

Governance, Risk and Audit Committee



Please contact: Matt Stembrowicz

Please email: matthew.stembrowicz@north-norfolk.gov.uk

Please direct dial on: 01263 516047

15th July 2019

A meeting of the **Governance, Risk and Audit Committee** of North Norfolk District Council will be held in the **Council Chamber - Council Offices, Holt Road, Cromer, NR27 9EN** on **Tuesday, 23 July 2019** at **2.00 pm**.

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

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

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

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

Emma Denny
Democratic Services Manager

To: Mr J Rest, Mr S Penfold, Mr T Adams, Mr C Cushing, Mrs J Stenton and Mr J Toye

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

Corporate Directors: Nick Baker and Steve Blatch
Tel 01263 513811 **Fax** 01263 515042 **Minicom** 01263 516005
Email districtcouncil@north-norfolk.gov.uk **Web site** www.north-norfolk.gov.uk

A G E N D A

1. TO RECEIVE APOLOGIES FOR ABSENCE

2. PUBLIC QUESTIONS

To receive public questions, if any.

3. 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.

4. DECLARATIONS OF INTEREST

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.

5. MINUTES

1 - 6

To approve as a correct record, the minutes of the meeting of the Governance, Risk & Audit Committee held on 11th June 2019.

6. INDEPENDENT REVIEW OF LOCAL AUTHORITY FINANCIAL REPORTING AND EXTERNAL AUDIT

7 - 10

To note the Government's proposed Terms of Reference for the independent review into the arrangements in place to support the transparency and quality of local authority financial reporting and external audit in England.

7. CORPORATE RISK REGISTER

11 - 30

Summary: The last update to the Risk Management Policy and Framework was approved by the Governance, Risk and Audit Committee (GRAC) in March 2018. The documents are reviewed every two years with the next scheduled update due for March 2020. This policy sets the framework for the Council's Corporate Risk Register (CRR) which monitors and tracks the Council's most significant risks. This report is to provide Members with an update in relation to the Corporate Risk Register.

Conclusions: The changes made to the register will help to improve the monitoring and ownership of the corporate risk register and the actions contained therein.

Recommendations: Members are asked to note the CRR.

Cabinet Member(s) Ward(s) affected
All All
Contact Officer, telephone number and email:
Duncan Ellis, 01263 516330, Duncan.ellis@north-norfolk.gov.uk

8. FINAL STATEMENT OF ACCOUNTS - UPDATE 31 - 32

Members to note the Final Statement of Accounts update.

9. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST 33 - 34

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

10. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME 35 - 36

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

11. EXCLUSION OF THE PRESS AND PUBLIC

To pass the following resolution, if necessary:

“That under section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in part 1 of schedule 12A (as amended) to the Act.”

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GOVERNANCE, RISK & AUDIT COMMITTEE

Minutes of a meeting of the Governance Risk & Audit Committee held on Tuesday 11th June 2019 in the Council Chamber, Council Offices, Holt Road, Cromer at 2.00 pm.

Members Present:

Committee:	Mr J Rest (Chairman)	Mr J Toye
	Mr T Adams	Mr C Cushing
	Mrs J Stenton	Mr S Penfold

Other Members: Cllr A Brown and Cllr R Kershaw

Officers in Attendance: The Internal Audit Manager (FH), the Chief Technical Accountant (LH), and the Democratic Services and Governance Officer.

1. APOLOGIES

Apologies were received from the Monitoring Officer who was unable to attend the meeting to present the Monitoring Officer's Report.

2. PUBLIC QUESTIONS

None received.

3. ITEMS OF URGENT BUSINESS

None.

4. DECLARATIONS OF INTEREST

None.

5. MINUTES

The Minutes from the meeting of the Governance, Risk & Audit Committee held on 26th March 2019 were approved as a correct record and signed by the Chairman.

6. GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL REPORT 2018/19

The Democratic Services & Governance Officer informed new Members that the Annual Report was a summary of work that had been completed by the Committee in the previous municipal year. Subject to Members' approval it would be recommended to Full Council for information.

RESOLVED

To recommend the Report to Council.

7. MONITORING OFFICERS' ANNUAL REPORT 2018/19

The Chief Technical Accountant introduced the Report on behalf of the Monitoring Officer and informed Members that during the period the Report covered there were no items to bring to the Committee's attention regarding maladministration or fraud.

Questions and Discussion

The Chairman informed Members that should it be required, the Monitoring Officer could be summoned to attend meetings if necessary.

RESOLVED

To note the Report.

8. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY: 5 MARCH 2019 TO 24 APRIL 2019

The Internal Audit Manager (FH) introduced the Report and reminded Members that she had referred to the document at the Audit Committee training that took place prior to the meeting.

Questions and Discussion

The Internal Audit Manager (FH) reported that positive assurances had been given for all reports that had been completed for the period. These included; Accounts Payable, Key Controls, Environmental Health, Corporate Governance GDPR, and HR & Payroll.

Cllr J Toye referred to the executive summary and asked for details on the important action for raising and authorising purchase orders. The internal Audit Manager (FH) replied that this was covered on p32, and was the result of an issue that had been identified in order to improve services, and included actions such as independently verifying new supplier details to avoid fraudulent activity. In addition, the purchase order limits had been raised through the estates system interface with efinancials.

Cllr T Adams referred to issues identified on licensing, and asked how many of the four recommendations had been completed. The Internal Audit Manager (FH) replied that she could provide an update at the next meeting if these items were not included in Follow-up on Internal Audit Recommendations Report. Cllr T Adams then asked whether there had been any consideration of expanding the My View services to Members. The Democratic Services and Governance Officer replied that this was under consideration, however it was anticipated that the service could be replaced in the near future with a view to make service improvements that included Members' access.

RESOLVED

To note the outcomes of the assurance audit completed between 5th March and 24th April 2019.

9. FOLLOW UP ON INTERNAL AUDIT RECOMMENDATIONS 23 NOVEMBER 2018 TO 31 MARCH 2019

The Internal Audit Manager (FH) explained that the Report provided an overview of the progress made in implementing agreed audit recommendations.

Questions and Discussion

The Internal Audit Manager (FH) informed Members that of the 50 recommendations raised in 2017/18, 40 had now been implemented and 10 remained outstanding. She added that the 2018/19 recommendations were not yet due. Members were informed that any outstanding historical recommendations were outlined in appendix 2, with DTP recommendations for example, unable to be progressed until new systems had been introduced.

