Governance, Risk and Audit Committee

NORTH NORFOLK DISTRICT COUNCIL

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16th June 2020

A meeting of the **Governance, Risk and Audit Committee** of North Norfolk District Council will be held in the **remotely via Zoom** on **Tuesday, 16 June 2020** 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

IN TRAN
communication for all

**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

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**

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**   1 - 8

To approve as a correct record, the minutes of the meeting of the Governance, Risk & Audit Committee held on 3rd December 2019.

7. **PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY: 13 MARCH**   9 - 36
2020 TO 4 JUNE 2020

Summary:	This report examines the progress made between 13 march 2020 to 4 june 2020 in relation to delivery of the annual internal audit plan for 2019/20.
Conclusions:	Progress in relation to delivery of the internal audit plan is line with expectations; and positive assurance has been awarded in the audit reviews finalised in this period.
Recommendations:	**It is recommended that the Committee notes the outcomes of the assurance audit completed between 13 March 2020 to 4 June 2020.**

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

Contact Officer, telephone number,   Faye Haywood, Internal Audit
and e-mail: Manager for North Norfolk DC
                                                           01508 533873, fhaywood@s-norfolk.gov.uk

8. **FOLLOW UP ON INTERNAL AUDIT RECOMMENDATIONS 21 NOVEMBER 2019 TO 31 MARCH 2020**

Summary:	This report provides an overview of progress made in implementing agreed audit recommendations due for completion between 21 November 2019 to 31 march 2020.
Conclusions:	Progress continues to be made in addressing audit recommendations.
Recommendations:	**It is recommended that the Committee notes management action taken to date regarding the delivery of audit recommendations.**

Cabinet member(s):
All

Ward(s) affected:
All

Contact Officer, telephone number, and e-mail:

Faye Haywood, Internal Audit Manager for North Norfolk DC
01508 533873, fhaywood@s-norfolk.gov.uk

9. ANNUAL REPORT AND OPINION 2019/20 47 - 62

Summary:	This report concludes on the internal audit activity undertaken during 2019/20, it provides an annual opinion concerning the organisation's framework of governance, risk management and control and concludes on the effectiveness of internal audit and provides key information for the annual governance statement.
Conclusions:	On the basis of Internal Audit work performed during 2019/20, the Head of Internal Audit is able to give a reasonable (positive) opinion on the framework of governance, risk management and control at North Norfolk District Council.
Recommendations:	1. **Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit.**
	2. **Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2020.**
	3. **Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2019/20.**
	4. **Note the conclusions of the Review of the Effectiveness of Internal Audit.**

Cabinet member(s): All	Ward(s) affected: All
Contact Officer, telephone number, and e-mail:	Emma Hodds, Head of Internal Audit 01508 533791, ehodds@s-norfolk.gov.uk

RISK MANAGEMENT POLICY/FRAMEWORK AND CORPORATE RISK REGISTERS

Summary:	This report highlights recent and proposed improvements to both the Corporate Risk Register (CRR) and the Risk Management Policy and Framework as part of the Council's ongoing improvements to the governance framework.
Options considered:	Not to update the Policy and Framework.
Conclusions:	The improvements outlined within the report will help both officers and Members to monitor and track any outstanding actions designed to help mitigate and manage the various corporate risks.
Recommendations:	**1. To note and adopt the Risk Management Policy and Framework** **2. To note the Risk Registers.**
Reasons for Recommendations:	Better understanding our risk appetite and embedding risk management will help to support the aspirations contained within the Corporate Plan and help to support the delivery of the MTFS and the desire to achieve financial sustainability without reliance on central government grants.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW
(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

Cabinet Member(s)	Ward(s) affected
	All

Contact Officer, telephone number and email:
Duncan Ellis, +441263 516330, Duncan.Ellis@north-norfolk.gov.uk
Emma Duncan +441263 516045, Emma.Duncan@north-norfolk.gov.uk

11. **GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST**

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

12. **GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME**

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

13. **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."

GOVERNANCE, RISK AND AUDIT COMMITTEE

Minutes of the meeting of the Governance, Risk and Audit Committee held on Tuesday, 3 December 2019 at the Council Chamber - Council Offices, Holt Road, Cromer, NR27 9EN at 2.00 pm

Committee Members Present:

Mr J Rest (Chairman)	Mr S Penfold (Vice-Chairman)
Mr T Adams	Mr C Cushing
Mrs J Stenton	Mr J Toye
Mr N Dixon (Observer)	Mr E Seward (Observer)

Members also attending:

Officers in Attendance:

Internal Audit Manager, Democratic Services Manager, Head of Legal & Monitoring Officer and Head of Finance and Asset Management/Section 151 Officer

23   TO RECEIVE APOLOGIES FOR ABSENCE

None received.

24   SUBSTITUTES

None.

25   PUBLIC QUESTIONS

None received.

26   ITEMS OF URGENT BUSINESS

None.

27   DECLARATIONS OF INTEREST

None.

28   MINUTES

The minutes of the meeting held on 10th September were approved as a correct record and signed by the Chairman.

29   PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY: 30 AUGUST 2019 TO 21 NOVEMBER 2019

The Internal Audit Manager introduced the report which covered the period from 30

August to 21 November 2019. She drew Members' attention to section 2.1 which highlighted two additional audits – for the Sheringham Leisure Centre and the Egmere Business Zone. Both had come forward at the request of the Chairman.

Regarding the progress made in delivering the agreed audit work (section 3 of the report), the Internal Audit Manager said that quarters 1 and 2 were both on track.

She then referred to the outcomes from the individual audits that had been undertaken. Coastal Management had received substantial assurance with no recommendations. Section 106 Agreements had received a 'reasonable' assurance with 5 'important' recommendations made. The positive findings recognised that a complete list of S106 agreements since 2009 had been produced to ensure that a full record was on the new system from the date of its implementation. In addition, all necessary consultations were now being conducted for new S106 agreements with other Council departments and third parties.

30   **FOLLOW-UP ON INTERNAL AUDIT RECOMMENDATIONS 1 APRIL TO 21 NOVEMBER 2019**

The Internal Audit Manager introduced this item. She explained that this was the first follow-up for the current financial year – covering progress made on the implementation of agreed audit recommendations due for completion between 1st April to 21st November 2019. She said that there were six outstanding recommendations for 2018/19 – three were important and three needed attention. She referred Members to the update from the Head of Environmental Health which outlined how he intended to address the recommendations relating to his service area. He had outlined that his priority had been the procurement process around the waste and related services contract and this had taken up a significant amount of his time over a prolonged period. In addition, two key members of his team had left the Authority, reducing his capacity further.

1. Cllr S Penfold asked whether this was a typical number of historic recommendations. The Internal Audit Manager replied that across the consortium she would expect that some would be closed off by year end, however, generally there would be an explanation as to why there was a delay if they were not.
2. Cllr C Cushing queried the meaning of Priority 2 as a recommendation. Internal Audit Manager explained that it meant 'Important', with Priority three meaning 'needs attention'. Cllr Cushing went onto say that he was concerned that the important recommendations were being allowed to drift for 2 years. He referred to the deadlines of one month for Priority 1, three months for Priority 2 and six months for Priority 3, saying that, in practice, they did not seem to apply. He requested an update to ensure that Members were aware of anything that was outstanding. He then asked whether the due date was amended to reflect missed target dates. The Internal Audit Manager confirmed that it was and this was captured in the 'Revised due date' column.
3. The Chairman queried whether the original deadlines were actually achievable. The Internal Audit Manager replied that they always worked with managers to try and ensure that they were achievable. The Monitoring Officer added that the targets were set with service managers. As there were currently several outstanding recommendations then they would be escalated to Strategic Leadership Team (SLT) so that they could pick up any issues with the relevant service managers.
4. The Chairman made reference to the additional information provided in relation to the Environmental Heath outstanding recommendations. He said

that it was not helpful to receive it on the day of the meeting. He accepted that there were valid reasons on this occasion but Members needed time to read and absorb the content.

It was proposed by Cllr J Rest, seconded by Cllr J Toye and

RESOLVED

To refer all outstanding audit recommendations to SLT for action with a request that progress is reported back to the Committee.

31   CIVIL CONTINGENCIES UPDATE - 2019

The Resilience Manager introduced this item. She said that the last 12 months had been very busy with 16 recorded incidents compared to two the previous year.

She explained that the Council was working with partners in the Norfolk Resilience Forum to help plan for a no-deal exit from the EU. Most of the planning was sensitive so she advised that any questions relating to this should be directed to herself.

The Resilience Manager then outlined the business continuity incidents from the previous 12 months, highlighting the media response to the sand martins netting as a particularly challenging incident.

She then spoke about business continuity management arrangements and the introduction of new more user-friendly templates for Business Impact Analysis (BIA) and Business Continuity Plan documents. The BIA template would be introduced by the end of March 2020, with the Corporate Business Continuity Plan being revised based on the data from the BIAs.

The Resilience Manager then outlined emergency planning incidents from the previous 12 months. She explained that staffing issues within the Environment Agency were having a knock-on effect causing issues for flood wardens and local communities. A session was being planned with other local authorities and community representatives to address concerns.

She concluded by saying that there was a resource issue in the Civil Contingencies team and this meant that it was less strategic than she would like. It was hoped that this could be addressed by providing a development opportunity within the team.

1. The Chairman asked for more information on the proposed session regarding the Environment Agency. The Resilience Manager explained that it would involve flood forecasting and talking through models. It was hoped that it could take place before the December high tides but this was looking unlikely. The purpose of it was to increase partners' confidence levels. She confirmed that it was open to members to attend.
2. Cllr N Dixon asked the following in relation to the IT disruption at the Council offices in June 2019; was she satisfied with the adequacy of the action plan?, had the action plan been shared with the Governance, Risk & Audit Committee (GRAC) at all? And were there plans to include a process or mechanism to notify members of future IT problems – for example, by text message? The Resilience Manager replied that she was satisfied with the action plan. She had prepared it with input from the Head of IT & Business Transformation. The action plan had not been shared with GRAC and she was not sure who had signed it off. The Internal Audit Manager added that a

business continuity audit was planned for Q4 and the action plan would be picked up as part of this process. In response to the last question regarding notifying members, the Resilience Manager confirmed that she would notify the Democratic Services Manager and that the IT department were looking at an NNDC wide option – such as WhatsApp groups.

3. The Chairman asked when the Resilience Manager saw the report from the Head of IT. She replied that she had provided her report to him in September but had not seen his response. The Monitoring Officer added that the Action Plan was shared with members as part of the Leader's portfolio report to Council in September 2019.

4. Cllr Dixon said that he was mindful of the impact that the IT outage had had on the organisation and he felt that it should be scrutinised by a committee so that there was a higher degree of assurance. The Monitoring Officer replied that it could be brought back to GRAC. The Internal Audit Manager added that it could be incorporated into the scope of the Q4 audit review of business continuity.

5. The Chairman said that he wanted to clarify the process for agreeing the action plan for the IT disruption. He asked the Resilience Manager to confirm that she had prepared the initial document which the Head of IT had then contributed to before it was shared at Full Council. She said that this was correct. He then asked whether the information that the Head of IT had added was important to her and her role. She said that it was.

32   CORPORATE RISK REGISTER

The Head of Finance introduced this item. He said that it was a short update report in response to issues raised at the last meeting. He said that the last update to the Risk Management Policy & Framework was approved by GRAC in March 2018, with the next one scheduled for March 2020. The policy set the framework for the Council's Corporate Risk Register which monitored and tracked the Council's most significant risks. Following the introduction of governance improvements, the risk register was now a standing item on Strategic Leadership Team (SLT) agendas and reported every quarter. He said that historic data had been cleaned up and only the last 12 months was presented now.

Regarding project risks, the Head of Finance said that consideration needed to be given as to how to feed these into the Corporate Risk Register (CRR). He added that they would be reported but as a separate register. In addition, the Corporate Plan would also drive some of the items in the CRR. The Council's new performance system, InPhase, would be beneficial for reporting on risk as it would allow for the tracking of 'live' data. He went onto say that the Council's risk appetite and tolerance had never been explored with Members. It was intended to discuss this with the Chairman of GRAC, Overview and Scrutiny Committee and Cabinet members to agree where the Council was comfortable as an authority.

The Head of Finance concluded by saying that an audit of risk management was scheduled for Q4. It was intended that the draft improvements to the Risk Management Policy and Framework would be written and then audited so that improvements could be built in. GRAC could also feed into the development of the policy.

1. The Chairman asked whether income from the New Homes Bonus (NHB) could help with the Sheringham Leisure Centre (Splash) costs. The Head of Finance replied that a £1m gap was still forecast.

2. Cllr N Dixon said that he welcomed the review of risk appetite. He said that

he would like to see a risk recognition process included, adding that it was important that there was an appreciation of the bigger picture otherwise everything 'downstream' would be awry. He went onto say that the risk register should be a dynamic document and there was a need to be able to track whether mitigation measures were effective.

3. Cllr C Cushing asked who updated the risk register and how frequently. The Head of Finance replied that he updated it, with individual officers updating via InPhase. He said that he updated it as soon as he was aware of a risk and reported when appropriate. He confirmed that SLT were the risk owners. The Monitoring Officer added that the CRR covered high level risks, with lower level risks being allocated to individual officers. InPhase would allow for the 'drilling down' from strategic to operational level. Responsibility for risk was a Cabinet function so it would come to GRAC first then Cabinet. She said that there was an ongoing project management review and this had highlighted that the Council needed to learn to look at risks going forward. Consequently there would be an assessment of risk right at the beginning of a project.

4. Cllr Penfold asked whether the process was being made more robust or whether these precautions had always been taken. The Monitoring Officer replied that projects came from all over the place and that there had been too open a gateway previously. Rigour and challenge was lacking at the early stages of the process and these changes would help ensure that everyone was clear on the outcomes. A 'stop go' process was also being introduced to control projects more effectively.

5. Cllr Penfold asked whether officers ever felt pressured by members into taking risks that they were uncomfortable with. The Monitoring Officer replied that it was possible that some junior officers may struggle with 'speaking truth to power' but added that it was the role of the statutory officers to build in protection. She said that the Council operated a very open culture and that challenge was important and should be valued.

6. Cllr J Toye questioned whether Members had the knowledge and ability to challenge effectively. He asked whether more training was required. The Monitoring Officer replied that the procedures around risk were reviewed and changed then training would be provided for Members.

7. Cllr C Cushing asked if there was a portfolio for projects or whether they sat under the remit of a Board. The Monitoring Officer replied that all executive projects were reported to Cabinet to ensure that they had oversight. Working parties of Cabinet and Overview & Scrutiny Committee would provide the 'critical friend' role and GRAC would oversee risk and governance. Officers would take on the operational monitoring role with Members taking on the strategic overview and goal setting.

8. Cllr Cushing asked if projects were reviewed regularly. The Monitoring Officer confirmed that SLT reviewed them on a strategic and operational level. She said that where outcomes weren't being met then there should be an intervention. If the Council was going to fail then it should fail fast.

9. Cllr E Seward, Portfolio Holder for Finance, said that from a financial point of view it was hard to plan for future revenue and it was important that there was a healthy and robust approach to assets. Strong powers were needed to achieve this and the 'strong leader' model enabled it but it was important that the Council operated in a transparent and open way whilst trying to deliver this agenda. He then referred to the North Walsham artificial all weather football pitch project. Issues had now been flagged up about playing late evening and he said that this was an example of failing to pick up on potential problems at an early stage.

