renamed External Auditor's Annual Report 2020/21 and Certificate</i>	External Audit		Annual
	Corporate Risk Register	Director for Resources – Tina Stankley		Quarterly
	Internal Audit Progress & Follow-up Report	Internal Audit – Teresa Sharman	To review progress on internal audit recommendations	Quarterly
	Civil Contingencies Update	Resilience Manager		Annual
	<del>Business Continuity Plan</del>	<del>Resilience Manager</del>	<i>Deferred at request of Resilience Manager</i>	Internal Audit Rec
	Procurement Exemptions Register	Monitoring Officer – Cara Jordan	To review Procurement Exemptions	Quarterly
	Review of risks – Coastwise	Rob Goodliffe	Review requested by Overview & Scrutiny Committee 15 Nov 2023	Request from O&S
	<i>Referred to Cabinet at request of S151 Officer</i>			
	Risk Management Framework	Director for Resources – Tina Stankley	To review the Council's risk management framework	Bi-Annual
<b>26<sup>th</sup> March 2024</b>				
	Update on the Statement of Accounts for 2021/22 and 2022/23 and the closure plan for 2023/24	Director for Resources – Tina Stankley		Annual
	Strategic and annual plans internal audit plan 2023/24	Internal Audit – Teresa Sharman		Annual
	GRAC self-assessment	Internal Audit – Teresa Sharman		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

	Anti-money laundering policy	Internal Audit – Teresa Sharman		3 years – Due 2024
	Counter Fraud, Corruption & Bribery Strategy	Internal Audit – Teresa Sharman		3 years – overdue (due Sep 2023)
	Whistle Blowing Policy	Monitoring Officer – Cara Jordan	To review the updated Whistleblowing Policy	Tri-annual June 2024
<b>11<sup>th</sup> June 2024</b>				
	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
	Internal Audit Progress & Follow-up Report	Internal Audit – Teresa Sharman	To review progress on internal audit recommendations	Quarterly
	External Audit Plan 2021/22	External Audit		Annual
<b>9 July 2024</b>				
	Annual Accounts Sign-off			
<b>10 September 2024</b>				
	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
	Internal Audit Progress & Follow-up Report	Internal Audit – Teresa Sharman	To review progress on internal audit recommendations	Quarterly
	External Audit Results report 2020/21 TBC	External Audit		Annual
	AGS 22/23 & Local Code of Corporate Governance	Director for Resources – Tina Stankley	Review & approve AGS & Local Code of Corporate Governance	Annual

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
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