Cllr C Cushing referred to the car parking recommendation on p7, and asked if there had been any progress. The Internal Audit Manager (FH) replied that she could confirm that the Audit Team had been to KLWNBC, and had been assured that the missing information would now be supplied to NNDC. She added that she would remove the item as an outstanding recommendation once the information had been received. It was confirmed following a question from Cllr J Toye on the timeframe, that implementation of the recommendation was imminent. The Chairman asked whether it would also be possible to get retrospective information on PCN income, for at least the past six months. The Internal Audit Manager (FH) confirmed that she expected that this would be possible, and that she would seek to determine this. It was confirmed following a question from Cllr S Penfold, that NNDC did receive information regarding car park figures, though it was noted that there had been minor discrepancies in the past between the reported numbers and revenue. Cllr J Stenton asked if there was a delay in receiving car parking revenue, to which the Chief Technical Accountant answered was approximately one month. The Chairman asked whether it would be possible to call-in the operator to answer questions on the service, to which the Internal Audit Manager (FH) replied that the service would be included in a report for the next quarter, and that she may be able to answer any questions prior to calling in the operator. The Chairman then stated that the car parking contract should be up for renewal at some point during this Council's term, and the aforementioned concerns should be given consideration.

Cllr T Adams referred to the Section 106 agreements register, and asked if there was an accurate list of all related risks, and whether the Council was missing out on any developer obligations, or if there was an issue with the records. The Internal Audit Manager (FH) confirmed that this was still an issue, and that work needed to be done to ensure that all S106 agreements were being correctly recorded and monitored. She added that an audit of this area was due for reporting in September. The Chairman asked if the S106 funding was kept as a specific fund, to which the Internal Audit Manager (FH) replied that she would seek clarification during the audit.

RESOLVED

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

10. GOVERNANCE, RISK AND AUDIT COMMITTEE – SELF ASSESSMENT

The Internal Audit Manager (FH) explained that the annual self-assessment was completed at the final meeting last year in line with CIPFA best practice guidelines and covered the work of the Committee over the previous municipal year.

Questions and Discussion

The Internal Audit Manager (FH) informed Members that some areas had been highlighted for improvement, which the new Committee could discuss and move forward, though overall the assessment had been positive.

Cllr J Toye suggested that it could be useful for new Members to see the Committee's Terms of Reference. The Internal Audit Manager (FH) informed Members that the Committee recently reviewed Terms of Reference, which covered the key points required from the CIPFA best practice, and the Democratic Services and Governance Officer stated he would circulate them to the new Members.

The Internal Audit Manager referred to points 14 and 15 of the self-assessment questions, and suggested that it was helpful for Members to request statement of accounts training to allow them to navigate the papers provided by officers. The Chairman stated that the S151 Officer could provide additional training if necessary. The Internal Audit Manager (FH) offered to provide risk management training if members would find this useful.

RESOLVED

To note the self-assessment Report.

11. ANNUAL REPORT AND OPINION 2018/19

The Internal Audit Manager (FH) informed Members that this was a macro level opinion that had been written and approved by the Head of Internal Audit (EH). She reported that the opinion itself was 'reasonable', which was a positive assurance grading. She added that with many reasonable assurances and six substantial assurances, the Council's governance, risk management and control framework was in very good standing.

On section 5, the Internal Audit Manager (FH) stated that an external assessment of the Internal Audit Team is undertaken every five years, with a positive assurance given in 2017. Both recommendations regarding deep dive exercises and maintaining the risk register were now complete.

On point 5.2, it was reported that there were 11 performance measures in total, and only one had not been achieved due to a report not being completed within target. The Internal Audit Manager (FH) reassured Members that this was an isolated incident for 2018/19.

Cllr C Cushing referred the assurance statement on p87, and asked for further details on the limited report on IT asset disposal from 2016/17. The Internal Audit Manager (FH) replied that during audit planning the area was not considered to be a significant risk as all recommendations had now been verified as complete.

RESOLVED

To note the Annual Report and Opinion 2018/19.

12. DRAFT STATEMENT OF ACCOUNTS 2018/19

The Chief Technical Accountant introduced the Report and informed Members that the draft accounts had to be completed by 31st May.

Questions and Discussion

The Chief Technical Accountant informed Members that there had been some significant changes from the previous year, due to changes to the accounting practices required by

CIPFA. It was noted that there was a small risk around investments, as the external auditors EY were yet to determine how they expected investments to be accounted for, and that they would review the accounts in July.

Members were informed that the final statement of accounts had to be published by 31st July, therefore the next meeting on 23rd July would primarily be to approve the document.

In response to a question from the Chairman, the Chief Technical Accountant informed Members that the cost of the external auditors had been reduced from £54k in 2017/18 to £45k in 2018/19. It was suggested that this figure had reduced through economy of scale. The Chief Technical Accountant then stated that concerns had been raised regarding value for money, and noted that whilst a number of other authorities' audits had been delayed, NNDC had not yet been notified of any issue. The Chairman replied that a 20% reduction in the external auditors' fees was significant, and questioned why there was such a substantial reduction. He then stated that the Committee must ensure that it was happy with the work of EY, and that it was a significant concern. The Chief Technical Accountant stated that it would be useful to bring up the cost reduction at the July meeting. Cllr C Cushing how asked the Council would know if it was not getting value for money from the external auditor. The Chief Technical Accountant replied that it was important to review whether the scope of EY's work was reducing. She added that the audit plan issued in March had identified areas of focus, but that she was not convinced that this would adequately cover all issues.

RESOLVED

To note the Draft Statement of Accounts.

13. LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT 2018/19

The Chief Technical Accountant introduced the Report and noted that there were two separate items. The Local Code of Corporate Governance was issued to determine how the Council would will seek to achieve good corporate governance. The Annual Governance Statement 2018/19 was intended to provide assurances as to the in-year operation of the risk and governance arrangements adopted by the Council.

Questions and Discussion

The Chief Technical Account referred Members to section five of the AGS to review the actions that had been identified for the coming year. It was noted that appendix 1 – the Local Code of Corporate Governance provided a breakdown of the requirements of the Council and how the organisation sought to meet them. The Chief Technical Accountant informed Members that there had been some updates to the document for 2018/19 that centred around GDPR and the change in control, but were both minor.

Cllr S Penfold proposed that the documents be approved, and was seconded by Cllr J Toye.

RESOLVED

To approve the Annual Governance Statement and Updated Local Code of Corporate Governance.

14. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

The Democratic Services and Governance Officer informed Members that following a review of working arrangements for the Risk Management Board, which had arisen as a result of the GRAC recommendation for the Chairman to attend meetings, the work of the RMB would now be absorbed into the remit of the Committee.

There were no outstanding items on the action list.

15. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

The Democratic Services and Governance Officer noted that the next meeting in July was a special meeting arranged in order to meet the accounts sign-off deadline. He added that RMB Reports would be added to the Work Programme accordingly.

RESOLVED

To note the GRAC Work Programme.

16. EXCLUSIONS OF THE PRESS AND PUBLIC

None.

The meeting ended at 2.58 pm

Chairman

Independent review into the arrangements in place to support the transparency and quality of local authority financial reporting and external audit in England

A. Purpose

The Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) invites Sir Tony Redmond to conduct a Review of the arrangements in place to support the transparency and quality of local authority financial reporting and external audit including those introduced by the Local Audit and Accountability Act 2014 (the Act). The Review will not look at broader issues of local authority finances and sustainability.