10. Cllr Dixon said that he welcomed attempts to deal with tensions between

those who advise and those who make decisions. He added that if issues were not addressed early then the Council would run into problems at the delivery stage. Optimism bias was the biggest threat as people felt as though they had a stake in a project. Cllr Penfold agreed, saying that it was imperative that expert advice was sought during the early stages of a project.

33   ANNUAL ACCOUNTS UPDATE

The Head of Finance introduced this item. He explained that the accounts had not yet been signed off by the External Auditors, EY. The Council was now entering into the budget setting process and EY had advised that the statutory deadline for the signing off of the accounts was in fact a 'guideline'. He said that next year the Committee needed to consider the concerns regarding capacity at EY, adding that it was a timing issue not cash impact on council tax payers. He went onto say that if the Council's investments were showing a 'paper' loss then that must be reflected and the Council must show how they would provide and demonstrate that there was a reserve available. He said that he had requested legal opinion to support this position and had been invited to meet with the auditors in mid-January. However, it was likely that there would be similar challenges next year.

34   GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

The Committee noted the update and action list.

35   GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

The Internal Audit Manager sought the Committee's views on how to approach the self-assessment in March. It was agreed that there would be a training session for committee members to be held as part of a working lunch ahead of the March meeting.

36   EXCLUSION OF THE PRESS AND PUBLIC

37   CONFIDENTIAL INVESTIGATION

The Internal Audit Manager introduced this item. She explained that Members had been provided with a briefing note rather than the full report which had been provided to senior management. She outlined the process that had been undertaken and referred Members to page 62 which explained that the investigation had not established whether the money in question had been lost or stolen and for this reason no fraud or corruption had been found. The Monitoring Officer added that SLT would consider the full report at their next meeting. She confirmed that the matter had been reported to the Police. She suggested that SLT provided a response to the investigation report and this was then reported back to GRAC. She added that SLT had not had an opportunity to discuss any actions arising from the investigation yet and it might be useful for the committee to have sight of the management response before they consider the matter fully.

1. The Chairman said that it appeared to be an issue of procedures and controls and what could be learned going forwards.
2. Cllr J Stenton and Cllr Cushing sought clarity on whether the Council should continue to collect payments from the public in cash. The Internal Audit Manager replied that payments for council tax and planning applications were still paid for in cash sometimes and it was accepted that there was a

risk to doing so. SLT would consider whether cash payments should continue. The investigation had shown that accounting records were accurate. The discrepancy had been picked up through the reconciliation process – as expected. The Monitoring Officer said that people still wanted to pay in cash and it was important that a full range of payment options was available. She said that it was not possible to completely eliminate an issue such as this from happening again.

3. Cllr Dixon said that he was concerned that the Council operated a system which meant that it could be exposed to the possibility of money going astray. There should be an audit trail in place to track and identify where money was in the system.

The Chairman said that this must have caused huge anxiety for the staff involved and it needed to be handled carefully.

The meeting ended at 3.45 pm.

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Chairman

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Progress Report on Internal Audit Activity: 13 March 2020 to 4 June 2020

Summary:	This report examines the progress made between 13 March 2020 to 4 June 2020 in relation to delivery of the Annual Internal Audit Plan for 2019/20.
Conclusions:	Progress in relation to delivery of the internal audit plan is line with expectations; and positive assurance has been awarded in the audit reviews finalised in this period.
Recommendations:	It is recommended that the Committee notes the outcomes of the assurance audit completed between 13 March 2020 to 4 June 2020.

Cabinet member(s):	Ward(s) affected:
All	All
Contact Officer, telephone number, and e-mail:	Faye Haywood, Internal Audit Manager for North Norfolk DC 01508 533873, fhaywood@s-norfolk.gov.uk

1. **Background**

1.1. This report reflects progress made regarding assignments featuring in the approved Annual Internal Audit Plan for 2019/20 which was endorsed by the Audit Committee on 26 March 2019.

2. **Overall Position**

2.1. The overall position in relation to the completion of the Internal Audit Plan is within the attached report.

3. **Conclusion**

3.1 The completion of the Internal Audit Plan is line with expectations; and positive assurances have been awarded in the audit review finalised in this period.

4. **Recommendation**

4.1 It is recommended that the Committee note the outcomes of the assurance audit completed between 13 March 2020 and 4 June 2020.

Appendices attached to this report:

Progress Report on Internal Audit Activity

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Eastern Internal Audit Services

North Norfolk District Council

Progress Report on Internal Audit Activity

Period Covered: 13 March 2020 to 4 June 2020

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

CONTENTS

1. INTRODUCTION

1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.

1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.

1.3 To comply with the above this report includes:

- Any significant changes to the approved Audit Plan;
- Progress made in delivering the agreed audits for the year;
- Any significant outcomes arising from those audits; and
- Performance to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

2.1 At the meeting on 26 March 2019 the Annual Internal Audit Plan for the year was approved, identifying the specific audits to be delivered. Since the last Committee meeting in March 2020 there has been no further changes made to the revised internal audit plan.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1** and progress to date is in line with expectations.

3.2 In summary 182 days of programmed work has been completed, equating to 100% of the agreed Internal Audit Plan for 2019/20. An additional 10 days have also been completed at the request of the Governance Risk and Audit Committee. A total of 192 days has been delivered.

3.3 Due to the impact of the Coronavirus Pandemic we have been unable to finalise four draft reports in time for this committee. We have however provided the Executive Summary of each report and indicated overall gradings.

4. THE OUTCOMES ARISING FROM OUR WORK

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

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

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

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

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

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

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

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

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

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

4.4 During the period covered by the report two final and four draft Internal Audit reports have been issued to management for their consideration;

Audit	Assurance	P1	P2	P3
Leisure	Substantial	0	0	1
Risk Management DRAFT	Reasonable	0	2	0
Key Controls and Assurance DRAFT	Substantial	0	0	1
Procurement	Reasonable	0	2	1
Property Services DRAFT	Reasonable	0	5	2
Business Continuity DRAFT	Reasonable	0	1	5

The Executive Summary of these reports are attached at **Appendix 2**, a full copy can be requested by Members.

4.5 As can be seen in the table above as a result of these audits 20 recommendations have been raised and agreed by management.

4.6 It is pleasing to note that these audits concluded in a positive opinion being awarded, indicating a strong and stable control environment to date, with no issues that would need to be considered at year end and included in the Annual Governance Statement.

4.7 A total of 3 operational effectiveness matters have been raised for management consideration.

4.8 In addition to the assurance work carried out above, a position statement was completed in the area of Egmere at the request of the Committee. Four suggested improvements were raised which have been accepted by management. Details of these improvements are included within the Executive Summary at Appendix 2 of this report.

5.   PERFORMANCE MEASURES

5.1   The Internal Audit Services contract includes a suite of key performance measures against which the contractor will be reviewed on a quarterly basis. There is a total of 11 indicators, over 4 areas.

5.2   There are individual requirements for performance in relation to each measure; however performance will be assessed on an overall basis as follows:

- 9-11 KPIs have met target = Green Status.
- 5-8 KPIs have met target = Amber Status.
- 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by the contractor and agreed with the Internal Audit Manager to ensure that appropriate action is taken.

5.3   Quarter four of the 2019/20 Internal Audit plan has now been completed and a report on the performance measures provided to the Internal Audit Manager, performance is currently at green status with targets having been satisfactorily met.

5.4   In addition to these quarterly reports from the Contractors Audit Director, ongoing weekly updates are provided to ensure that delivery of the audit plan for the current financial year is on track. No concerns have been raised.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Urgent	Important	Needs Attention	Op	Date to Committee
Quarter 1											
Car Parking	NN2008	10	10	10	Final report issued 8 July 2019	Reasonable	0	3	3	0	Sep-19
Project Mangaement	NN2001	6	6	6	Final position statement issued 15 August 2019						Sep-19
TOTAL		**16**	**16**	**16**							
Quarter 2											
Coastal Management	NN2002	10	10	10	Final report issued 8 October 2019	Substantial	0	0	0	0	Dec-19
Section 106 Agreements	NN2004	10	10	10	Final report issued 12 November 2019	Reasonable	0	5	0	0	Dec-19
TOTAL		**20**	**20**	**20**							
Quarter 3											
Sheringham Leisure Centre (addition)	NN2018	0	5	5	Final position statement issued 4 February 2020						March 20
Accountancy Services	NN2005	16	16	16	Final report issued 25 February 2020	Substantial	0	0	3	0	March 20
Accounts Recievable	NN2006	10	10	10	Final Report issued 17 December 2019	Reasonable	0	1	2	0	March 20
Income	NN2007	7	7	7	Final report issued 2 March 2020	Reasonable	0	0	5	1	March 20
Planning Application and Development Management	NN2009	10	10	10	Final report issued 4 February 2020	Reasonable	0	4	1	0	March 20
Egmere (addition)	NN2019	0	5	5	Final position statement issued 13 March 2020						Jun-20
TOTAL		**43**	**53**	**53**							
Quarter 4											
Leisure	NN2003	10	10	10	Final report issued 3 June 2020	Substantial	0	0	1	0	June 20
Risk Management	NN2010	6	6	6	Draft report issued 14 April 2020	Reasonable	0	2	0	1	June 20
Key Controls and Assurance	NN2011	15	15	15	Draft report issued 25 March 2020	Substantial	0	0	1	0	June 20
Procurement	NN2012	10	10	10	Final report issued 4 June 2020	Reasonable	0	2	1	0	June 20
Property Services	NN2013	12	12	12	Draft report issued 2 March 2020	Reasonable	0	5	2	0	June 20
Affordable Housing and Housing Enabling	NN2014	10	10	10	Final report issued 11 March 2020	Reasonable	0	1	0	0	March 20
TOTAL		**63**	**63**	**63**							
IT Audits											
Business Continuity	NN2015	10	10	10	Draft report issued 14 April 2020	Reasonable	0	1	5	2	June 20
Cyber Security	NN2016	10	10	10	Final report issued 11 December 2019	Reasonable	0	2	2	8	March 20
GIS Application	NN2017	10	10	10	Final report issued 17 February 2020	Reasonable	0	3	5	3	March 20
TOTAL		**30**	**30**	**30**							
Follow Up											
Follow Up	NA	10	10	10							
TOTAL		**10**	**10**	**10**							
TOTAL		**182**	**192**	**192**			0	29	31	15	
Percentage of plan completed				**100%**							

Position Statement – Egmere Project

Executive Summary

INTRODUCTION

1. This review was carried out in December 2019, as an addition to the audit plan on request of the Chair of the Governance, Risk and Audit Committee. Following the issue of a previous audit report in August 2019, detailing the outcomes of a review on the Council's Project Management arrangements (NN/20/01), it was requested that two further projects were subject to audit scrutiny; this is the second of those two reviews, the first being Sheringham Leisure Centre (NN/20/18). This review relates to the potential development opportunity at a site situated north of Edgar Road, Egmere. At the Cabinet meeting held on 15th August 2019 a report was provided recommending that Cabinet cease the current scheme and that any unallocated funds are made available for alternative capital projects and this recommendation was approved.

SCOPE

2. The objective of the review was to highlight any possible areas for improvement and provide a 'Position Statement' to the senior management of the Council on the outcomes of the review, as outlined above. The review considered the initial information that was provided to Members at the time that the project was approved, the budget of the project and the effectiveness of the governance arrangements.

MATERIALITY

3. The report to Cabinet on 23rd September 2019 reported on the financial position, stating that spend to date on the project had been circa £180k, with a net cost to the Council of £85k after Norfolk Business Rates Pool (NBRP) contributions. In December 2019, the Estates and Asset Strategy Manager provided updated information for the audit showing a total cost of £175k, less £94k funding, leaving a total cost to the Council of £84k. It was clarified that these costs do not include recharges for Council staff time.

KEY FINDINGS

4. Outcomes of the review are detailed in the table below.

AUDIT OBSERVATIONS

5. The audit has concluded that there is evidence in place demonstrating ongoing governance, including regular reporting to Cabinet, and reviews from external consultants BE Group in both 2015 and 2019. The benefits, risks and financial implications were reviewed at each stage and reported to Members for consideration. As it was decided in August 2019 not to proceed with the scheme, a formal project was not started to develop the site. Reasons for the project not proceeding included rapid changes in the renewable energy sector, an inability to attract tenants at such an early stage, time taken to agree a potential

lease with the land owner, and ultimately withdrawal of the proposed anchor tenant. A review of documentation found regular communication with the potential anchor tenant, who confirmed continuing interest as late as February 2019 before withdrawing interest in June 2019.

Findings from the review are detailed below. There is one new Suggested Action / Improvement for management to consider, which builds on those Suggested Actions / Improvements raised in the Project Management audit report NN/20/01, in particular, for project boards to include officers with the requisite skills, including representation from Finance and Legal Services, from the outset if deemed appropriate.

Other issues have been identified in this project, which have previously been identified in relation to the Council's project management overall. These include ineffective governance arrangements, lack of input from areas such as finance, legal into project appraisal, and project objectives and milestones not being adequately defined or reported on. See the previous audit report on Project Management (NN/20/01) for details and recommended actions. Where appropriate, actions from that report have been restated in the 'Findings' section of this report, in particular:

- Initial risk assessments be completed consistently between projects, using a standard template and methodology.

- Project objectives and milestones be defined at the beginning of the project and progress against these is regularly reported on.

- Regular updates to senior management on project progress to be provided, including details of issues arising and remedial actions required.

Assurance Review of the Leisure Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT

SUBSTANTIAL ASSURANCE	
REASONABLE ASSURANCE	
LIMITED ASSURANCE	
NO ASSURANCE	

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Contract Monitoring	0	0	1	0
Total	**0**	**0**	**1**	**0**

No recommendations have been raised in respect of performance measures, monitoring and outcomes or reporting.

SCOPE

A review of Leisure Services was carried out to support the Head of Internal Audit Opinion, to consider the effectiveness of controls surrounding leisure services.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'needs attention' recommendation being raised upon the conclusion of our work.

- The previous audit report on Leisure (NN/16/01) concluded in a 'Reasonable' assurance opinion, with five 'important' and three 'needs attention' recommendations being raised. This shows a positive direction of travel. However, the previous audit is not directly comparable with this one as the scope was not identical.

- Due to the ceasing of audit activity during the Coronavirus pandemic, it was not possible for audit to hold a formal debrief with the Leisure and Localities Service Manager prior to issue of this draft report, as is normal practice.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Council has an Indoor Leisure Facilities Strategy, which incorporates relative priorities, timescales overall capital budget costs. Timescales includes longer term projects up to 2026. The new leisure centre was based on the back of this strategy and supported £1m funding from Sport England.

- The contract with the provider, Sports and Leisure Management Ltd, includes the process for monitoring, managing and reporting on the agreement, including performance outcomes/targets, making reference to an Annual Service Report.

- The Annual Service Report performance monitoring states that for the first year a base will be set, with formal monitoring being developed for implementation against this base and performance adjustment payments from year two.

- The contractor is paid based on performance, i.e. under the Payment and Performance Monitoring System, where financial penalties are incurred in relation to performance failures. There are also a number of KPIs included on the outcomes scorecard but this will not be monitored until 2020/21.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where one 'needs attention' recommendation has been made.

Contract Monitoring

- The minutes of the contractor meetings are summarised, as such there are elements that would need enhancing, such as inclusion of the participants of the meeting, this would reduce the risk of contractual requirements not being met and not identified within the quarterly contract meetings.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous audit of Leisure and Pier Pavilion was completed in July 2015, with five 'important' and three 'needs attention' recommendations being raised. These recommendations have been confirmed as implemented.

Other points to note

The indoor leisure contract has been in place since April 2019, which includes a service specification for performance standards and performance failures in respect of various elements of the service. The performance monitoring system for the contract in the first year is for setting a base by which to monitor the service, with the monitoring and compliance commencing from 1st April 2020. It was confirmed that a performance scored card has been devised, setting out qualitative and quantative measures to monitor, however the actual performance against those measures could not be included within the testing.

Due to the coronavirus outbreak the signed copy of the contract, which is held separately to the service area, could not be evidenced.

Assurance Review of the Risk Management Arrangements

DRAFT Executive Summary

OVERALL ASSURANCE ASSESSMENT

REASONABLE ASSURANCE

- SUBSTANTIAL ASSURANCE
- REASONABLE ASSURANCE
- LIMITED ASSURANCE
- NO ASSURANCE

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Risk Policy	0	2	0	1
Total	**0**	**2**	**0**	**1**

No recommendations have been raised in respect of risk registers or management and monitoring of risk.

SCOPE

A review of risk management was carried out to support the Head of Internal Audit Opinion. This audit aimed to provide assurance that significant risks are being identified and managed by the Council to support the achievement of strategic priorities.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'important' recommendations being raised upon the conclusion of our work.

- The audit has also raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

- The previous audit report on Risk Management (NN/18/14) concluded in a 'Substantial' assurance opinion, with two 'needs attention' recommendations being raised. This indicates a negative direction of travel. However, the previous audit is not directly comparable with this one as the scope was not identical, and the overall assurance level remains positive.

- Due to the ceasing of audit activity during the Coronavirus pandemic, it was not possible for audit to hold a formal debrief with the Head of Finance and Asset Management prior to issue of this draft report, as is normal practice.

POSITIVE FINDINGS

We found that the Council has demonstrated the following points of good practice as identified in this review and we will be sharing details of these operational provisions with other member authorities in the Consortium:

- The Council's risk appetite has been defined following consultation with Members, in accordance with best practice, and will be reflected in the new Risk Management Framework. This will ensure that only projects and activities which have an acceptable level of risk are approved and that risks over the agreed appetite are monitored and appropriately mitigated.

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Changes to the Corporate Risk Register and the Risk Management Framework have been discussed by Strategic Leadership Team and Governance, Risk and Audit Committee (GRAC). The new Risk Management Framework was scheduled to be approved by GRAC on 24th March 2020. This meeting will be rescheduled due to the impact of the Coronavirus pandemic, to ensure that senior management and Members have overall responsibility for risk management within the Council.

- The Corporate Risk Register is reviewed quarterly by Strategic Leadership Team and at every meeting of the Governance, Risk and Audit Committee, to ensure management oversight of key risks.

- The Council is in the process of implementing a new performance management system, InPhase, which includes risk management, to ensure that risks are updated regularly and that managers have effective oversight of risks for which they are responsible.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where two 'important' recommendations have been made.

Risk Policy

- A process for escalating and de-escalating risks be defined in the Risk Management Framework, to reduce the risk that resources are not focused on the most significant risks facing the Council.

- The risk appetite section of the Risk Management Framework be expanded to explain how the narrative statements of risk appetite link to risk scores. This will reduce the risk of risk that are outside of the appetite not being appropriately mitigated.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relate to the following:

- Consideration be given to defining impact scores individually for each of the categories of risk, in order to make these more relevant and help guide officers on what level of risk is acceptable.

Previous audit recommendations

The previous audit of Risk Management was completed in March 2018, with two 'needs attention' recommendations being raised. Both of these have been confirmed as implemented.

Other points to note

This audit included a review of a draft new version of the Risk Management Framework and comments on its contents. It is noted that this has not been formally approved or implemented yet.

It was not possible to test how risks are managed in line with risk appetite as this has not yet been included on the risk registers.

The Council is in the process of implementing a new performance and risk management system, InPhase. Based on the testing during the audit, this appears to be fit for purpose, but it was not possible to thoroughly review the effectiveness of the system as it not yet fully operational.

A review of Project Management (NN/20/01) earlier in 2019/20 identified that risk assessments for projects are not completed in a consistent manner, and an action to address this was raised in that report.

Assurance Review of Key Controls

DRAFT Executive Summary

OVERALL ASSURANCE ASSESSMENT

SUBSTANTIAL ASSURANCE

REASONABLE ASSURANCE

LIMITED ASSURANCE

NO ASSURANCE

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
All areas	0	0	1	0
Total	**0**	**0**	**1**	**0**

No recommendations have been made in the specific areas of Council Tax and NNDR, Housing Benefit, Accounts Payable and Payroll.

SCOPE

The objective of the audit was to review the key controls operating within the systems and controls identified, to help confirm that these are operating adequately, effectively and efficiently.

RATIONALE

- The systems and processes of internal control are, overall, deemed Substantial' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'needs attention' recommendations being raised upon the conclusion of our work.

- The previous audit report, issued in March, also concluded in a 'Substantial' assurance opinion, with no recommendations being raised, indicating that whilst the overall assurance level is unchanged since the previous audit, there is movement within the key financial areas.

KEY FINDINGS

Key Controls Testing

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

Under the agreed internal audit plan for 2019/20 a number of these material systems have been reported on in detail and those key controls have been addressed in each system reviewed. Recommendations have been raised in these individual audit reports. The areas this applies to are:

- Accounts Receivable (NN/20/06);
- Accountancy Services (general ledger, control accounts, asset management, treasury management and budgetary control) (NN/20/05); and
- Income (NN/20/07)

In addition, the key controls in the material systems that were not covered as part of the agreed internal audit plan for 2019/20 have been reviewed as part of this audit. The areas to which this applies are:

- Accounts Payable;
- Payroll;
- Housing Benefit and Council Tax Support; and
- Council Tax and National Non-Domestic Rates.

During the internal audit of the above areas within this review, the audit has highlighted the following areas where one 'needs attention' recommendation has been made.

All areas

- The Council's authorised signatory list be reviewed and updated as necessary, to reduce the risk of officers acting outside of their delegated powers.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Assurance Framework

A review of the assurance framework within the Council was also undertaken as part of the internal audit review. This focused on the structure of the assurance statements, responsibility for completion, evidence retained, the mechanism for incorporating information into the Annual Governance Statement (AGS), senior officer and member review of the AGS and subsequent review and monitoring of action plans. The assurance statements and AGS for 2018/19 were reviewed as the 2019/20 versions have not yet been completed.

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The 2018/19 AGS refers to the fact that Heads of Service completed assurance statements that feed into the assurance framework, highlighting the governance issues that need to be addressed.

- The AGS includes an action plan to address governance issues identified, with actions having responsible officers and deadlines for completion.

- The AGS for 2018/19 was reviewed and approved by the Governance, Risk and Audit Committee in June 2019.

Previous audit recommendations

No recommendations were raised in the previous audit of Key Controls (NN/19/11).
During 2019/20 key controls were also tested as part of the full reviews of Accountancy Services, Accounts Receivable and Income. Three recommendations relating to key controls were made within the Accountancy Services, specifically relating to consistency in budget monitoring, authorisation of virements and access to the fixed asset register. Two recommendations were made in relation to key controls within the Accounts Receivable audit, specifically about the authorisation of credit notes and monitoring of aged debt. No recommendations relating to key controls were made in the Income audit.

Other points to note

During the audit, it was identified that housing benefit reconciliations were not being signed off or independently reviewed, following staff changes within the Benefits team. This control has since been reinstated and all of the reconciliations for 2019/20 have been retrospectively reviewed. As such, no recommendation has been raised.

Assurance Review of the Procurement Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT

REASONABLE ASSURANCE

SUBSTANTIAL ASSURANCE
REASONABLE ASSURANCE
LIMITED ASSURANCE
NO ASSURANCE

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Strategies, policies and procedures	0	0	1	0
Maintenance of the contracts register	0	1	0	0
Exemptions	0	1	0	0
Total	**0**	**2**	**1**	**0**

No recommendations have been raised in respect of compliance with Contract Procedure Rules.

SCOPE

A medium risk has been raised in the corporate risk register in relation to obtaining value for money from contracts. The Procurement Strategy is in the process of being reviewed and our work will focus on whether recent contracts have been awarded in line with procedures and relevant legislation.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and one 'needs attention' recommendations being raised upon the conclusion of our work.

- The previous audit of Procurement (NN/18/16) also concluded in a 'Reasonable' assurance opinion, with four 'important' and three 'needs attention' recommendations being raised. This indicates that there has been a slight improvement in the control environment.

- Due to the Coronavirus pandemic and the fact that this audit was conducted remotely, it was not possible to view any hard copy documents, in particular to confirm that signed and sealed contracts were held by the Council. As such, no assurance is provided on the effectiveness of these controls and the overall assurance opinion is provided with this caveat.

- Due to the ceasing of audit activity during the Coronavirus pandemic, it was not possible for audit to hold a formal debrief with the Head of Finance and Asset Management and Procurement Officer prior to issue of this draft report, as is normal practice.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Council offers e-procurement, through the Delta e-sourcing system, as required by the Public Contract Regulations 2015.

- The Council publishes its contract register on its website on a quarterly basis, to ensure transparency around contracting.

- Procurement processes are conducted in accordance with Contract Procedure Rules, to ensure that the Council obtains value for money in procurement.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where two 'important' recommendations have been made.

Maintenance of the contracts register

- Analysis be undertaken to identify aggregated spend, including off-contract spend for suppliers where aggregated spend in year exceeds procurement thresholds and ensure contracts are in place and adherence to the Contract Procedures Rules. This will reduce the risk that correct procurement processes are not applied, are over the original contract and that value for money is not achieved.

Exemptions

- All exemptions, including signed forms, be recorded and retained in a central location, to reduce the risk of exemptions being used inappropriately or not being documented correctly.

The audit has also highlighted the following areas where one 'needs attention' recommendation has been made.

Strategies, policies and procedures

- The Contract Procedure Rules in the Council's Constitution be updated to the latest version, to reduce the risk of outdated practices being followed.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous audit report on Procurement (NN/18/16) was issued in April 2018 and concluded in a 'Reasonable' assurance opinion, with four 'important' and three 'needs attention' recommendations being raised. Six of these recommendations have been confirmed as implemented through Internal Audit's cyclical follow up checks.

Assurance Review of Property Services

DRAFT Executive Summary

OVERALL ASSURANCE ASSESSMENT

REASONABLE ASSURANCE

Adequate & effective governance, risk and control processes

- SUBSTANTIAL ASSURANCE
- REASONABLE ASSURANCE
- LIMITED ASSURANCE
- NO ASSURANCE

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Lease renewals, rent, re-letting and rental arrears	0	2	2	0
Maintenance and insurance	0	2	0	0
Asset reconciliation	0	1	0	0
Total	**0**	**5**	**2**	**0**

No recommendations have been raised in respect of strategies, policies and procedures or asset valuation.

SCOPE

A medium risk has been raised in the corporate risk register in relation to the condition of property assets and the Asset Management Plan is due to be refreshed in the first half of 2019/20. Our review therefore provides assurance that assets are being well managed in respect of legal obligations, carrying out repairs and maintenance and spend monitoring.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of five 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.

- The previous audit report on Property Services (NN/17/08) was issued in October 2016 and concluded in a 'Substantial' assurance opinion, with no recommendations raised. It is noted that the scope of that audit was significantly different from this audit.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Acquisitions and disposals are made in accordance with the Asset Management Plan and are appropriately authorised, to ensure that they help to achieve the Council's objectives.

- The Council has an inspection programme covering all of its assets, to ensure that issues such as safety, condition and encroachment are identified and resolved in a timely manner.

- Rent arrears for commercial properties are recovered in accordance with the Council's standard debt recovery procedures, to ensure that arrears are recovered consistently and promptly.

- All of the Council's property assets are insured, to ensure that the Council does not suffer significant financial loss in the event of damage to property.

- Assets are regularly revalued on a five year rolling programme, to ensure that values stated in the Council's accounts are accurate.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where five 'important' recommendations have been made.

Lease renewals, rent, re-letting and rental arrears

- The process by which invoices for leases and licences are raised be reviewed, to reduce the risk that income due to the Council is not received.

- Signed copies of lease and licence agreements be retained, to reduce the risk of dispute over the terms.

Maintenance and insurance

- Regular condition surveys of Council assets be undertaken, to reduce the risk that the Council is unable to maintain them in good condition effectively and efficiently.

- Planned maintenance programmes be developed for Council assets, to reduce the risk that the Council only undertakes repairs reactively and is unable to maintain assets in good condition.

Asset reconciliations

- Acquisitions and disposals recorded in the fixed asset register be reconciled to Concerto, to reduce the risk of incorrect information being recorded.

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Lease renewals, rent, re-letting and rental arrears

- The concession sites offered by the Council be reviewed and actively marketed, to reduce the risk of potential income not being generated.

- A policy on the use of deposits for commercial properties be clearly defined, to reduce the risk of inconsistent use.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

No recommendations were raised in the previous audit of Property Services (NN/17/08). Therefore there are no outstanding recommendations relating to any of the areas within the scope of this audit.

Other points to note

The Council's current Asset Management Plan was approved in 2018. However, due to changes in the Council's corporate priorities, parts of it require updating. As the Council's new corporate plan and delivery plan have now been approved, a new version of the Asset Management Plan is being produced and is expected to be approved in 2020.

Assurance Review of Business Continuity and Disaster Recovery

DRAFT Executive Summary

OVERALL ASSURANCE ASSESSMENT

REASONABLE ASSURANCE

Adequate & effective governance, risk and control processes

- SUBSTANTIAL ASSURANCE
- REASONABLE ASSURANCE
- LIMITED ASSURANCE
- NO ASSURANCE

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Adequacy of DR Provision	0	1	1	0
DR Testing	0	0	1	0
DR Development for New Systems	0	0	1	0
Continuous Improvement	0	0	0	1
Fakenham Physical Access Controls	0	0	2	1
Total	**0**	**1**	**5**	**2**

No recommendations were made in the areas of Backup and Recovery Capabilities, Alignment with Business Continuity Plan and 3rd Party Management

SCOPE

A medium risk has been raised in the corporate risk register in relation to the continuation of service delivery in the event of an incident. A Resilience Officer has also recently been appointed and reviews of all Business Continuity Plans are now underway. Our review has focussed on providing assurance that the Council's current Disaster Recovery arrangements can support Business Continuity requirements and expectations.

RATIONALE

- The systems and processes of internal control are, overall deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'Important' and five 'Needs Attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised two 'Operational Effectiveness Matters', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.
- Due to the ceasing of audit activity during the Coronavirus pandemic, it was not possible for audit to obtain answers to all outstanding queries nor to hold a formal debrief with the Networks Manager and Technical Support Officer prior to issue of this draft report, as is normal practice.
- The aforementioned and findings to date have been considered when providing the overall assurance opinion.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Council has a documented Business Continuity ("BC") plan that includes a list of priority systems and a list of services that are less of a priority. The plans, including local service plans will be undergoing a root and branch review later in 2020.
- There is a defined procedure for requesting emergency funding for any purpose included within the Council's Business Continuity plans.
- There is some evidence of Disaster Recovery ("DR") testing having taken place, specifically the 'black' test conducted in late 2017 where the Cromer machine room was shut down to test the ability to recovery from Fakenham. The test was found to have been documented in a test report.
- At the Council's Governance Risk and Audit Committee meeting on Tuesday 3 December 2019, questions were raised about the completion of the Disaster Recovery/ Business Continuity incident action plan that was presented to Full Council in September 2019. The action plan was created following an IT disruption in June 2019. The audit reviewed the latest version of the action plan dated March 2020, which noted that there has been progress made with the actions contained within the action plan, with current status updates being present in actions that require them. These include updates related to why actions are late for delivery.
- The voice and data network is managed using network switches that are supported by UPS devices. The UPS devices keep the network (including voice) running for as long as the UPS batteries last - two hours on average. Not all of the building has UPS coverage. However, laptops can still be used on their batteries as the network will also still be available.
- The Fakenham Connect DR facility was found to be locked when visited during the fieldwork. There is a key code lock on the main entrance to the facility, whose code is changed periodically by local staff.
- The primary data centre in Cromer and the DR facility in Fakenham were noted as having adequate environmental controls to protect against fire, electrical and water damage.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where one 'Important' recommendation has been made.