B. Review objectives

The Review will examine the existing purpose, scope and quality of statutory audits of local authorities in England and the supporting regulatory framework to in order to determine:

- Whether the audit and related regulatory framework for local authorities in England is operating in line with the policy intent set out in the Act and the related impact assessment
- Whether the reforms have improved the effectiveness of the control and governance framework along with the transparency of financial information presented by councils;
- Whether the current statutory framework for local authority financial reporting supports the transparent disclosure of financial performance and enables users of the accounts to hold local authorities to account; and
- To make recommendations on how far the process, products and framework may need to improve and evolve to meet the needs of local residents and local taxpayers, and the wider public interest.

C. Scope

The review's scope is taken to include the objectives and context included in these terms of reference.

In practice, this means the review is likely to focus on the following questions;

- Have the financial savings from local audit reforms been realised?
- Is there a more accessible audit market and has there been an increase in audit providers?
- Have audit standards been maintained or improved, and not been compromised?
- Is there an 'expectation gap' in what external audit provides? What is the nature of the gap and how can it be filled?
- Are auditors properly responding to questions or objections by local taxpayers?
- Are auditors using their reporting powers in an appropriate way?

- Are audit recommendations effective in helping local authorities to improve their financial management?
- Are councils responding to auditor recommendations in an appropriate manner?
- Whether local authority accounts report financial performance including use of resources against budget in a manner that is transparent and comprehensible to council tax payers and the general public?
- Does the financial information provided in local authority accounts facilitate scrutiny by local taxpayers and by the local press?

The financial reporting and audit framework for Clinical Commissioning Groups, NHS Trusts and Foundation Trust and special trustees for hospitals is outside the scope of this Review. This is because these bodies have significantly different statutory bases and governance frameworks to other bodies covered by the Act.

D. Context

Local Government in England is responsible for 22% of total UK public sector expenditure. It is essential that local authority financial reporting is of the highest level of transparency to allow taxpayers to understand how their money is being spent.

The responsibilities for the framework within which local authority audits are conducted is the Local Audit and Accountability Act 2014. It gave effect to manifesto commitments to abolish the Audit Commission and its centralised performance and inspection regimes and put in place a new localised audit regime, refocussing local accountability on improved transparency.

Now the Act has been fully implemented, the Government is required to review its effectiveness. This review will meet MHCLG's commitment to undertake a post implementation review of the audit framework and financial reporting elements of the Act. The Government wants to use this opportunity to step back and review the effectiveness of the local authority financial reporting and audit regime. Developments in the sector such as the growth of commercial investment activity have led to a perceived widening of the 'expectation gap'; that is, the difference between what users expect from an audit and the reality of what an audit is and what auditors' responsibilities entail. There may also be an expectation gap between the information that users of local authority accounts believe is needed and what is available to them through audited financial statements or other publicly available information.

Other elements of the Act, including openness transparency of council meetings, the local authority publicity code and intervention powers are outside the scope of this Review. MHCLG will undertake a post implementation review of those elements of the Act in house.

This Review has assumed greater significance due to developments elsewhere. BEIS commissioned Sir John Kingman in April 2018 to carry out a review into the role of the Financial Reporting Council and, in February 2019, Sir Donald Brydon to carry out a review into the quality and effectiveness of statutory audit (reporting in December 2019). In

addition, the Competition and Markets Authorities' 18 April 2019 report recommends changes to the statutory audit market that will impact on local audit. Alongside this, there have been three recent PAC hearings on: the Financial Sustainability of Local Authorities (Nov 2018) Local Audit in England (Jan 2019) and Local Authority Governance (Mar 2019). Finally, as part of its legal duties, the National Audit Office is required to review and replace the current Code of Audit Practice by April 2020.

E. Governance

The review will be led by Sir Tony Redmond and report to the Secretary of State for Communities and Local Government

The Independent Reviewer will be supported by an Advisory Group that will advise on the direction of the review and sources of evidence and will help to scrutinise and challenge emerging findings and recommendations.

F. The Review Secretariat

There will be a small dedicated Review Secretariat acting in support of the Independent Reviewer.

G. Stakeholder Engagement

The Review will undertake engagement with a wide range of stakeholder groups, including those representing the interests of local authorities, the accountancy profession, and local residents and taxpayers in order to fully understand the range of issues and to ensure constructive challenge.

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Corporate Risk Register July 2019

Summary: The last update to the Risk Management Policy and Framework was approved by the Governance, Risk and Audit Committee (GRAC) in March 2018. The documents are reviewed every two years with the next scheduled update due for March 2020. This policy sets the framework for the Council's Corporate Risk Register (CRR) which monitors and tracks the Council's most significant risks. This report is to provide Members with an update in relation to the Corporate Risk Register.

Conclusions: The changes made to the register and governance processes will help to improve the monitoring and ownership of the corporate risk register and the actions contained therein.

Recommendations: Members are asked to note the CRR.

Cabinet Member(s) Ward(s) affected

All All

Contact Officer, telephone number and email:

Duncan Ellis, 01263 516330, Duncan.ellis@north-norfolk.gov.uk

Corporate Risk Register July 2019

Summary Register

Risk	Ref.	Current Score	Target Score	Direction of Travel		Risk Owner
Coastal Erosion - (the effects of)	002(CR)	20	12	↔	☹	Rob Goodliffe - Coastal Management Team Leader
Medium Term Financial Plan	015(CR)	15	12	↓	☺	Duncan Ellis - Head of Finance & Assets (revised down from 20 to 15 following budget setting process for 2019/20, potential risk impact now in 2020/21)
Recruitment (inability)	024(CR)	15	9	↔	☹	Sally Morgan – Human Resources Manager
Corporate project risks	NEW	See below	See below	NEW	NEW	Management Team – Corporate project risks feed in from individual project registers (high impact issues only)
Digital Transformation programme	003(CR)	12	8	↔	☹	Nick Baker – Corporate Director & Head of Paid Service
Information - (loss of)	008(CR)	12	8	↔	☹	Sean Kelly - Head of Business Transformation & IT
Procurement - (lack of value for money)	009(CR)	9	3	↔	☹	Duncan Ellis - Head of Finance and Assets
Property assets (the condition of)/ Asset Management	001(CR)	9	9	↔	☹	Duncan Ellis - Head of Finance and Assets
Housing Delivery	010(CR)	6	6	↔	☹	Nicky Debbage & Graham Connolly – Joint Strategic Housing Team Leader Rob Young – Head of Community & Economic Development (interim)
Operational disruption - (significant event)	013(CR)	6	6	↔	☹	Alison Sayer - Resilience Manager, Steve Hems - Head of Environmental Health

Direction of travel shows change from assessment in Q4 2018/19 to Q1 2019/20.