Adequacy of DR Provision

- There is a need to ensure that the "Procedures for DR" documentation is reviewed and updated following the planned IT infrastructure upgrade to reduce the risk of not being able to adequately support the recovery of key Council systems following an incident.

The audit has also highlighted the following areas where five 'Needs Attention' recommendations have been made.

Adequacy of DR Provision

- There is a need to ensure that offline copies of the "Procedures for DR" document are kept to reduce the risk of not being able to support the timely recovery of priority Council systems and services following incident where the network is not available.

DR Testing

- There is a need to document and implement an appropriate IT DR test plan to reduce the risk that the service cannot adequately support the recovery of key Council systems following an incident.

DR Development for New Systems

- At the time of writing, it was not possible to verify that the Council's Project/ Programme Management Framework includes reference to the need for DR support to be considered when implementing new, or significantly changed, systems. Hence, a recommendation on this has been raised.

Fakenham Physical Access Controls

- There is a need to work with the Borough Council of Kings Lynn and West Norfolk to ensure that the available CCTV facility installed in the Fakenham DR suite by Kings Lynn is kept active or to install separate CCTV facilities that the Council has control over. This is to reduce the risk of inappropriate or unauthorised access to the DR suite.
- There is a need to ensure that a new appointment for servicing the Uninterruptible Power Supply ("UPS") systems is arranged as soon as possible to reduce the risk of failure of that control system.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relate to the following:

- Consideration to be given to the inclusion of a version history within the "Procedures for DR" document in order to demonstrate the review history of the document.
- Consideration to be given to setting up a visitor log to record all visits to the Fakenham DR facility.

<u>Previous audit recommendations</u>

The audit reviewed the previous internal audit recommendations, of which none remain outstanding.

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Follow Up on Internal Audit Recommendations 21 November 2019 to 31 March 2020

Summary:	This report provides an overview of progress made in implementing agreed audit recommendations due for completion between 21 November 2019 to 31 March 2020.
Conclusions:	Progress continues to be made in addressing audit recommendations.
Recommendations:	It is recommended that the Committee notes management action taken to date regarding the delivery of audit recommendations.

Cabinet member(s):	Ward(s) affected:
All	All
Contact Officer, telephone number, and e-mail:	Faye Haywood, Internal Audit Manager for North Norfolk DC 01508 533873, fhaywood@s-norfolk.gov.uk

1.   Background

1.1.   In accordance with agreed internal audit review and reporting cycles, we revisit the status of audit recommendations on a 6-monthly basis and last presented our findings in this area to the Audit Committee in December 2019.

1.2.   This report now seeks to provide an update on the status of audit recommendations following recent verification work performed by the Contractor, which examined the level of activity concerning the delivery of audit recommendations falling due between 21 November 2019 to 31 March 2020.

2.   Overall Position

2.1.   The overall position in relation to the implementation of Internal Audit Recommendations is within the attached report.

3.   Conclusion

3.1   We recommend that officers now focus on completing recommendations raised during 2017/18 as these are now significantly overdue. As requested, the Committee continue to observe the progress made against completion of the one remaining important recommendation made during the 2010/11 review of Development Management, in relation to the Section 106 Arrangements.

4.   Recommendation

4.1   It is recommended that the Committee notes management action taken to date regarding the delivery of audit recommendations.

Appendices attached to this report:

Follow Up Report on Internal Audit Recommendations

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Eastern Internal Audit Services

NORTH NORFOLK DISTRICT COUNCIL

Follow Up Report on Internal Audit Recommendations

Period Covered: 21 November 2019 to 31 March 2020

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

CONTENTS

## 1.	INTRODUCTION

1.1	This report is being issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.

1.2	The Public Sector Internal Audit Standards also require the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action. The frequency of reporting and the specific content are for the Authority to determine.

1.3	To comply with the above this report includes:

- The status of agreed actions.

## 2.	STATUS OF AGREED ACTIONS

2.1	As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to this Committee. Verification work is also undertaken for those recommendations that are reported as closed.

2.2	**Appendix 1** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken and identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round.

2.3	In relation to the historic recommendations (i.e. those prior to the 2016/17 financial year), there is one important recommendation from a 2010/11 review on Development Management. The most recent management response can be seen at **Appendix 2**.

2.4	In 2017/18 internal audit raised 50 recommendations; 44 of which have been implemented by the agreed date, six of which are outstanding (five important and four needs attention).

Number raised to date	50	
Complete	44	88%
Outstanding	6	12%

The five important recommendations can be seen at **Appendix 3** to the report. Management responses in relation to Environmental Health and Waste Management have not been provided.

2.5 A total of 40 recommendations were raised during 2018/19. 33 have been completed. Seven recommendations are now outstanding (one important, six needs attention).

Number raised to date	40	
Complete	33	80%
Outstanding	7	20%

Management responses in relation to two important recommendations have not been provided.

2.6 A total of 44 recommendations have been agreed so far in 2019/20. Nine have been completed. A total of 12 needs attention recommendations are now outstanding, and 23 are not yet due.

Number raised to date	44	
Complete	9	20%
Outstanding	12	27%
Not yet due	23	53%

2.7 We recommend that officers now focus on completing recommendations raised during 2017/18 as these are now significantly overdue. As requested, the Committee continues to observe the progress made against completion of the one remaining important recommendation made during the 2010/11 review of Development Management, in relation to the Section 106 Arrangements. During our recent review of this area we have been unable to verify that this has been completed and it therefore continues to be monitored.

APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

Audit Ref	Audit Area	Assurance Level	Completed bt 21/11/2019 and 31 March 2020			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
2010/11 Internal Audit Reviews															
NN1112	Development Management, Building Control and Land Charges	Adequate					1					1			
2017/18 Internal Audit Reviews															
NN1803	Land Charges	Reasonable					1					1			
NN1807	Environmental Health	Reasonable					2	1				3			
NN1816	Procurement	Reasonable					1					1			
NN1817	Waste Management	Reasonable					1					1			
2018/19 Internal Audit Reviews															
NN1905	Homelessness and Housing Options	Reasonable			1						1	1			
NN1906	Accounts Payable	Reasonable			1						1	1			
NN1910	Corporate Governance	Substantial			1						1	1			
NN1914	Environmental Health	Reasonable		1			1	3				4			
NN1908	Payroll and HR	Reasonable		1	1							0			
2019/20 Internal Audit Reviews															
NN2008	Car Parking	Reasonable		2	1							0			
NN2004	S106 Agreements	Reasonable										0		5	
NN2005	Accountancy Services	Substantial									3	0			
NN2006	Accounts Recievable	Reasonable		1	1							0			
NN2007	Income	Reasonable									5	0			
NN2009	Planning and Development	Reasonable										0		4	1
NN2014	Affordable Housing and Enabling	Reasonable										0		1	
NN2016	Cyber Security	Reasonable		1							1			1	1
NN2012	Procurement	Reasonable												2	1
NN2003	Leisure	Substantial													1
NN2017	GIS Application	Reasonable									2	0		3	3
TOTALS			0	6	6	0	7	4	0	0	15	14	0	16	7

APPENDIX 2 - OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2010/2011

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN1112 Development Management	Written guidance detailing the roles and responsibilities for monitoring the key requirements of Section 106 Planning Agreements should be produced to ensure appropriate action is taken to enforce the conditions contained therein. The guidance should be accompanied by a collated record of all Section 106 Planning Agreements, detailing the trigger points and accompanying obligations. This should include key responsibilities and contacts for the obligation and state action to be taken as and when those trigger points are reached. Where trigger points have been reached, action should be taken in a timely manner to enforce those conditions.	2	Agreed	Head of Planning	30/11/2011	July 2020	Outstanding	A complete list of S106 agreements has now been produced covering all agreements from the last ten years. This is being used as the current reference point and will form the basis of the data for when the new software system is introduced. Progress with the software remains as per previous update - it is expected that the new planning system, Uniform, will be installed in December 2019 and the S106 module, Exacom, will be added once Uniform is fully functional. This is expected to be in Q2 2020.

APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2017/18 AUDIT REVIEWS

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN1803 Land Charges	Recommendation 1: Procedure notes be produced for all aspects of the local land charge service. These notes to be version controlled and reviewed on a regular basis. Rationale & risk: Ensuring procedure notes are in place and up to date for all aspects of the service will provide assurance to management that staff are following correct practices. This reduces the risk of errors being made within the process where staff follow incorrect practice, leading to reputational damage and financial loss for the Council.	2	The service accept that the current procedural manual is incomplete and could be improved to include version control and recent changes that have occurred within the service.	Property Information Team Leader	31/12/2017	30/09/2020	Outstanding	We were ere going to implement new software before implementing this recommendation however the project has faced considerable delays (about two years) with a go-live date of June 2020. As we were unable to continue with the project due to the pandemic, we will be picking the project back up hopefully in Sept 2020.
NN1807 Environmental Health	Recommendation 1: All the Environmental Health procedures, policies and guidance, including those related to the scope of the audit, be reviewed and updated to ensure that current statutory and non-statutory requirements, where applicable, are included. Rationale and risk: The processes in the procedures may no longer be relevant as current statutory requirements and legislations may not be included in the procedures, policies and guidance. This may lead to non-compliance with the relevant statutes and legislations, errors and delays in processing licences and permits and inconsistent practice arising.	2	The BPR and IT implementation are scheduled to continue until April 2018. Therefore, not all processes will have been completed within the timescale recommended. BPR will tackle the largest volume work first and so processes which deal with the most workload will be addressed first.	Head of EH	30/04/2018	New date required	Outstanding	No response received

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN1807 Environmental Health	Recommendation 2: A process for sharing data relevant to the Environmental Health Team which can be used for identifying businesses requiring licences be agreed with other Council departments including Planning and Revenues (CTAX/NNDR). Rationale and risk: The risk of businesses operating illegally which may harm the members of the public or the environment through unregulated activities carried out by the businesses.	2	Agreed.	Head of EH	31/01/2018	New date required	Outstanding	No response received
NN1816 Procurement	Recommendation 4: A new Procurement Strategy be produced, approved and communicated to staff. Rationale and risk: Clear communication of a strategy will provide officers responsible for procurement with the most up to date guidance when procuring goods and services on behalf of the Council. This will also help to confirm that the Council complies with its regulatory responsibilities.	2	The current Procurement Strategy will be reviewed and updated in time for the new 2019/20 financial year.	Procurement Officer	31/03/2019	30/10/2020	Outstanding	This has had to take a back seat as we are being redeployed into other areas. Therefore, procurement work is on hold for the time being. I do not expect to have completed this until October.
NN1817 Waste Management	Recommendation 1: A review of M3 users is carried out and any accounts belonging to staff who have left the Council are deactivated. Future leavers should be deactivated when notification of their departure is received from HR. Rationale and risk: Promptly deactivating old user accounts will help manage systems access more effectively by ensuring only those requiring access actually have access. If users are not removed, especially from the administrators group, there is a risk of inappropriate changes being made using these accounts.	2	Agreed. Access Policy and Procedure to be written which covers granting access to new users and removal of leavers. This is being tied in to the implementation of the Assure System. In the meantime the Environmental Protection Manager is acting as the control point for all new user access.	Environmental Protection Manager	28/09/2018	New date required	Outstanding	No response received

APPENDIX 4 OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2018/19 AUDIT REVIEWS

Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN1914 Environmental Health	Recommendation 2: An updated version of the licence register is published on the Council's website, using the method used prior to Assure implementation if necessary.	2	Agreed	Environmental Protection Manager	30/05/2019	New date required	Outstanding	No response received

Annual Report and Opinion 2019/20

Summary:	This report concludes on the Internal Audit Activity undertaken during 2019/20, it provides an Annual Opinion concerning the organisation's framework of governance, risk management and control and concludes on the Effectiveness of Internal Audit and provides key information for the Annual Governance Statement.
Conclusions:	On the basis of Internal Audit work performed during 2019/20, the Head of Internal Audit is able to give a reasonable (positive) opinion on the framework of governance, risk management and control at North Norfolk District Council.
Recommendations:	1. Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit. 2. Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2020. 3. Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2019/20. 4. Note the conclusions of the Review of the Effectiveness of Internal Audit.

Cabinet member(s):	Ward(s) affected:
All	All
Contact Officer, telephone number, and e-mail:	Emma Hodds, Head of Internal Audit 01508 533791, ehodds@s-norfolk.gov.uk

1.   Background

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

- A summary of the work that supports the opinion should be submitted;
- Reliance placed on other assurance providers should be recognised;
- Any qualifications to that opinion, together with the reason for qualification must be provided;
- There should be disclosure of any impairments or restriction to the scope of the opinion;
- There should be a comparison of actual audit work undertaken with planned work;
- The performance of internal audit against its performance measures and targets should be summarised.

- Any other issues considered relevant to the Annual Governance Statement should be recorded.

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

- The degree of conformance with the PSIAS and the results of any quality assurance and improvement programme;
- The outcomes of the performance indicators; and,
- The degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.

2. Overall Position

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

3. Conclusion

3.1 On the basis of Internal Audit work performed during 2019/20, the Head of Internal Audit is able to give a **reasonable** opinion on the framework of governance, risk management and control at North Norfolk District Council.

3.2 The outcomes of the Effectiveness Review confirm that Internal Audit:
- Is compliant with the Public Sector Internal Audit Standards;
- Is continually monitoring performance and looking for ways to improve; and.
- Is complaint with CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.

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

4. Recommendation

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

4.2 Note that a **reasonable** audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2020.

4.3 Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2019/20.

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

Appendices attached to this report:

Annual Report and Opinion 2019/20.

Eastern Internal Audit Services

NORTH NORFOLK DISTRICT COUNCIL

Annual Report and Opinion 2019/20

Responsible Officer: Emma Hodds – Head of Internal Audit for North Norfolk DC

CONTENTS

1. INTRODUCTION

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

1.2 Those standards – the Public Sector Internal Audit Standards - require the Chief Audit Executive to provide a written report to those charged with governance (known in this context as the Governance, Risk and Audit Committee) to support the Annual Governance Statement (AGS). This report must set out:

- The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control during 2019/20, together with reasons if the opinion is unfavourable;
- A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
- Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
- The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.

1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation's Annual Governance Statement, but there are also a number of other important sources to which the Governance, Risk and Audit Committee and statutory officers of the Council should be looking to gain assurance. Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully at **Appendix 3**.

2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

2.1 Roles and responsibilities

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

This is achieved through the delivery of the risk based Annual Internal Audit Plan discussed and approved with the Corporate Leadership Team and key stakeholders and then approved by the Governance, Risk and Audit Committee at its meeting on 26 March 2019. Any justifiable amendments that are requested during the year are discussed and agreed with senior management, and reported through to Committee. This opinion does not imply that internal

audit has reviewed all risks and assurances, but it is one component to be taken into account during the preparation of the AGS.

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

2.2   The opinion itself

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

It is encouraging to note that of the 16 assurance audits completed within the year, all resulted in a positive assurance grading with no urgent priority recommendations raised.

It is also important to note that substantial assurance was concluded in the following areas:

- Coastal Management
- Accountancy Services
- Leisure
- Key Controls and assurance

A total of four reports were issued to management in draft by the end of the financial year, however due to the impact of the Coronavirus Pandemic, it was not possible to finalise them in time for June 2020 Committee meeting. These reports were Risk Management, Key Controls, Property Services and Business Continuity. The Executive Summary of the draft report with overall gradings indicated has been provided to the Committee within the progress report. Therefore, this does not impede our ability to consider these for the opinion given.

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

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

3.   AUDIT WORK UNDERTAKEN DURING THE YEAR

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

3.2   Internal audit work is divided into 4 broad categories;

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

3.3 **Summary of the internal audit work**

The work undertaken by Eastern Internal Audit Services (TIAA Ltd) in 2019/20 has covered a wide range of services and has resulted in 16 assurance opinion reports being completed. All the reports issued have been given a positive assurance grading.

Internal Audit has also provided advice and guidance in a position statement in the area of Project Management and at request of the Committee the Sheringham Leisure and Egmere projects. The conclusions were reported to management and the Committee in a Position Statement, providing suggested actions and improvements.

As mentioned in section 2.2. due to the impact of the Coronavirus Pandemic we have not been able to finalise the following reports in time for this meeting. The Executive Summaries have however been provided to the Committee within the Internal Audit progress report and overall gradings indicated.

- Risk Management
- Key Controls and Assurance
- Property Services
- Business Continuity

The Executive Summary of all reports have been presented to the Governance Risk and Audit Committee, ensuring open and transparent reporting and enabling the Committee to review key service area controls and the conclusions reached.

In total 192 days were delivered from 182 days originally planned. The additional 10 days were delivered at the request of the Committee resulting in position statement reviews of the Sheringham Leisure and Egmere projects.

3.4 **Follow up of management action**

In relation to the follow up of management actions to ensure that they have been effectively implemented the position at year end is that of the 44 recommendations agreed by TIAA Ltd in 2019/20 a total of nine have been implemented. A total of 12 needs attention recommendations are overdue and 23 are within deadline.

A total of 40 recommendations were raised in 2018/19 and 33 have now been completed. A total of seven recommendations (one important and six needs attention) remain outstanding.

A total of 50 recommendations were raised in 2017/18 and 44 have now been complete. Six recommendations remain outstanding (5 important, 1 needs attention).

The important recommendation from 2010/11 Development Management, Building Control and Land Charges remains outstanding relating to Section 106 agreements following our review of this area in 2019/20.

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

Internal Audit work has not identified any weaknesses that are significant enough for disclosure within the Annual Governance Statement.

4. **THIRD PARTY ASSURANCES**

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

5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

5.1 Quality Assurance and Improvement Programme (QAIP)

5.1.1 <u>Internal Assessment</u>

A checklist for conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note has been completed for 2019/20. This covers; the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.

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

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

On conclusion of completion of the checklist conformance has been ascertained in relation to the Definition of Internal Auditing, the Code of Ethics and the Performance Standards.

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

5.1.2 <u>External Assessment</u>

In relation to the Attribute Standards it is recognised that to achieve full conformance an external assessment is needed. This is required to be completed every five years, with the first review having been completed in January 2017.

The external assessment was undertaken by the Institute of Internal Auditors and it has concluded that *"the internal audit service conforms to the professional standards and the work has been performed in accordance with the Internal Professional Practices Framework".* Thus, confirming conformance to the required standards.

The external assessment report has previously been provided to the Section 151 Officer and the Committee.

Two improvement points were raised in relation to the assessment. The first relates to updating and documenting current risks relating to the delivery of the TIAA contract. The second relates to the Internal Audit Manager carrying out yearly deep dive assurance exercises on a sample of TIAA audit files to give assurance that audit procedures are being followed in line with the PSIAS. These actions have now been completed.

5.2   Performance Indicator outcomes

5.2.1   The Internal Audit Service is benchmarked against a number of performance indicators as agreed by the Governance Audit and Risk Committee. Actual performance against these targets is outlined below and within the table overleaf:

5.2.2   It is encouraging to note that 9 out of a possible 11 performance measures have been achieved, with four of these exceeding targets. Client feedback has been provided which has been positive recognising the professional service provided and the value that internal audit has brought to the Council.

In relation to performance measure four, one performance report was received outside of the 15 working day deadline, however this was received the next working day and therefore represents an isolated incident.

In relation to performance measure three, the Leisure report was issued to management in draft 2 working days after the agreed deadline. In addition, as mentioned earlier within this report for reasons outside of the control of the Internal Audit team a total of four internal audit remain in draft at the time of writing this report.

All internal audit reviews assigned to TIAA were issued to management in draft by 20 April 2020.

Area / Indicator	Frequency	Target	Actual	Comments
Audit Committee / Senior Management				
1. Audit Committee Satisfaction – measured annually	Annual	Adequate	Good	Exceeded
2. Chief Finance Officer Satisfaction – measured quarterly	Annual	Good	Good	Achieved
Internal Audit Process				
3. Each quarters audits completed to draft report within 10 working days of the end of the quarter	Quarterly	100%	94%	Not achieved. 1/16 reports outside of deadline.
4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter	Quarterly	100%	75%	Not achieved - One quarterly report received 1 working day after the deadline.
5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report (a sample of these will be subject to quality review by the Contract Manager)		100%	100%	Achieved
6. Compliance with Public Sector Internal Audit Standards		Generally conforms	Generally conforms	Achieved
7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.		100%	100%	Achieved
Clients				
8. Average feedback score received from key clients (auditees)		Adequate	Good	Exceeded, 6 responses received.
9. Percentage of recommendations accepted by management		90%	100%	Exceeds
Innovations and Capabilities				
10. Percentage of qualified (including experienced) staff working on the contract each quarter		60%	100%	Exceeds
11. Number of training hours per member of staff completed per quarter		1 day	1 day	Achieved

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

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

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

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

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

APPENDIX1 – AUDIT WORK UNDERTAKEN DURING 2019/20

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
Project Management	Position Statement						
Car Parking	Reasonable	6	6	0	0	0	0
Coastal Management	Substantial	0	0	0	0	0	0
Section 106 Agreements	Reasonable	5	0	0	0	0	5
Accountancy Services	Substantial	3	0	0	0	3	0
Accounts Receivable	Reasonable	3	2	0	0	1	0
Income	Reasonable	5	0	0	0	5	0
Planning Application and Development Management	Reasonable	5	0	0	0	0	5
Sheringham Leisure Centre	Position Statement						
Egmere	Position Statement						
Leisure	Substantial	1					1
Risk Management (DRAFT)	Reasonable	2					2
Key Controls and Assurance (DRAFT)	Substantial	1					1
Procurement	Reasonable	3					3
Property Services (DRAFT)	Reasonable	7					7
Affordable Housing and Housing Enabling	Reasonable	1	0	0	0	0	1
IT Audits							
Business Continuity (DRAFT)	Reasonable	6					6
Cyber Security	Reasonable	4	1	0	0	1	2
GIS Application	Reasonable	8	0	0	0	2	6
Totals		**60**	**9**	**0**	**0**	**12**	**39**

Assurance level definitions		Number
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our audit review were being consistently applied.	4
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisations management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.	12
Limited Assurance	Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.	0
No Assurance	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.	0

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

APPENDIX 2 ASSURANCE CHART

	Current Contract				
	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Annual Opinion and Governance Audits					
Corporate Governance and Risk Management	Reasonable				
Corporate Governance		Reasonable		Substantial	
Risk Management			Substantial		Reasonable
Digital Transformation				Substantial	
Key Controls and Assurance	Reasonable	Substantial	Reasonable	Substantial	Substantial
Project Management Framework					Position Statement
Fundamental Financial Systems					
Accounts Receivable	Reasonable		Reasonable		Reasonable
Income	Reasonable		Substantial		Reasonable
Accountancy Services	Reasonable		Substantial		Substantial
Local Council Tax Support and Housing Benefits		Substantial		Substantial	
Council Tax / NNDR		Substantial		Substantial	
Accounts Payable		Reasonable		Reasonable	
Payroll / HR		Reasonable		Reasonable	
Cross Authority Review - Accounts Payable	n/a				
Cross Authority Review - Accounts Receivable		n/a			
Cross Authority Review - Payroll and HR			n/a		
Service Area Audits					
Procurement			Reasonable		Reasonable
Economic Growth					
Coastal Management					Substantial
Housing Strategy and Affordable Housing	Reasonable				Reasonable
Private Sector Housing and Disabled Facilities Grants		Reasonable			
Localism and Communities					
Homelessness and Housing Options	Reasonable			Reasonable	

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	Current Contract				
	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Development Management, Planning, s106 Agreements, Community Infrastructure Levy and Land Charges					Reasonable
Building Control			Substantial		
Land Charges			Reasonable		
Development Management			Reasonable		
Waste Management	Reasonable		Reasonable		
Environmental Health		Postponed to 2017-18	Reasonable	Reasonable	
Business Continuity		Reasonable			Reasonable
Sports Halls/Centres					
Leisure and Pier Pavilion	Reasonable				Substantial
Property Services		Substantial			Reasonable
Parks and Open Spaces	Reasonable				
Car Parking and Markets					
Car Parking	Reasonable		Reasonable		Reasonable
Markets		Substantial			
Beach Huts			Substantial		
Elections / Electoral Registration				Substantial	
Performance Management, Corporate Policy and Business Planning, inc Annual Action Plans			Substantial		
Democratic Services		Reasonable			
Pier Pavillion				Reasonable	
Legal Services, Data Protection, Freedom of Information		See CG			
IT Audits					
Document Imaging and Workflow Application - Civica - Revenues and Benefits					
IT Security, Procurement and End User Controls					

	Current Contract				
	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Revenues and Benefits Application			Substantial		
Network Infrastructure				Reasonable	
Network Security				Reasonable	
Virus Protection / Spyware					
Firewalls					
Disaster Recovery	Reasonable		Reasonable		Reasonable
Software Licensing	Reasonable				
Register of Electors	Reasonable				
Cash Receipting Application	Reasonable				
Social Media		Reasonable			
e-financials Application		Reasonable			
Share Point		n/a			
Cyber Security					Reasonable
IT Hardware Asset Disposal		Limited			
Business Support Arrangements				Position Statement	
CIS Application					Reasonable
Contact Management System			Reasonable		

APPENDIX 3 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

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

Opinions

The opinions expressed are based solely on the work undertaken in delivering the approved 2019/20 Annual Internal Audit Plan. The work addressed the risks and control objectives agreed for each individual planned assignment as set out in the corresponding audit planning memorandums (terms of reference) and reports.

Internal Control

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

Future Periods

Internal Audit's assessment of controls relating North Norfolk District Council is for the year ended 31 March 2020. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:
- The design of controls may become inadequate because of changes in the operating environment, law, regulation or other matters; or,
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

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

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

RISK MANAGEMENT POLICY/FRAMEWORK AND CORPORATE RISK REGISTERS

Summary: This report highlights recent and proposed improvements to both the Corporate Risk Register (CRR) and the Risk Management Policy and Framework as part of the Council's ongoing improvements to the governance framework.

Options considered: Not to update the Policy and Framework.

Conclusions: The improvements outlined within the report will help both officers and Members to monitor and track any outstanding actions designed to help mitigate and manage the various corporate risks.

Recommendations: **To note and adopt the Risk Management Policy and Framework**

                       To note the Risk Registers.

Reasons for   Better understanding our risk appetite and embedding
Recommendations: risk management will help to support the aspirations contained within the Corporate Plan and help to support the delivery of the MTFS and the desire to achieve financial sustainability without reliance on central government grants.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW
(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

Cabinet Member(s)   Ward(s) affected

Contact Officer, telephone number and email:

1.   Introduction

1.1   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 now due.

1.2   This policy sets the framework for the Council's Corporate Risk Register (CRR) which monitors and tracks the Council's most significant risks. Responsibility for coordinating the CRR and the risk management framework currently rests with the Section 151 Officer in Finance.

1.3   Following governance improvements made last year the CRR is now a standing item on the Strategic Leadership Team (SLT) agenda and is reported every quarter. It is also updated and considered for every GRAC meeting although at present this is done via a spreadsheet. Following

discussions at the GRAC meetings in September and December and in consultation with Internal Audit, a number of improvements have been made to the CRR and they are briefly outlined below.

2. Improvements

Removal of historic data

2.1 Some of the feedback received from the Committee related to the age of some of the actions taken. The actions section has therefore been reviewed and anything older than 12 months has now been archived so that it focuses on current activity.

Corporate Projects

2.2 The Council is involved in a number of ongoing projects across the organisation. Some of these are significant, such as the re-provision of the Splash facility, and some are much smaller service delivery improvement projects that require limited resources. Where these projects are significant, they will have their own individual risk register.

2.3 To improve the linkages between these individual registers and the main CRR a process has now been implemented whereby any risks identified as having a potentially 'high' impact are automatically flagged for inclusion on the CRR by the relevant project lead/Senior Responsible Officer (SRO).

2.4 It should be noted however that this process is new and is still developing and it is not meant to reflect full coverage of all risks for every project, just where an element of a project might need highlighting at a strategic level with in the CRR. The lower level risks will be covered within the individual risk registers for these schemes. However, these projects have now been allocated a separate header sheet within the CRR with the detail following on immediately from this. This allows the most significant areas of risk to the Council to be linked through to assurance controls and for these to be monitored at a strategic level.

2.5 When the new InPhase performance management system is fully operational it will help to automate this process and make it more efficient, enabling access to the detailed risk registers for each project should this be required. InPhase contains a risk module which will be a step change improvement of the management of risk at the Council and should mean project leads/service managers can update this direct and make the risk registers more agile. It is recommended that this process and the CRR are overseen by the Policy and Performance Officer, with the overall ownership of the CRR still resting with SLT.

Corporate Plan Links

2.6 The new Corporate Plan was approved by Full Council in November and identifies six key themes where we would propose developing actions and allocating resources to respond to the challenges our district faces in the years to come as detailed below

• Local Homes for Local Need
• Boosting Business Sustainability and Growth

• Climate, Coast and the Environment
• Quality of Life
• Customer Focus
• Financial Sustainability

2.7 Planning for the future is challenging, especially given the broad range of services we provide, and the competing demands for increasingly scarce resources. All our services are committed to making improvements and finding savings, so that the Council remains efficient, effective and meets the day to day needs of the communities we serve.

2.8 The Corporate Plan will help us target better our dwindling capital and revenue resources and help direct and focus any bids for external grant support. The Plan also provides a framework against which we can assess our progress to support the needs of our customers and communities.

2.9 The Delivery Plan, is scheduled to be approved by Full Council in February 2020. This will detail how we will judge our performance; it will also be the means by which the Council agrees its improvement objectives. It will include the expected outcomes from each of the six key themes and be supported by a set of priority actions and measures through which the Council will undertake a self-assessment of the level of improvement made.

2.10 Each priority action will be risk assessed through the Council's existing project management framework and any significant areas of risk escalated through the process identified above.

MTFS

2.11 The Medium Term Financial Strategy (MTFS) has already been linked to the new Corporate Plan and Delivery Plan. It will also be necessary to consider the CRR in light of this new strategic direction to understand any new and emerging risks or to remove any that are no longer relevant.