Corporate Risk Register July 2019

KEY

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	£0K - £300K	£0-20K
Likelihood	Very High - 5	High - 4	Moderate - 3	Low - 2	Very Low - 1
Probability	Over 90%	60 - 90%	40 - 60%	10 - 40%	below 10%
Timing	Within six months	Within a year	Within 1 to 2 years	Probably within 15 years	Probably over 15 years

Corporate Risk Register July 2019

Risk 1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening	Existing Controls Controls that have been implemented since the last review are show in green	Score (with controls) Impact x Likelihood = Total	Action (to achieve target score) and progress to date	Action Due date owner	Target score Impact x Likelihood = Total	Risk owner
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Corporate Risk Register July 2019

<p>Medium Term Financial Plan - 015(CR)</p> <p>1. Forecast funding reductions and shift to local financing from business rates, council tax and new homes bonus. The business rates retention system has shifted the risk of business rates fluctuations to the local level, meaning that Local Authority funding will be impacted directly from decline in business and also planned reductions to the revenue support grant and reliance on New Homes Bonus funding (top sliced from 2017/18) influenced by delivery of new homes and reductions in long term empty properties. Changes to the business rates retention scheme, now to 75% local retention in 2020/21.</p> <p>2. Failure to produce a balanced budget position and funded future projections in the medium term.</p> <p>3. The Corporate Plan may not be delivered to the identified timescales. The level of service currently provided could be at risk, unplanned use of reserves which is unsustainable in the longer term. Higher level of savings and additional income requirement in future years.</p>	<p>Policy work</p> <p>Lobbying Central Government</p> <p>Medium Term Financial Strategy (MTFS)</p> <p>Corporate Planning / Service Planning</p> <p>Budget Process / Budget Monitoring</p> <p>Regular monitoring system of the impact of the business rates retention and the localised council tax support system</p> <p>Utilisation of the New Homes Bonus grant within the base budget for 2018/19 onwards</p> <p>Annual review of the Council's reserves</p> <p>Reporting - New legislation and consultation</p> <p>Timely agreement of the annual Localised Council Tax Support Scheme</p> <p>Project Management Plans</p> <p>Balanced 2019/20 budget agreed 27 March 2019</p>	<p>5x3=15</p>	<p>Growth forecasting developed for housing and business rates to inform forecasts and budget.</p> <p>Early update of the Financial Strategy to inform the 19/20 budget process completed and reported to Members in October. Member training sessions all now delivered.</p> <p>Changes to the NHB scheme from 2017/18 now taken account of and built in to the 2018/19 budget and future projections. Now updated as a result of Provisional Settlement figures.</p> <p>Action proposed to improve long term empty property numbers through enforcement.</p> <p>Business cases for commercialisation to deliver future income and efficiencies.</p> <p>Waste procurement and pay spine review now included in 2019/10 budget forecasts.</p> <p>New leisure contract now re-let, commences April 2019. Savings used to help finance rebuilding of the leisure facilities in Sheringham.</p> <p>The position regarding recycling income from the joint venture arrangements with Norse is currently being monitored closely as income from paper</p>	<p>LH</p> <p>DE</p> <p>DE</p> <p>SH</p> <p>DE</p> <p>DE</p> <p>DE</p> <p>DE/SH</p>	<p>Sept 18 (complete)</p> <p>Oct 18 (complete)</p> <p>Oct 18 (complete)</p> <p>June 18 (complete)</p> <p>Ongoing</p> <p>Feb 2019 (complete)</p> <p>Feb 2019 (complete)</p> <p>Ongoing</p>	<p>4x3=12</p>	<p>Duncan Ellis - Head of Finance & Assets</p>
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			<p>cycling is declining rapidly following China's new approach to the materials it accepts for recycling from 1 March 2018.</p> <p>Currently experiencing resourcing/capacity issues with the external audit review being undertaken by Ernst & Young in relation to the 2018/19 accounts which will mean a delay to the sign off of the accounts.</p> <p>A preliminary hearing date of the 4 November 2019 has been set to start to consider the High Court challenge which has been launched by 14 NHS Trusts. Officers will continue to monitor the position and provide updates as the case progresses. It is incredibly difficult at the present stage to try and assess the financial impact this would have on the Council due to the countywide business rate pooling arrangements. The pool does contain a £1m 'volatility fund' and the Council also has the Business rates Reserve which holds a further £2.4m to help mitigate against any financial impact should the case be won by the NHS. Further details can be found within the following article accessed here.</p>	DE/LH	Ongoing		
				DE/LH	Ongoing		

Corporate Risk Register July 2019

Risk 1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening	Existing Controls Controls that have been implemented since the last review are show in green	Score (with controls) Impact x Likelihood = Total	Action (to achieve target score) and progress to date	Action owner	Due date	Target core Impact x Likelihood = Total	Risk owner
			Continuing to monitor the position in relation to 75% business rates retention. Pilot application for 2019/20 successful.	LH	Aug 18 (complete)		
			Initial response submitted in relation to the Fair Funding review on 12 March 2018 plus second phase on 21 Feb 2019. Continuing to engage with debate and consultation process.	LH	March 18 (complete)		
			Informal feedback has been provided to Ministry of Housing Communities and Local Government (MHCLG) in relation Fair Funding etc ahead of a formal consultation process.	DE	Dec 18 (complete)		
			Additional income (£96k) received as part of the 19/20 Provisional Settlement in relation to Rural Services Delivery grant.	DE	Feb 19 (complete)		
			Balanced 2019/20 budget agreed 27 March 2019	DE	Feb 19 (complete)		
			Brexit – developments being monitored, small funding allowance from central gov (£17k) for 18/19 and 19/20. Also considered where it might impact on individual projects ie construction costs	DE	Ongoing		