2.12 The Council's approach to risk, its risk appetite and risk tolerance has a significant part to play in terms of supporting both the Corporate Plan and the MTFS. Without a robust risk management framework, the Council is at risk of failing to deliver its corporate objectives and meeting its financial targets required to ensure we have a sustainable financial position in the future.

2.13 Both the MTFS and the budget report include expanded sections on risk this year and further work will be undertaken to review and strengthen how we report risk within the corporate report templates.

2.14 The levels of risk which the Council is willing to accept will have a direct bearing on the types of projects that Members are willing to take forward to support the Council's Financial Sustainability Strategy (to be developed) in the future and how and where the Council will deliver increased income.

3. Risk Appetite and Risk tolerance

3.1 Risk appetite is often described as the amount of risk that an organisation is willing to seek or accept in the pursuit of its long term objectives. Risk tolerance is the amount of risk an organisation could actually take, usually from a financial perspective, before services and objectives are significantly

impacted. The two are linked, with most organisations having a risk appetite lower than their risk tolerance.

3.2   The Council will be required to make some difficult decisions in the short to medium term to help ensure that we are able to balance the budget given the current funding restrictions and uncertain financial climate. This will undoubtedly involve looking to potentially invest in new opportunities and to take a more commercial approach to our activities whilst also looking to drive social value.

3.3   When embarking on any such initiatives it will be important that the Council understands its risk appetite.

3.4   Training sessions for Members in relation to risk and taking a more commercial approach took place in February.

3.5   Risk appetite for the Council was explored in a workshop in March with Members. These have fed into the Risk Management Framework.

3.6   The Corporate Risk Registers and a specific Risk Register for COVID-19 have been updated to reflect the new Framework.

3.7   These will be the subject of a workshop with GRAC on 12 June 2020 to rest them for robustness and completeness before the registers are considered by SLT and will be presented to the Committee following that workshop.

4.   Coronavirus

4.1   Members are also being asked to consider a Risk Register to specifically deal with the risks arising from the global pandemic to the Council.

5.   Conclusion

5.1   The improvements outlined above will help both officers and Members to monitor and track any outstanding actions designed to help mitigate and manage the various corporate risks. The linkages between the CRR and the new Corporate Plan will help to ensure alignment with the new corporate priorities.

5.2   Better understanding our risk appetite as a Council will help to ensure that we establish clear parameters within which the organisation can work and succeed.

6.   Implications and Risks

6.1   Without a robust risk policy and framework, the Council is at risk from a number of areas. Setting the risk tolerance and appetite will help to inform and support decision making as we try and deliver the aspirations contained within the new Corporate/Delivery Plan, along with supporting the Council's approach to becoming financially sustainable.

6.2   The real impact on resources will come through the better understanding and management of risk and the impact this will have on how the Council manages its business, generates efficiencies and delivers additional income.

7.   Financial Implications and Risks

7.1   See above

8.   Sustainability

8.1   N/A

9.   Equality and Diversity

9.1   N/A

10.   Section 17 Crime and Disorder considerations

10.1   N/A

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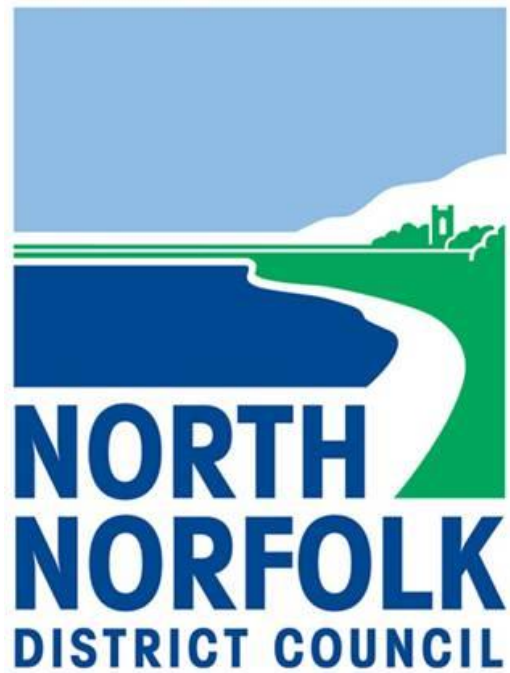
Risk Management Policy and Framework

June 2020
Version 1.05
(Update for Governance, Risk and Audit Committee – June 2020)

Foreword

The fundamental principles adopted by the Council on risk management are described within the policy statement and adopting and implementing the strategy detailed below will achieve compliance with the policy.

Review of the policy follows a recent assurance review of risk management (NN/20/10), the objective of the audit was to review the systems and controls in place within the risk management systems, to ensure they are operating adequately, effectively and efficiently and to recommend any areas for improvement. As part of the audit process this document was also reviewed.

The audit concluded that the systems and processes of internal control are deemed 'Substantial' in managing the risks associated with the audit. The previous report on Risk Management (NN/18/14) was issued in March 2018 and resulted in the same opinion. This indicates that we have maintained a high level of assurance and that the system of controls has continued to operate well since the previous audit. TBC

Since the previous policy statement was adopted the authority has strengthened the risk management framework in a number of areas and will continue to do so in line with the improvements to the Project Management framework and wider governance processes.

Improvements include the following;

- Quarterly review of the Corporate Risk Register by the Senior Leadership Team (SLT) where there was previously no regular programmed oversight;
- Quarterly review of the Corporate Risk Register by the Governance, Risk and Audit Committee (GRAC) where previously this was only undertaken every 6 months;
- Member training on risk undertake on 6 February and 5 March 2020;
- Workshops held with SLT, Cabinet and wider Members to establish the Council's risk appetite;
- Improvements to the Council's Project Management framework supported by improved risk management processes;
- Ongoing transfer of the risk registers to the Council's new performance monitoring system 'InPhase';
- Enhanced risk assessment processes built in to the Medium Term Financial Strategy (MTFS) and 2020/21 budget;
- Improvements made to the Council's Corporate Risk Register to include;
  - Identification of a single 'risk owner'
  - Identification of appropriate officer(s) to progress mitigation actions
  - Target dates for completion of mitigations

Without a robust risk policy and framework the Council is at risk in a number of areas. Setting the Council's risk appetite will help to inform and support decision making as we deliver the aspirations contained within the new Corporate Plan and Delivery Plan.

Contents

Policy Statement

This policy will take effect from the date of approval (Governance, Risk and Audit Committee). It is the policy of the Council to adopt a proactive approach, through its management processes, to risk management of the services it delivers both for itself and in partnership with others.

It is recognised that a certain amount of risk is necessary and indeed that it can be a positive force in the development of the services we provide. However, this needs to be managed in order to:-

- Safeguard our clients or service users, Members and employees and all other persons to whom the Council has a duty of care

- Ensure compliance with statutory obligations

- Preserve and enhance service delivery

- Protect our property, including buildings, equipment, vehicles and all other assets and resources

- Maintain effective control of public funds

- Protect and promote the reputation of the Council

- Support the quality of the environment

- Achieve the objectives in the Corporate Plan, Delivery Plan and Service Plans

- Safeguard the information we hold, obtain, record use and share based on the new General Data Protection Regulations (GDPR)

All of these objectives will be achieved by applying the Council's risk management strategy, which outlines responsibilities for managing risks and defines how risk management should be applied across the Council.

The master copy of this document, a record of review and decision making processes will be held by the Head of Finance and Assets.

This policy will be available to all staff and Members on the corporate document register on the intranet.

2. Strategy Background

All organisations face a wide variety of risks including physical risks to people or property, financial loss, operational risks and failure of service delivery, macroeconomic issues, credit and counterparty investment risk, strategic risks to the organisations objectives, environmental and social risks, along with governance and reputational risks. Risk for this purpose is defined as "the chance of an event

happening and leading to unintended effects which will impair the organisation's ability to achieve its objectives".

Risk management is intended to be a planned and systematic approach to the identification, assessment and management of the risks facing the organisation.

The traditional means of protecting against the more obvious risks has been through insurance. However, there are many risks which cannot be insured against and which must be addressed in different ways. Even in the case of those risks which are insurable, action can be taken to reduce the potential risks with consequent savings of premiums and disruption of work.

The risk management strategy aims to:-

- Clarify responsibilities for identifying and managing risks

- Ensure that an appropriate level of risk management is consistently applied across the Council

- Increase awareness and use of risk management as a normal element of service management and improvement

- Facilitate sharing of experience and good practice across the Council and with other bodies

3.   Leadership and Responsibility

Given the diversity of Council services and the wide range of potential risks, it is essential that responsibility for identifying and taking action to address potential risks is clear.

Responsibility for effective risk management rests with all Members and Officers of the Council.

The Corporate Director and Head of Paid Service is the Officer with overall responsibility for securing adherence to the Council's policy on Risk Management. The Head Of Legal is designated as the Council's Senior Risk Information Officer (SIRO) and will take overall ownership of the Council's Information Risk Policy, act as champion for information risk on the Strategic Leadership Team and provide written advice to the Head of Finance and Assets on the content of the Council's Statement of Internal Control in regard to information risk.

The framework of roles and responsibilities in Appendix One shows how these are allocated.

4.   Corporate Governance

North Norfolk District Council has adopted a Local Code of Corporate Governance setting out the framework through which it will carry out its responsibilities to deliver

effective services.

Core principle four requires "taking informed and transparent decisions which are subject to effective scrutiny and managing risk". This requires that an effective risk management system is in place.

As part of the Local Code it states that the authority should prepare and publish an Annual Governance Statement (AGS). This statement is a key corporate document and will include an assessment of the authority's effectiveness of managing risk; it is signed by the Corporate Director and Head of Paid Service and Leader of the Council.

The assessment of the authority's effectiveness of managing risk is provided by an annual report to the Governance, Risk and Audit Committee (GRAC).

To enable links to be made to the Corporate Plan and Delivery Plan, the Corporate Risk Register (CRR) identifies the Corporate Objective / Service priority to which that risk is identified.

5. Resourcing Risk Management

Risk management is not a new issue and, as identified in the Leadership and Responsibility Section, every Member and Officer is responsible for considering risk implications as they relate to their actions. Since the adoption and implementation of the Risk Management Framework in 2010 the concept of risk management has been formalised and is part and parcel of the culture of the Council.

The designated Risk Champion(s) at Management Team Level is the Head of Finance and Assets who also covers the role of Corporate Risk Officer.

Information Technology is used in the form of the InPhase Performance and Risk System, which includes a dedicated risk module

6. Officer and Member Roles

Whilst acknowledging the wide variety of risks that face the Council, and the differing circumstances that apply in different services, it is essential that there is some consistency in the way that risks are identified and assessed. This helps to ensure that all areas of risk are adequately considered and relative priorities for action can be judged.

The Risk Management Board that had previously managed risk on behalf of the authority and been replaced by risk management being embedded at service level and project management level for less significant risks and the Corporate Risk Register being managed by Strategic Leadership Team and GRAC.

The Corporate Risk Register is a standing item on the agenda (for any issues or changes that arise) at every GRAC meeting and is considered and reviewed by SLT on a quarterly basis.

SLT acts as a link between service managers, specialised groups dealing with particular areas of risk and Members.

7. Risk Management Role in the Cabinet and Governance, Risk and Audit Committee

The Cabinet is responsible for ensuring that an adequate risk management framework and associated control environment exists within the Council.

The Audit Committee was established in 2006 but has now been replaced by the Governance, Risk and Audit Committee. This Committee is responsible for monitoring the arrangements in place for the identification, monitoring and management of strategic and operational risk.

To provide the Governance, Risk and Audit Committee with the necessary information to undertake these responsibilities, regular progress updates on the Corporate Risk Register are reported at every meeting.

8. Risk Management Approach

The development of a consistent, corporate approach to risk management is done in a methodical and proportionate way in order to avoid the creation of a self-defeating bureaucratic burden.

To ensure that risk management is handled in the most efficient way within the Council, the risk element has been included in the Service Plans and the work to implement the risk management strategy has been included in the InPhase Performance and Risk System.

9. Methodology

A methodology for identifying, assessing and managing risk within the Council is in operation. This methodology has the advantage of being relatively straightforward to use and can be applied to both the strategic risks of the Council and as part of the routine service and project planning processes.

Guidance for managers on the application of the risk management methodology has been produced and is embedded in the InPhase Performance and Risk System. Risk review meetings between the Policy and Performance Management Officer and Service Managers are held at least every six months to review and updated the assessment of existing risk and their management, to identify new risks and risks that should be put forward for inclusion in the Corporate Risk Register (CRR). Processes have also been improved in respect of individual risk registers whereby any risk classified as 'high' is escalated for inclusion within the CRR.

Risk assessments should be produced to support strategic policy decisions and all

major projects. The Guide to Project Management (on the Intranet) includes how to assess risk and has forms to capture the data. The Council's risk management methodology should be followed to produce these risk assessments and a summary of the findings given in reports to Members.

Risk management training will be provided for managers to assist with implementing the risk management methodology. Managing Risk is a tutorial in the e-learning portal.

10. Risk Scoring, Matrix and Risk Tolerance

Corporate Risks

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

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

Likelihood ratings and dimensions are tabled below

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

Instructions issued with service plans

Impact ratings and dimensions are tabled below.

Service Risk

Impact Type	Catastrophic 5	Critical 4	Moderate 3	Marginal 2	Negligible 1
Objectives	The key objectives in the Business Plan will not be achieved	One or more Key Objectives in the Business Plan will not be achieved.	Significant impact on the success of the Service Business Plan.	Personal or team objectives not met.	Insignificant impact.
Financial Impact (Loss)*	Over £500K	£300K - £500K	£75K - £300K	£10K - £75K	£0-10K
Service provision	Service suspended long term or statutory duties not delivered.	Service suspended short term.	Service reduced significantly	Slightly reduced	No effect

* Note: these are indicative figures it may be better to use % of budget for some of the smaller services.

Likelihood ratings and dimensions are tabled below.

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

The probability and timing are guidelines only and should be used with judgement. For example: an identified risk happened in the last six months but had not occurred previously for over 10 years. The likelihood of it happening again is still probably still Low, particularly if you feel that any new controls put in place since the risk happened have made it less likely.

Risk Matrix

The scoring by using a 5x5 matrix, which multiplies the numbers together, gives a wider range of scores.

Matrix

Likelihood of occurrence					
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
Multiply	**1**	**2**	**3**	**4**	**5**

Severity of impact / consequences

A very high likelihood with a catastrophic impact would score 25 but something that was very low likelihood and negligible impact would only score 1.

Risk Tolerance

Matrix

| Likelihood of occurrence					
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
Multiply	**1**	**2**	**3**	**4**	**5**

Severity of impact / consequences

A score of 6 or under is deemed marginal and requires no further action. A score of between 7 and 14 is deemed moderate and requires action to reduce the score. A score of over 15 is deemed critical and requires immediate action.

11.   Risk Appetite

Risk appetite is often described as "the amount of risk an organisation is willing to accept in the pursuit of their objectives". It is important to establish an organisations risk appetite for a number of reasons;

- No organisation can achieve its objectives without taking risks;
- A clearly articulated risk appetite empowers officers and Members to take appropriate risks to make the organisation successful;
- Risk appetite provides a boundary around the amount of risk an organisation might pursue;
- Encourages more "risk based" decision making to consider challenges and opportunities that arise and;
- Supports good governance - decision making.

 As mentioned above risk appetite describes the amount of risk we are willing to take to achieve our objectives, risk tolerance is the degree of variance from our risk appetite which we are willing to tolerate as shown within the diagram below.
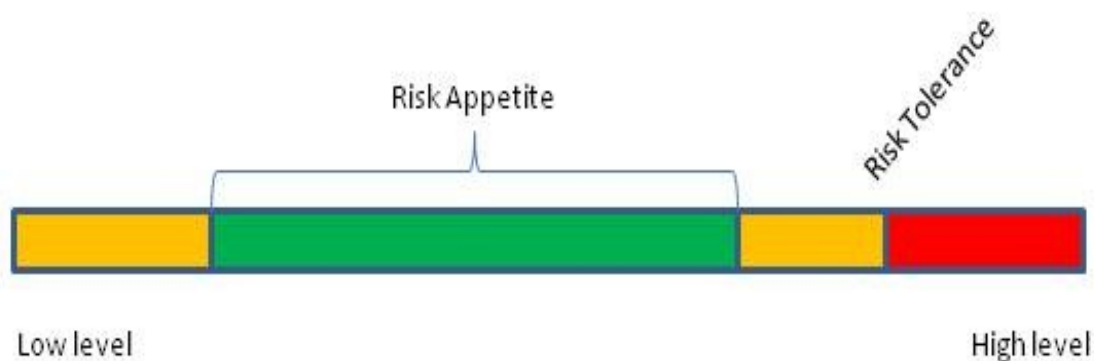
Following risk training and workshops with Members work has been undertaken to establish the Council's risk appetite which is a new area for the Council. This provides a further level of assurance so that both officers and Members have a shared understanding of the boundaries within which they are working.

Sessions were held with officers and Members to discuss the Council's risk framework and risk appetite on 6 Feb and 5 March 2020. Further sessions were then held with SLT and Cabinet. The feedback and general views from these sessions has been distilled into some overarching comments to help describe our risk appetite in various areas outlined below and this will be incorporated into the Corporate Risk Register in the future.

Risk	Appetite
Financial	High appetite for a range of asset classes, property and longer-term investments, subject to careful due diligence and an emphasis on security as well as matching with the Council's required liquidity profile. High appetite for high volatility investments as long as this is within a balanced portfolio so that the overall risk exposure is minimised. Medium risk for consideration of emerging markets with a lower appetite for capital growth oriented investments versus income generating investments. No appetite for currency risk.
Macroeconomic	High appetite for exposure to local and national economic growth. No appetite for exposure to global growth, interest rate risk, inflation risk, geopolitical and tail risk events.
Credit and counterparty	High appetite for exposure to highly rated counterparties, investment grade or secured credit risk and financial institutions with strong balance sheets, all subject to careful due diligence and an assessment of the transaction versus the Council's resources, capacity, funding needs, broader goals and cash flow requirements. No appetite for unsecured non- investment grade debt.

Operational	Medium appetite for BAU (Business as Usual) operational risks with staff empowered to make decisions. Low appetite for operational risks such as pricing errors, errors in administration, IT, cybersecurity etc. The Council maintains Risk Registers for key initiatives and significant investments to assess and mitigate specific risks on a more granular level. Business continuity plans have also been established to mitigate external occurrences. No appetite for fraud, regulatory breaches and exceeding risk tolerances.
Strategic	High appetite for strategic initiatives, where there is a direct gain to the Council's revenues or the ability to deliver its statutory duties more effectively and efficiently. Low appetite for initiatives and projects which sit outside of the Corporate Plan and Delivery Plan.
Environmental and Social	No appetite for environmentally negative risks or for social risks eg income, education, employment, health and housing, especially in the local region.
Governance	Low risk appetite in respect of compliance with Council policies, alignment with the Corporate Plan, delegation levels, fraud, transparency and major organizational change programmes. Medium appetite for partnership related risks.
Reputational	High risk appetite in respect of national media coverage, medium risk appetite for local media coverage and no risk appetite where social media and internal reputation are concerned.

It is recognised that a certain amount of risk is inherent in all of our activities and that it can be a positive driver in the development of the services we provide and our approach to investment.

To facilitate the delivery of our risk appetite, the risk management strategy sets out an approach for risks that are assessed as 'high' or 'very high' i.e. above a tolerable level. These are those risks that fall within the orange and red sections of the matrix.

It is helpful to include a broad overarching easily understood statement which encapsulates our current risk appetite level and possibly where we feel we need to move to and these can be seen within the table below.

Averse	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.
Cautious	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.
Moderate	Tending always towards exposure to only modest levels of risk in order to achieve acceptable, but possibly unambitious outcomes.

Open	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.
Hungry	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return

It is recommended that an appetite of "moderate" is adopted.

12. Risk Identification

To meet the requirements of this framework, risk(s) must be capable of being identified at any level, and by anybody, within the Council.

The key people are the service managers who will be actively monitoring their service plan to identify risks and change management practices and controls to reduce their impact. They can also be escalated to being a corporate risk through SLT.

13. Risk Registers

The authority has three levels of risk register. The Corporate Risk Register (CRR) which is maintained by the Corporate Risk Officer (Head of Finance and Assets) and monitored by SLT and GRAC. The service risks are monitored through the service plans and recorded on the InPhase system. There are also individual risk registers for certain projects such as the re-provision of leisure facilities in Sheringham. Reviewing service risks is the responsibility of the service manager with the support of the Policy and Performance Management Officer.

There is no "classic" definition of corporate risk as each organisation is different, however, as a guide a risk that would be described as corporate is one that would adversely affect the delivery of the Corporate Plan or mean the failure to deliver a corporate objective or affects more than one area of operation.

The Corporate Risk Register (CRR) is in the following format:

Name/No 1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening	Existing Controls Controls already in place	Score (with controls) Impact x Likelihood = Total	Action To achieve target score	Action Owner Officer responsible for undertaking any necessary actions	Due date The date by which any mitigating actions are due	Target Score Impact x Likelihood = Total	Risk Owner Officer in overall charge of risk

The method of scoring likelihood and impact is in section 10. Similarly, there is no "classic" definition of service risk and it is the clear intention to only collect and monitor the main risks that face a service. In a similar way to the corporate risk, a

service risk is one that would adversely affect the delivery of the services business plan or mean the failure to deliver a service objective or affects more than one area within the service.

The service risks are gathered in a similar way:

R e f	Description of risk/ opportunity factor 1. Cause of risk 2. Description of risk 3. Consequence of risk occurring	Existing controls in place to reduce the risk.	Risk Score		Action to reduce risk score with timescale and responsible officer	Action owner	Due date	Target Score		Affected Corporate Objective or Service Activity
			I	L				I	L	

All service plans will have the risk element completed and signed off by the relevant Head of Service. For each risk the category or categories of risk are identified to assist in assessing the kind of control, mitigation and contingencies that should be put in place.

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

The InPhase Performance system will show risks by service and risks and controls must be reviewed on a regular basis, the framework requires a six monthly update which will be facilitated by the Policy and Performance Management Officer.

Where service risks are highlighted as 'high risk' these will be escalated by Service Managers to the Corporate Risk register and monitored within InPhase.

14.   Involvement of Other Related Groups

There are a number of other officer groups in existence which deal with specific areas of risk management. These include both the Health and Safety Group and the Corporate Business (Service) Continuity Group. These groups are represented at SLT by the various Heads of Service so that their work can be coordinated with the overall management of the risks facing the Council.

In addition to the groups listed above, the Council's Internal Audit section also contributes to the management of risk. The work of Internal Audit is based on a needs and risk assessment process that identifies and focuses resources on higher

risk areas. Audit findings are reported to the relevant Chief Officer and Service Manager together with recommendations for improvement and an action plan. Checks are undertaken by Internal Audit to ensure agreed recommendations are implemented.

The Corporate Risk Officer will receive copies of all finalised internal and external audit reports to assess if any change is required for the risk registers.

15.   External Contacts

The potential risks faced by the Council are in many cases similar to those faced by other authorities and it is practical and cost effective to learn from the experience of others.

In order to share risk management information and experiences, the Council has established networks with other authorities and agencies. Specifically, the Council is a member of the Norfolk Risk Managers' Group. This Group, whose members include local authorities, police authority and others from Norfolk, meets on a regular basis to discuss risk management issues that are common to organisations and to share examples of best practice.

16.   Linked Policies

There are a number of policies that are or will be linked to this framework:

Health and Safety Policy	IT Security Policy
Information Management Strategy	Business Continuity Policy
Information Risk Policy	Data Protection Policy

17.   Review Process

This Framework will be reviewed by the SLT and any amendments will be agreed by the Governance, Risk and Audit Committee.

Appendix 1: Shared Leadership – Role and Responsibilities

Everyone has a role to play in an integrated risk management framework. Combining shared leadership with a team approach will help contribute to its ultimate success. Roles as identified at present are:

1.   FULL COUNCIL

Overall oversight of the Corporate Risk Management Framework.

2.   CABINET

To provide leadership and direction for the Council. To keep the Council's policies and objectives under review, including the Council's corporate strategic risks, and agree a programme of risk reduction where appropriate.

Receive progress reports on risk reduction programme as required.

Assess risks attached to proposals for new / changed policies and service delivery arrangements and make recommendations to Full Council.

3.   GOVERNANCE, RISK AND AUDIT COMMITTEE

Monitor to ensure that an adequate risk management framework and associated control environment is in place including the approval of the Corporate Risk Management Framework which includes the Policy Statement and Strategy.

Monitor arrangements for the identification, monitoring and management of strategic and operational risk within the Council

Receive progress reports on the corporate risk register at each meeting.

4.   CORPORATE DIRECTOR AND HEAD OF PAID SERVICE

Overall responsibility for securing adherence to the Council's Policy on Risk Management, including the Head of Legal having designation as the Council's Senior Risk Information Officer (SIRO) The description and responsibilities of this role can be found on the intranet.

5.   SENIOR LEADERSHIP TEAM (SLT)

Appoint a Head of Service and Member to jointly take responsibility for risk management.

Agree the Corporate Risk Management Framework including the Policy Statement and Strategy.

Consider risks attached to proposals for new / changed policies and service delivery arrangements.

Ensure that this framework is applied.

6. CORPORATE HEALTH AND SAFETY GROUP

Reports directly to SLT and is charged with delivering health and safety policy across the Council.

7. CORPORATE RISK OFFICER

Coordinate risk management activity across the Council

Report on risk management activity to the Senior Leadership Team (SLT) and Members.

Maintain a corporate risk register and liaise with Service Managers relating to service risks. Ensuring that the service risks are update on the risk system every six months.

Provide risk management training for officers and Members, appropriate to their needs and responsibilities.

8. INDIVIDUAL SERVICE MANAGERS

Develop action plans in relation to corporate strategic risks as they relate to their area.

Identify risks attached to proposals for new / changed policies and service delivery arrangements.

Ensure that a service risk register is maintained and updated every six months on the risk system and that action plans are implemented.

9. EMPLOYEES

Maintain awareness of risk management principles and take responsibility for managing risk within their own working environment.

Apply risk management to those risks requiring further action, particularly new developments and "project" work.

Maintain a record of risk assessments undertaken relating to them and any resulting action plans.

10.   INTERNAL AUDIT

Reporting to Management on the organisations performance under the Risk Management Framework.

11.   EXTERNAL AUDIT

Reporting to Management via Use of Resources etc on the organisations performance on risk management.

Document Information and Version Control

Document Name	Risk Management Policy and Framework
Document Description	The framework outlines responsibilities for managing risks and defines how risk management should be applied across the Council.
Document Status	Under Review
Lead Officer	Duncan Ellis
Sponsor	Steve Blatch
Produced by (service name)	Finance
Relevant to the services listed or all NNDC	All
Approved by	
Approval date	
Type of document	Policy and Framework
Equality Impact Assessment details	Not required
Review interval	Every 2 years
Next review date	

Version	Originator	Description including reason for changes	Date
1	Peter Gollop		August 2010
1.01	Helen Thomas	Transferred to policy template	23 October 2015
1.02	Helen Thomas	Marked up version showing out-of-date elements and suggested changes	09/11/2015
1.03	Karen Sly	Draft refresh presented to Audit Committee pending further review	February 2016
1.04	Duncan Ellis	Updated provided to the Governance, Risk and Audit Committee	March 2017
1.05	Duncan Ellis	Updated provided to the Governance, Risk and Audit Committee	March 2018
1.06	Duncan Ellis	Updated provided to the Governance, Risk and Audit Committee	June 2020

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Risk	Ref	Current Score	Target Score	Direction of Travel		Risk Owner
FINANCIAL (INCLUDING CREDIT & COUNTERPARTY) *Financial: related to the financial position and investment of the Council's assets and cash flow, market volatility, currency etc.* *Credit and Counterparty: related to investments, loans to institutions and individuals and counterparties in business transactions.*		20	12	↓	🙁	Strategic Leadership Team (SLT)/Operational Management Team (OMT)
OPERATIONAL *Related to operational exposures within its organisation, its counterparties, partners and commercial interests*		16	12	↓	😐	Strategic Leadership Team (SLT)/Operational Management Team (OMT)
MACROECONOMIC *Related to the growth or decline of the local economy, interest rates, inflation and to a lesser degree, the wider national and global economy amongst others.*		16	12	↓	😐	Strategic Leadership Team (SLT)/Operational Management Team (OMT)
STRATEGIC *Related key initiatives undertaken by the Council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help the Council meet its*		12	9	↓	😐	Strategic Leadership Team (SLT)
ENVIRONMENTAL AND SOCIAL *Related to the environmental and social impact of the Council's strategy and interest*		15	12	↓	😐	Strategic Leadership Team (SLT)
GOVERNANCE *Related to ensuring that prudence and careful consideration sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances that balance oversight and efficiency.*		16	9	↓	😐	Strategic Leadership Team (SLT)
REPUTATION *Related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception.*		12	8	↓	😐	Strategic Leadership Team (SLT)
CORPORATE PROJECT RELATED RISKS *Related to individual corporate project risks*		See detail	See detail	See detail	See detail	Strategic Leadership Team (SLT)

Direction of travel shows change from last assessment.