Corporate Risk Register July 2019

<p>Coastal Erosion and flooding - (the effects of) - 002(CR)</p> <p>1. Lack of Government funding to maintain coast defences and / or to support local coastal adaption needs.</p> <p>2. Coastal erosion and blight of coastal settlements through loss of public and private infrastructure and assets and impact of flooding. The Council has devoted significant resources to pursuing sustainable answers to coastal management issues. There is a considerable Health and Safety context here which serves to increase the reputational risk for the Council at the same time.</p> <p>→ Ongoing coastal erosion through loss of defences presents a reputational risk in the eyes of local communities and direct loss of Council owned assets / infrastructure which are fundamental to the district's tourism offer and therefore the economic well-being of the district. Loss of confidence in respect of business investment/residential property market; blight of properties in erosion zone; direct loss of tourism assets and infrastructure ie proms, chalets, toilets etc; loss of tourism income / employment.</p>	<p>The Pathfinder Project</p> <p>Shoreline Management Plan (SMP)</p> <p>Repairs & Maintenance Programme</p> <p>Procurement practices</p> <p>Health & Safety checking and monitoring</p> <p>DEFRA funding of capital schemes</p> <p>Coast monitoring</p> <p>Control of coastal management schemes through procurement and regular checking</p> <p>Coastal Partnership East</p> <p>Sandscaping agreement procured and contract signed off</p> <p>10 year capital programme</p>	<p>5x4=20</p>	<p>Cromer Sea Defence Works – On Track - Phase 1 completed. Phase 2 to be developed once coastal system has settled.</p> <p>£0.5m capital contribution agreed by Full Council on 16/11/16 to support the joint Bacton and Walcott coastal management scheme. Scheme now funded with a project completion date by end of 2020 which will provide significant defence to Bacton Gas Terminal and local coastal communities. Tender process now complete and contractor appointed.</p> <p>The Council has highlighted the importance of coastal defence funding in the consultation response to the Fair Funding review and will continue to do so.</p> <p>Mundesley Coastal Management Scheme received technical approval.</p> <p>Ongoing discussions with Environment Agency and Defra regarding coastal adaptation funding.</p>	<p>RG</p> <p>RG</p> <p>LH</p> <p>RG /TP</p> <p>RG</p>	<p>Dec 17 (phase 1 complete)</p> <p>Dec 20 (not yet due)</p> <p>Feb 19 (complete)</p> <p>March 2021</p> <p>Ongoing</p>	<p>4x3=12</p>	<p>Rob Goodliffe - Coastal Manager (North) & Bill Parker – Head of Coastal Partnership East</p>
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Corporate Risk Register July 2019

<p>Digital Transformation Board Monitoring Programme 003(CR)</p> <p>1. In order to achieve savings of c£350,000 revenue savings and at the same time improve Customer transactional services, DTP was commenced in January 2014. It has delivered a year early than planned more than £50,000 over and above what was originally planned. As a result, the DTP has now been increased for a further three years from April 2018 with a view to saving a further £216k pa.</p> <p>2. The programme has been built on a foundation of IT infrastructure changes which have allowed service BPR and subsequent efficiency and financial improvements.</p> <p>3. The main risks to the programme are that the individual work streams can't be delivered as anticipated and that there might be insufficient capacity internally to deliver the IT and service changes required. In addition, there is the scope for some reluctance from staff and customers to adopt new methods of working. Further risk is the potential inability for the Council to recruit technical competent IT staff. In the event of any of these risk becoming a reality then the anticipated savings may not be delivered.</p>	<p>Digital Transformation Board monitoring projects progress</p> <p>Communications plan around the programme to ensure buy-in</p> <p>New IT, Customer Services and Communication strategies approved during 2017/18</p> <p>Protection against data loss and/or system hacking required under PSN compliance regime to which the Council is fully compliant</p> <p>Ensuring that HR policies reflect the need to recruit differently in difficult to recruit subject areas</p> <p>Staff development processes in order to maintain technical competence</p> <p>DTP progress reports are provided to Cabinet and O&S on a six monthly basis to enable Member oversight</p>	<p>4x3=12</p>	<p>Phase one is almost complete with many of the key technology enablers either in place or commissioned and in the implementation phase. Both service based and cross cutting service change initiatives are in progress to take advantage of the technology commissioned.</p> <p>The Major service BPR in Planning is being implemented and the BPR of the Environmental Health Service is progressing well.</p> <p>Phase 2 of the DT programme was agreed as part of the 2018/19 budget process through allocation of a capital budget of £0.94m which is anticipated to generate net annual ongoing savings of c£0.216m once fully implemented.</p>	<p>SK</p> <p>SK</p> <p>SK</p>	<p>December 19 (not yet due)</p> <p>Sept 19 (not yet due)</p> <p>March 21 (not yet due)</p>	<p>2x4=8</p>	<p>Nick Baker – Corporate Director & Head of Paid Service</p>
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Corporate Risk Register July 2019

Risk 1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening	Existing Controls Controls that have been implemented since the last review are show in green	Score (with controls) Impact x Likelihood = Total	Action (to achieve target score) and progress to date	Action owner	Due date	Target core Impact x Likelihood = Total	Risk owner
<p>Recruitment (inability) – 024(CR)</p> <p>1. Difficulty recruiting into key posts, particularly in Planning Services, Finance, IT, Assets and Revs and Bens. Reasons for this are partly down to the geographical remoteness of North Norfolk from the rest of the country and also down to a significant pay gap from some professional areas between private and public sector and between different localities within this sector.</p> <p>2. Not able to recruit skills and knowledge to deliver plans – corporate plan, business transformation, planning performance and delivery etc. Increased stress levels on existing staff, Increased workload in HR of repeated recruitment exercises.</p>	<p>Pay Policy has been updated to reflect Golden Hello's' and retention payments</p> <p>Relocation Policy</p> <p>Employee Referral Scheme</p> <p>Market Pay Review report</p> <p>Apprenticeship programme</p>	<p>3x5=15</p>	<p>Successful recruitment into key posts within Finance and Assets and Planning, IT and Revs and Bens during 2017.</p> <p>Market Pay Review report considered and agreed by Cabinet and Full Council in December 2017 in relation to increasing the pay bands by one spinal point accepted.</p> <p>Following the Market Pay Report the work identified to be undertaken in relation to posts more than 10% adrift of the benchmarking has been completed in respect of Revenues & Benefits.</p> <p>Rolling advert in place for Planning. Successful recruitment of new Head of Planning.</p> <p>Success in IT recruitment through the use of graduate apprentices</p> <p>The Council has a long history of 'growing our own' particularly in Planning and Environmental Health where employees are supported through their professional qualifications.</p>	<p>DE/SK</p> <p>SM</p> <p>SM</p> <p>SM</p> <p>SK</p> <p>SM</p>	<p>Dec 17 (complete)</p> <p>Dec 17 (complete)</p> <p>Dec 18 (complete)</p> <p>Aug 18 (complete)</p> <p>Aug 18 (complete)</p> <p>Ongoing</p>	<p>3x3=9</p>	<p>Sally Morgan – Human Resources Manager</p>

Corporate Risk Register July 2019

Risk 1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening	Existing Controls Controls that have been implemented since the last review are show in green	Score (with controls) Impact x Likelihood = Total	Action (to achieve target score) and progress to date	Action owner	Due date	Target core Impact x Likelihood = Total	Risk owner
			<p>Apprenticeships are being used to attract new talent to the Council and to develop this talent in other service areas.</p> <p>Market pay reviews are usually undertaken annually, with the next review due in April 2020.</p>	<p>JH</p> <p>SM</p>	<p>March 2019 (not yet due)</p> <p>April 2020 (not yet due)</p>		
<p>Property assets - (the condition of) - 001(CR)</p> <p>1. A lack of investment and sound decision-making.</p> <p>2. Deteriorating property assets may lead to a loss of revenue and possible legal liability and increased maintenance costs.</p> <p>3. The Council does not achieve value for money from its investment and/or possible legal liabilities either directly or through its leasing arrangements.</p> <p>4. Reduced potential for asset commercialisation opportunities if assets are not properly maintained.</p> <p>5. Reputation risk to Council of poorly maintained assets from residents and visitors alike. This scenario is detrimental to the local tourism economy as well as</p>	<p>Production and approval of the Asset Management Plan</p> <p>Adequate budget provision both from revenue and capital to support repair and maintenance (R&M) works and capital investment improvements</p> <p>Asset condition surveys</p> <p>Compliance policies in place and up to date</p> <p>Compliance works undertaken in a timely fashion</p> <p>Adequate staff or appropriately qualified external contractor support</p> <p>Procure a Strategic Development Partner to provide further capacity and to help achieve asset commercialization agenda</p> <p>Production of business cases to support asset development</p>	<p>3x3=9</p>	<p>Controlled risk.</p> <p>The updated Asset Management Plan (AMP) was considered by Cabinet and approved by Full Council in March 2018. A £2m (now £1m) Property Investment Fund has been allocated to help support the AMP as part of the 2018/19 budget process.</p> <p>Detailed revenue and capital budget monitoring procedures in place to track and monitor spend.</p> <p>Rolling asset condition surveys continue to be undertaken to ensure that the R&M schedules remain up to date.</p> <p>Various policies are in place to help manage property risks and risk assessment inspections and review works continue to be developed and improved.</p>	<p>RG</p> <p>DE</p> <p>RG</p> <p>RG /RT</p>	<p>March 18 (complete)</p> <p>Ongoing (complete – embedded into budget monitoring procedures) Dec 19 (procurement complete, assets now to be surveyed)</p> <p>March 18 (complete)</p>	<p>3x3=9</p>	<p>Duncan Ellis – Head of Finance & Assets</p>

Corporate Risk Register July 2019

Risk 1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening	Existing Controls Controls that have been implemented since the last review are show in green	Score (with controls) Impact x Likelihood = Total	Action (to achieve target score) and progress to date	Action owner	Due date	Target core Impact x Likelihood = Total	Risk owner
			A number of new concessions have been identified for the 2018/19 financial year. £600k programme of public convenience works agreed plus £1.1m works to Cromer pier	RT	March 20 (ongoing)		
Procurement - (lack of value for money) - 009(CR) 1. The current financial climate, recent resourcing issues causing an absence of a focus for this work, together with a reduction in the available accountancy resources going forward increase the risk of a lack of continuous improvement in this area. 2. Failure to adopt new procurement practices and delivery of efficient and timely procurement processes could mean that the Council will not achieve value for money procuring the goods and services it uses. 3. The Council may not achieve value for money, financial/procedural inefficiencies possible challenge to contracting procedures.	Procurement Strategy Procurement Framework Joint procurement protocol and opportunities for joint/shared procurement with other authorities where possible Advice for external suppliers Procurement Officer post established	3x3=9	Regular procurement refresh and review of procedures. Procurement Strategy due to be updated during 2019 along with a review of the Contract Standing Orders. New Procurement Officer post appointed in September 2017. E-procurement in place and being managed by the new Procurement Officer. Procurement audit completed March 2018, Reasonable Assurance. Leisure contract procurement – contract agreed by Full Council in December 2018, handover complete, new contract with new supplier commenced from April 2019. Splash re-build procurement.	DB DE DB DE RY NB	Dec 19 (not yet due) Sept 17 (complete) Sept 17 (complete) March 18 (complete) Dec 18 (contract let - complete) Dec 20 (not yet due)	3x1=3	Duncan Ellis – Head of Finance & Assets

Corporate Risk Register July 2019

Risk 1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening	Existing Controls Controls that have been implemented since the last review are show in green	Score (with controls) Impact x Likelihood = Total	Action (to achieve target score) and progress to date	Action owner	Due date	Target score Impact x Likelihood = Total	Risk owner
			Cromer Community Sports Hub procurement. Waste procurement - joint waste procurement underway.	NB SH	Jan 20 (not yet due) April 20 (not yet due)		

Corporate Risk Register July 2019

<p>Information - (loss of) - 008(CR)</p> <p>1. With our increasing dependence on IT systems to undertake normal business, the risk of information or data loss or external hacking of the Council's systems, also increases. With the increased use of mobile technology, the risk for information loss also increases.</p> <p>2. There exists an inherent potential for the loss of organisational information at any security level. There is a joint responsibility between the IT service, the Council service and individuals for ensuring electronic data and information remains secure.</p> <p>3. Information may be inappropriately used or accessed. Fraud or data corruption may occur. Systems may suffer damage. The Council's reputation may be harmed and the Council may suffer financial penalties for claims in respect of loss data.</p> <p>4. New General Data Protection Regulations (GDPR) are being introduced from 25 May 2018. Covers data protection and privacy for individuals and aims primarily to give citizens and residents control over their personal data.</p>	<p>IT Strategy 2017/2021 (currently being updated by the Head of Business Transformation and IT)</p> <p>IT Security Policies</p> <p>Implementation of data security protocols</p> <p>IT Monitoring</p> <p>Data Protection training</p> <p>PSN Code of Connection compliance</p> <p>Regular audits of IT security arrangements</p> <p>Regular 3rd party data protection and integrity testing</p> <p>Information security and data protection training – Implemented</p> <p>Information Risk Policy and Role Description</p> <p>GDPR guidance notes issued by legal</p> <p>GDPR email/ mailing list software</p> <p>GDPR e-learning staff training</p>	<p>4x3=12</p>	<p>Info on information security and data protection to be shared with staff through intranet. Mitigated by the implementation of the e-learning system which has some InfoSec content. All posts with a requirement for increased awareness identified and learning plan implemented.</p> <p>Senior Information Risk Officer (SIRO), FOI and Data Protection Reports - Good outcome from Audit. New Information Risk Policy was drafted in January 2018 along with a role description to support the SIRO position. The Risk Management report completed in February 2018 also received a substantial assurance.</p> <p>First local authority to receive full GCSX compliance for web access to e-mail.</p> <p>Staff have completed GDPR training.</p> <p>Review/update IT Security Policy, GDPR info register.</p> <p>Information Asset Owners (IAO) identified and Article 30 spreadsheets complete.</p> <p>Training for IAO's now complete.</p>	<p>SK/ED</p> <p>NB</p> <p>SK</p> <p>SM</p> <p>SK</p> <p>NB</p> <p>NB</p>	<p>Dec 18 (complete)</p> <p>March 18 (complete)</p> <p>March 18 (complete)</p> <p>Dec 18 (complete)</p> <p>March 19 (complete)</p> <p>March 19 (complete)</p> <p>May 19 (complete)</p>	<p>4x2=8</p>	<p>Sean Kelly - Head of Business Transformation & IT</p>
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Corporate Risk Register July 2019

<p>Housing Delivery - 010(CR)</p> <p>1. A combination of lack of developer confidence because of recession / weak financial markets and pressure on public finances meaning reduced availability of grant funding for affordable housing provision.</p> <p>2. Inability to secure planning permission for provision of affordable housing.</p> <p>3. A challenge over the Council's ability to deliver sufficient affordable homes</p> <p>Loss of longstanding temporary accommodation in the district</p> <p>Short term accommodation cannot be provided which will increase use of Bed and Breakfasts and inability to complete a statutory function</p>	<p>Use of capital</p> <p>Partnership work with Registered Providers</p> <p>Local Investment Plan</p> <p>Local Development Framework (LDF) policies</p> <p>Internal planning protocol</p> <p>Increased Focus</p> <p>Housing Strategy discussion document (2010)</p> <p>Enhance Housing Association delivery</p>	<p>3 x 2 = 6</p>	<p>All controls are implemented and risk is currently under control, to be reviewed every six months.</p> <p>To re-draft Housing Delivery Strategy to address Identify alternative sources Housing Association – commission flats through risk partners.</p> <p>Cabinet report in December 2016 for immediate provision of a capital bid for a longer term provision as part of budget.</p> <p>Consideration of alternative solutions to help address point 5 is ongoing, supported by acquisition of a property in Holt.</p> <p>Community Housing Fund allocation of £2.4m announced in December 2016.</p> <p>£2m allocated within 2019/20 budget to establish a Property Company with a housing focus</p> <p>Continuing to monitor position in respect of Brexit and how this might potentially impact on the ability to deliver and acquire homes as a home owner</p> <p>Monitoring of homelessness spend</p>	<p>SB</p> <p>Tbc</p> <p>ND / GC</p> <p>ND / GC</p> <p>ND / GC</p> <p>ND / GC</p> <p>RG</p> <p>LG</p>	<p>Dec 19 (not yet due)</p> <p>TBC</p> <p>Dec 16 (complete)</p> <p>Dec 18 (complete)</p> <p>March 21 (ongoing)</p> <p>March 21 (ongoing)</p> <p>March 20 (ongoing)</p> <p>Ongoing</p>	<p>3 x 2 = 6</p>	<p>Nicky Debbage & Graham Connolly - Joint Housing Team Leader - Strategy</p> <p>Rob Young – Head of Economic & Community Development (interim)</p>
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Corporate Risk Register July 2019

<p>Operational disruption - (significant event) - 013(CR)</p> <p>1. Both the National, Local and Community Risk Registers have more information regarding the risk of specific events occurring.</p> <p>2. Any Internal or external event that has a significant impact on the ability of the Council to deliver services.</p> <p>3. a) Loss of staff for 'usual' service delivery b) Loss of premises c) Loss of key partners/suppliers d) Loss of infrastructure services</p> <p>Reduction in the ability of the Council to deliver services, possibly at a time of increased demand from the community.</p>	<p>Emergency Response & Recovery Planning</p> <p>Business Continuity Planning</p> <p>Corporate Business Continuity key role training</p> <p>Critical Services Business Continuity Plans completed</p> <p>Adverse Weather Guidance created and issued, Jan 2019</p>	<p>3x2=6</p>	<p>All controls are implemented and risk is currently under control, continual review.</p> <p>Good Council response during bad weather Feb/March 2018. Cromer building managed by skeleton staff with c70 members of staff maintaining Council services remotely.</p> <p>Concerns regarding the financial strength of Kier Street Services Ltd. Contingency plan in place. Members updated. Further announcement re additional £40m of debt, interim results due out 20 March at which point more will be known.</p> <p>Flood Alert and Flood Warning triggers at Bacton to Ostend including Walcott reviewed by the Environment Agency re significant northerly-aspect winds. New levels agreed at the Senior Flood Warden meeting 20 March.</p> <p>Review work and impact assessment currently underway following the loss of the servers in June 2019.</p>	<p>AS</p> <p>SH</p> <p>AS</p> <p>SK /AS</p>	<p>Dec 18 (complete)</p> <p>March 19 (ongoing)</p> <p>March 19 (complete)</p> <p>September 19 (not yet due)</p>	<p>3x2=6</p>	<p>Alison Sayer - Resilience Manager,</p> <p>Steve Hems - Head of Environmental Health</p>
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Corporate Risk Register July 2019

<p>Corporate projects – NEW(CR)</p> <p><i>New section to be developed to ensure that high level corporate risks are identified and flow through to the Corporate Risk Register from the various boards in a timely fashion.</i></p>	<p><i>These will be specific and relate to the individual projects but will include such things as committee reports, budget monitoring, oversight Boards etc</i></p>		<p><i>These will be specific and relate to the project in question.</i></p>				
<p>Sheringham Leisure Centre</p>	<p>Business plan signed off by Full Council Capital budget approved Sport England Funding application</p>	<p>5 x 3 = 15</p>	<p>Key issues;</p> <p>Budget increase required following completion of build contractor procurement. Report due to be considered by Full Council on 24 July 2019.</p>	<p>RY/ DE</p>	<p>July 19 (not yet due)</p>	<p>4 x 2 = 8</p>	<p>NB</p>
<p>Corporate Project Resources</p> <p>1. The Council currently has 2 Project Managers internally. Need to consider capacity and resources available to adequately support internal projects</p> <p>2. Ensure projects are aligned to the Council's new emerging Corporate Plan</p>	<p>Project management framework and governance arrangements Project management staff Use of external contractors Project management plans</p>	<p>5 x 3 = 15</p>	<p>Discussion paper presented to Corporate Leadership Team (CLT) covering proposed project governance improvements</p> <p>Development of project 'sieve' to help objectively assess and score corporate projects against the core themes within the new Corporate Plan</p> <p>Internal audit review of project governance completed July 2019</p>	<p>ED ED ED</p>	<p>June 2019 (complete) September 2019 (ongoing) June 2019 (complete)</p>	<p>4 x 2 = 8</p>	<p>NB</p>

Corporate Risk Register July 2019

Risk owners

Alison Sayer (Resilience Manager)
Bill Parker (Head of Coastal Partnership East)
Debra Beccles (Procurement Officer)
Duncan Ellis (Head of Finance & Assets)
Emma Duncan (Head of Legal)
Janella Hadlow (HR Business Partner)
Lucy Hume (Chief Technical Accountant)
Lisa Grice (Housing Options Manager)
Nick Baker (Corporate Director & Head of Paid Service)
Nicky Debbage (Joint Strategic Housing Team Leader)
Renata Garfoot (Estates & Asset Strategy Manager)
Rob Goodliffe (Coastal Management Team Leader)
Rob Young (Head of Economic & Community Development)
Russell Tanner (Assets & Property Programme Manager)
Sally Morgan (Human Resources Manager)
Sean Kelly (Head of Business Transformation & IT)
Steve Blatch (Corporate Director & Head of Paid Service)

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Statement of Accounts Audit Update – July 2019

Background

The Council must prepare draft Statement of Accounts by 31st May each year, publishing the final and audited version by 31st July. The Council's auditors are Ernst & Young LLP (EY), appointed on behalf of the Council by Public Sector Audit Appointments Ltd. This contract saw the cost of our audits reduce by approximately 20%.

There have been significant concerns raised nationally around the capacity of audit firms to continue delivering high quality audit work for a much lower price, and queries have been made both at NNDC and nationally about the availability of resources, particularly as 18/19 audit dates began to be impacted by overrunning 17/18 audit work.

At the March meeting of the Governance, Risk and Audit Committee, EY were asked if they envisaged resources causing a problem for the North Norfolk audit, and they made it clear that they did not anticipate any issues.

Update since June meeting of GRAC

EY started on site on 1st July to audit the statement of accounts as planned. However, due to the slippage of the audit dates of another Council, some of the auditors assigned to NNDC were also working on another audit at the same time. This, coupled with the fact that they had not had the resource in place to early test some areas of the accounts as they had done last year, meant they anticipated to have completed the audit by 31st July, but not before the audit committee on 23rd July as previously agreed.

Further delay came about after disagreement between the finance team and EY over the accounting treatment for the Council's investments in pooled funds under a new accounting standard (IFRS9). The Council had opted to elect some of its pooled investments to be accounted for under Fair Value through Other Comprehensive Income (FVOCI) rather than the default of Fair Value through Profit and Loss (FVPL), which is allowed under the standard so long as the investment is an equity instrument. It is this classification as an equity instrument which EY disagree with, meaning they believe the correct treatment of the funds is to account for them as FVPL. Their argument rests on their assertion that investments in these funds are 'puttable', meaning that the Council could ask to sell their holdings and the fund manager would not reasonably be able to refuse this request. The Council disagrees with this, as it is clearly stated in the fund prospectuses that fund managers may suspend redemptions without reason and without time limit, indeed this has been done in recent years after the Brexit referendum result, and in the last few weeks by the Woodford Equity Income fund which was widely reported in the press.

EY advised the Council to seek a legal opinion on whether the Council would be able to sue fund managers for breach of contract should this situation arise in order to back up our accounting treatment. At the time of writing, the Council has instigated this process but has not yet received the opinion. EY have however now indicated that even if the legal view were to support the Council's position, they would still require us to change the accounting treatment if we wished them to still return an unqualified audit opinion on the accounts. The finance team are of the opinion that this is unreasonable, so will be looking to CIPFA and PSAA Ltd to intervene and clarify the position on the accounting treatment, as well as the position of the auditors in this matter. The audit manager has removed resource from the NNDC accounts audit until this matter is resolved, meaning the accounts sign off will be postponed until they return to complete their work.

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Agenda Item 9

GOVERNANCE, RISK & AUDIT COMMITTEE ON 11th JUNE 2019 - ACTIONS ARISING FROM THE MINUTES

Minute No.	Agenda item and action	Action By
6.	GRAC ANNUAL REPORT 2018/19	
	To recommend the Report to Council.	Council June meeting
7.	MONITROING OFFICER'S ANNUAL REPORT 2018/19	
	To note the Report.	GRAC June meeting
8.	PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY	
	To note the outcomes of the assurance audit completed between 5th March and 24th April 2019.	GRAC June meeting
9.	FOLLOW UP ON INTERNAL AUDIT RECOMMENDATIONS 23 NOVEMBER 2018 TO 31 MARCH 2019	
	To note the management actions taken to date regarding the delivery of the audit recommendations.	GRAC June meeting
10.	GRAC SELF-ASSESSMENT	
	To note the self-assessment Report.	GRAC June meeting
11.	ANNUAL REPORT AND OPINION 2018/19	
	To note the Annual Report and Opinion 2018/19	GRAC June meeting
12.	DRAFT STATEMENT OF ACCOUNTS 2018/19	
	To note the Draft Statement of Accounts.	GRAC June meeting
13.	LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT 2018/19	
	To approve the Annual Governance Statement and Updated Local Code of Corporate Governance.	GRAC June meeting

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GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2019/2020

Date/Completed	Item	Lead Officer/Member	Objectives & Additional Comments	Cycle
11th June 2019				
	Progress report on Internal Audit Activity	Internal Auditors – Emma Hodds/Faye Haywood		Quarterly
	Follow up on Internal Audit Recommendations	Internal Auditors – Emma Hodds/Faye Haywood	To include update on historical recommendations	Six Monthly
	Annual Report/Opinion & Review of the Effectiveness of Internal Audit	Internal Auditors – Emma Hodds/Faye Haywood		Annual
	Self-assessment feedback	Internal Auditors – Emma Hodds/Faye Haywood		Annual
	Monitoring Officer’s Report	Monitoring Officer – Emma Duncan		Annual
	Annual Governance Statement 2018/19	Chief Technical Accountant – Lucy Hume		Annual
	GRAC Annual Report	Committee Officer – Matt Stembrowicz		Annual
	Draft Statement of Accounts	Chief Technical Accountant – Lucy Hume		Annual
23rd July 2019				
	Audit Results Report	External Auditors - EY		Six Monthly
	Letter of Representation	Head of Finance & Asset Management – Duncan Ellis		Annual
	Final Statement of Accounts	Chief Technical Accountant – Lucy Hume		
	Corporate Risk Register	Head of Finance & Asset Management – Duncan Ellis		Quarterly
10th Sept 2019				
	EY Annual Audit Letter	External Auditors - EY		Annual
	Progress Report on Internal Audit Activity	Internal Auditors – Emma Hodds/Faye Haywood		Quarterly
	Corporate Risk Register	Head of Finance & Asset Management – Duncan Ellis	To review the corporate risk register	Quarterly
3rd Dec 2019				
	Corporate Risk Register	Head of Finance & Asset Management – Duncan Ellis		Quarterly
	Progress Report on Internal Audit Activity	Internal Auditors – Emma Hodds/Faye Haywood		Quarterly
	Follow Up Report on Internal Audit Recommendations	Internal Auditors – Emma Hodds/Faye Haywood	To include update on historical recommendations	Six Monthly

GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2019/2020

	Anti-money laundering policy	Internal Auditors – Emma Hodds/Faye Haywood		Annual
	Civil Contingencies Update	Internal Auditors – Emma Hodds/Faye Haywood		Annual
24th March 2020				
	EY Audit Plan (with overview) Annual Grant Certification Report from EY	External Auditors - EY		Annual
	Progress Report on Internal Audit Activity	Internal Auditors – Emma Hodds/Faye Haywood		Quarterly
	Undertake self-assessment	Internal Auditors – Emma Hodds/Faye Haywood		Annual
	Strategic and Annual Audit Plans	Internal Auditors – Emma Hodds/Faye Haywood		Annual
	Technical update for accounts closedown 2019/20	Chief Technical Accountant – Lucy Hume		Annual
	Corporate Risk Register	Head of Finance & Asset Management – Duncan Ellis	To review the corporate risk register	Quarterly
	Risk Management Framework	Head of Finance & Asset Management – Duncan Ellis	To review the Council’s risk management framework	Annual