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	This year	Next year	Probably within 15 years	Probably over 15 years

Corporate Risk Register

Last updated: **12/06/20**

Description/effect of impact	Risk score if no action impact x likelihood = total	Existing controls and/or mitigation	Actions being taken to manage risk and progress to date	Action owner and due date	Target score impact x likelihood = total	Risk owner	Direction of travel	RAG
FINANCIAL (INCLUDING CREDIT & COUNTERPARTY) *Financial: related to the financial position and investment of the Council's assets and cash flow, market volatility, currency etc. Credit and Counterparty: related to investments, loans to institutions and individuals and counterparties in business transactions.* **Risk -** that the Council's expenditure in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure. **Effect -** the Chief Finance Officer has to issue a Section 114 report to Full Council to report an unbalanced budget	5 x 4 = 20				4 x 3 = 12	SLT/OMT	⬇	Amber
Forecast funding reductions and shift to local financing from business rates, council tax and hew 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.		Policy work Lobbying Central Government Medium Term Financial Strategy (MTFS) Corporate Planning / Service Planning Budget Process / Budget Monitoring Regular monitoring system of the impact of the business rates retention and the localised council tax support system Annual review of the Council's reserves Reporting - New legislation and consultation Timely agreement of the annual Localised Council Tax Support Scheme Project Management Plans Balanced 2019/20 budget agreed 27 March 2019	Balanced 2020/21 budget agreed 26 Feb 2020. Budget surplus of £2.4m transferred to the Delivery Plan Reserve to support delivery of new Corporate Plan Committee report to Cabinet and O&S covering the financial impact of COVID-19 presented to committee May 2020 Committee report to be Cabinet and O&S covering the financial impact of COVID-19 presented to committee Aug 2020	LC/JEC - Feb 2020 (complete) DE (May 2020) (complete) DE - August 2020				

OPERATIONAL *Related to operational exposures within its organisation, its counterparties, partners and commercial interests* **Risk -** operational issues prevent or hinder the achievement of the Council's aims. **Effect -** the Council does not achieve it's operational or strategic aims.	4 x 4 = 16				OMT/SLT	4 x 3 = 12	SLT/OMT	↓	Amber
Emergency event									
Any Internal or external event that has a significant impact on the ability of the Council to deliver services		Corporate/service planning Budget process/budget monitoring Project management framework Council policies and procedures Employment policies Emergency Response & Recovery Planning Business Continuity Planning Corporate Business Continuity key role training Critical Services Business Continuity Plans completed Adverse Weather Guidance created and issued, Jan 2019	Ongoing consideration of COVID-19 implications, meetings twice weekly, further supported by a Comms cell and external partners. Recognised that this is an exceptional global event, monitoring and updating of staff and Members ongoing. Interim organisational debrief	AS (31 Dec 2020)				
People Resources									
Failure and retain to recruit adequately trained and experienced staff- negative impact on corporate plan, business transformation, planning performance and delivery etc.		Corporate/service planning Pay Policy has been updated to reflect Golden Hello's' and retention payments Relocation Policy Employee Referral Scheme Market Pay Review report Apprenticeship programme Appraisal process Service Plans	'People Strategy' currently under development to consider the recommendations contained within the Investors in People assessment/Capability Review.	JC (31 Dec 2020)				
Contracts									

Poor Procurement - poor value for money, poor strategic and operational outcomes, legal challenge, loss of public confidence, lack of transparency		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	Procurement Strategy due to be updated during 2020. Current issues being experienced in relation to contracts due the COVID-19 outbreak and being managed in line with the contractual arrangements currently in place	DB (Dec 2020)				
Contract failure - increased costs and operational disruption				RY/GOLD				
Channel shift								
Failure of digital transformation strategy - increasing costs, reducing customer satisfaction, lack of efficiency, not making best use of technological advances		IT, Customer Services and Communication strategies Staff development processes in order to maintain technical competence DTP progress reports are provided to Cabinet and O&S on a six monthly basis to enable Member oversight	Review and update of IT strategy, Web Strategy and Customer Services Strategy. Digital Transformation Phase Two Project schedule to be reported to SLT	SK (Dec 2020) SK (Sept 2020)				
Assets								

| Loss of information assets - reputational (hacking/theft), operational disruption, impact on customers | | | IT Strategy 2014/17
IT Security Policies
Implementation of data security protocols
IT Monitoring
Data Protection training
PSN Code of Connection compliance
Regular audits of IT security arrangements
Regular 3rd party data protection and integrity testing
Information security and data protection training
Information Risk Policy and Role Description
GDPR guidance notes issued by legal.
Staff have completed GDPR training.
Information Asset Owners (IAO) identified and Article 30 spreadsheets complete. | Review and update of IT strategy, Web Strategy and Customer Services Strategy. | SK (Dec 2020) | | | | |
| Deteriorating/ underused property assets - loss of revenue / legal liability/ increased maintenance costs/ not achieving value for money/reputational risk/capital commitment | | | Production and approval of the Asset Management Plan
Adequate budget provision both from revenue and capital to support repair and maintenance (R&M) works and capital investment improvements
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 to provide further capacity and to help achieve asset commercialisation agenda
Production of business cases to support asset development improvements and commercialisation | Rolling asset condition surveys continue to be undertaken to ensure that the R&M schedules remain up to date and new contract let.

Asset Management Plan (AMP) to be updated to reflect new Corporate Plan | RT/RG (April 2020)

RG (Dec 2020) | | | | |

MACROECONOMIC *related to the growth or decline of the local economy, interest rates, inflation and to a lesser degree, the wider national and global economy amongst others.* **Risk -** national/global recession resulting in business failure and unemployment **Effect -** increased requirement for benefits, housing, council tax support, business advice and support	4x4 =16		Business survey currently being undertaken		3x4=12	SLT/OMT	↓	Amber
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		Corporate /Service Planning MTFS Treasury Management Strategy Fund Management advice from Arlingclose Economic Growth Strategy and Action Plan Development of temporary accommodation portfolio	Business survey currently being undertaken. Operation of the Council Tax Hardship Fund	SQ (Sept 2020) TG/LC (Jan 2021)				
STRATEGIC *key initiatives undertaken by the Council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help the Council meet its goals.* **Risk -** Corporate Plan and Projects may not be delivered within agreed timescales or budget **Effect -** objectives not delivered, poor use of council financial resources	4x3=12				3x3=9	SLT	↓	Amber

The Council's income/expenditure challenges may put at risk some of the work streams identified in the Corporate Plan. Poor performance management leading to not knowing whether outcomes have been met.		Corporate Plan agreed by Council Feb 2020 Service planning MTFS Budget process/budget monitoring Annual review of reserves Project management framework Performance Management Framework Local Plan	Corporate Plan under review post Covid 19 Developing Performance Management Financial impact of Covid 19 reporting to Cabinet and O&S Emerging Local Plan	SB (Sept 2020) SB (Sept 2020) DE (Aug 2020) PR (tbc)			
ENVIRONMENTAL AND SOCIAL *related to the environmental and social impact of the Council's strategy and interests* **Risk -** Council fails to take into account changing environmental and social needs **Effect -** strategic objectives don't reflect environmental and social issues	5x3=15				4x3=12	SLT	⬇	Amber
Climate Change							
Inability to adapt to climate change - increased coastal erosion and flooding. Lack of Government funding - lack of ability to maintain coast defences and / or to support local coastal adaption needs.		The Pathfinder Project Shoreline Management Plan (SMP) Repairs & Maintenance Programme Procurement practices Health & Safety checking and monitoring DEFRA funding of capital schemes Coast monitoring Control of coastal management schemes through procurement and regular checking Coastal Partnership East Sandscaping agreement procured and contract signed off 10 year capital programme Corporate/service planning	Climate change forum Climate change identified as a key priority in the corporate plan	SB			

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.		Partnership work with Registered Providers Local Investment Plan Local Development Framework (LDF) policies Internal planning protocol Increased Focus Housing Strategy discussion document (2010) Enhance Housing Association delivery Purchase of temporary accommodation units Community Housing Fund £3m allocated within 2019/20 budget to establish a Property Company with a housing focus Homelessness & Rough Sleeping Strategy 2019/24	To re-draft Housing Delivery Strategy to address Identify alternative sources.	ND/GC (tbc)				
GOVERNANCE *related to ensuring that prudence and careful consideration sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances that balance oversight and efficiency.* **Risk -** Council acts outside established procedures or unlawfully **Effect -** risk of litigation/reputational risk to Council/poor decision making	4x4=16				3x3=9	SLT	⬇	Amber

Risk	Current score	Controls	Assurance	Owner (date)	Target score	Owner	Direction	RAG
Ignorance or non observance of the Council's agreed governance protocols - poor or illegal decision making		Corporate/service planning MO/S151 GRAC Constitution/Standing Orders/Scheme of Delegations Report templates Member Officer Protocol Overview and Scrutiny Committee Annual Governance Statement supported by assurance framework Standards Committee Monitoring Officer Report Head of Internal Audit assurance Audit Programme Constitution Working Party	Annual Governance Statement Assurance Statements Annual Audit Report	DE/ED (Sept 2020) SLT (June 2020) FH (June 2020)				
REPUTATION *related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception.* **Risk -** Council's reputation is adversely affected **Effect-** reduced public confidence	3x4=12				2x4=8	SLT	↓	Amber
The Council is perceived as inefficient, unresponsive to local need, not transparent resulting in a poor reputation.		Communications Strategy 2016/19 Web Strategy 2011/15 Customer Services Strategy Governance Framework	Review of Communications Strategy Review of Web Strategy Review of Customer Services Strategy	JF (Dec 2020) SK (Dec 2020) SK (Dec 2020)				
CORPORATE PROJECT RELATED RISKS *Related to individual corporate project risks*								
Sheringham Leisure Centre	5x4=20	Business plan signed off by Full Council Capital budget approved Sport England Funding application submitted Regular updates to O&S		RY	3x3=9		↓	Amber

| Cromer Tennis Hub | 4x4=16 | Scheme no longer progressing
Contractual claims being dealt with
by eastlaw
Counsel's advice sought | ED | 2x4=8 | | ↓ | Amber |

Risk owners

AS - Alison Sayer (Resilience Manager)
DB - Debra Beckles (Procurement Officer)
DE - Duncan Ellis (Head of Finance & Assets)
ED - Emma Duncan (Head of Legal)
FH - Faye Haywood (Internal Audit Manager)
GOLD - Gold Command
JC - James Claxton (Interim Human Resources Manager)
JEC - Jenny Carroll (Chief Group Accountant)
JF - Joe Ferrari (Communications & PR Manager)
KR - Karl Read (Leisure & Locality Service Manager)
LH - Lucy Hume (Chief Technical Accountant)
ND/GC - Nicky Debbage and Graham Chapman (Joint Strategic Housing Team Leader)
OMT - Operational management Team
PR - Phillip Rowson (Head of Planning)
RG - Renata Garfoot (Estates & Asset Strategy Manager)
RY - Rob Young (Head of Economic & Community Development)
RT - Russell Tanner (Assets & Property Programme Manager)
SB - Steve Blatch (Chief Executive)
SK - Sean Kelly (Head of Business Transformation & IT)
SLT - Strategic Leadership Team

COVID-19 Risk Register

Last updated: 12/06/20

Description/effect of impact	Risk score if no action impact x likelihood = total	Existing controls and/or mitigation	Actions being taken to manage risk and progress to date	Action owner and due date	Target score impact x likelihood = total	Risk owner	Direction of travel	RAG
FINANCIAL (INCLUDING CREDIT & COUNTERPARTY) *Financial: related to the financial position and investment of the Council's assets and cash flow, market volatility, currency etc. Credit and Counterparty: related to investments, loans to institutions and individuals and counterparties in business transactions.* **Risk -** that the Council's expenditure in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure. **Effect -** the Chief Finance Officer has to issue a Section 114 report to Full Council to report an unbalanced budget	5 x 4 = 20	Lobbying central government Medium Term Financial Strategy (MTFS) Corporate/service planning Budget process/budget monitoring Annual review of reserves Consultation responses Project management framework Balanced 2020/21 budget	Committee report to Cabinet and O&S covering the financial impact of COVID-19 presented to committee May 2020 Further financial update report to committee in August 2020 Continued lobbying of ministers/central government requesting further financial support	SLT	4 x 3 = 12	SLT/OMT	↓	Amber
Inability to balance budget		Lobbying central government Medium Term Financial Strategy (MTFS) Corporate/service planning Budget process/budget monitoring Annual review of reserves Consultation responses Project management framework Balanced 2020/21 budget						
Insufficient cash flow - Uncertain cash flows and reduced income leading to increased borrowing requirements		Central government funding of £65.5m received to fund Small business Grant scheme Daily cash flow monitoring and forecasts Budget monitoring process and MHCLG monthly finance returns Availability of PWLB borrowing facilities and/or local authority lending						

Increasing expenditure: precept payments housing benefits community hubs residents communications staff overtime borrowing costs other service costs		Central government funding of £65.5m received to fund Small business Grant scheme Daily cash flow monitoring and forecasts Budget monitoring process and MHCLG monthly finance returns Some offset expenditure from closed facilities etc redirected to support additional costs		
Increasing expenditure: precept payments housing benefits community hubs residents communications staff overtime borrowing costs other service costs		Central government funding of £65.5m received to fund Small business Grant scheme Daily cash flow monitoring and forecasts Budget monitoring process and MHCLG monthly finance returns Some offset expenditure from closed facilities etc redirected to support additional costs		
Reductions in income: council tax business rates fees and charges car park income planning fees building control fees commercial waste income beach huts & chalets property rentals investment income		Central government funding of £65.5m received to fund Small business Grant scheme Daily cash flow monitoring and forecasts Budget monitoring process and MHCLG monthly finance returns Some offset expenditure from closed facilities etc redirected to support additional costs		
Failure to achieve planned savings - increased pressure on the budget and future years planning		Budget monitoring MTFS		
Delays to central government funding reviews (Fair Funding Review/Business Rates Review/Spending Review) - increasing uncertainty about future years funding allocations		MTFS		

Central government offset support (apart from business rates support), RSG and NHB		MTFS					
Reductions in reserve balances - contingency allocations and provisions reduced which puts additional pressure on the budget		MTFS					
Delays to the capital programme and receipt of capital income - capital projects might be delayed leading to increased contract costs, delays to improvements and reducing capital receipts		MTFS Capital budget monitoring					
Closing of accounts and statutory publication of draft Statement of Accounts along with completion of the Whole of Government Accounts return - unable to meet statutory deadlines, potential qualifications to accounts		Accounts closedown timetable and procedures	Deadlines for publication of the draft accounts have been increased by a month by central government due to the outbreak	DE (August 2020)			
Inability to continue creditor payment runs - unable to pay suppliers, staff etc		Creditor payment procedures IT improvements to enable payment runs (BACS) to be processed from home					
OPERATIONAL *Related to operational exposures within its organisation, its counterparties, partners and commercial interests* **Risk -** operational issues prevent or hinder the achievement of the Council's aims. **Effect -** the Council does not achieve it's operational or strategic aims.	4 x 4 = 16			OMT/SLT	4 x 3 = 12	SLT/OMT ↓	Amber
Major disruption to people resource inside the organisation and externally due to social distancing measures - inability to maintain currently provided services in the same way							
Inability to operate services from main office buildings - reduced services available to customers		Provision of remote working Implementation of digital solutions for service delivery Redeployment of staff to key service areas	Return to work guidance	SB (June 2020)			

Inability to operate services externally - reduced services available to customers		Alternative service provision Liaison with contractors					
Inability to meet statutory meeting requirements - delays to or illegal decision making		Online meetings Changes to Constitution Training for Members & officers					
Inability to provide an adequate working environment - poor welfare and health and safety cover for staff		Updates to various policies and dissemination of managers, provision of return to work guidance					
New starters do not receive the appropriate induction training leading to inefficient performance		HR policy guidance New starter procedures					
Failure of contractual arrangements - leading to reduced service provision, increased costs, delays etc							
Failure of contractor to provide services - reduction/removal of services to customers		Contractual arrangements Liaison with contractors					
Contractor failure - contractor goes out of business		Pre-contract due diligence work Implement central government procurement support guidance Mitigation of losses Supporting with cash flow					
Waste and recycling not collected from households - increased public health risk		Business contingency arrangements in place with contractor					
Lack of adequate IT provision - failure to deliver efficient services to customers							
Lack of suitable bandwidth - reduced network capacity for staff to access systems and work effectively		Technological solutions applied to increase bandwidth					
Insufficient equipment to support remote working - inefficient use of staff resources and resultant impacts on service delivery		Additional hardware					
Inability to delivery digital solutions to customers - reduced access to services and reduced efficiency		New software solutions acquired/developed ie Zoom, online forms, apps etc					
Property not able to be used as intended - additional costs, reduced service provision							
Increased risk of vandalism from closed facilities - additional costs, insurance claims and monitoring		Contractor site visits					

Risk	Score	Controls/Mitigations	Further Actions	Owner (Date)	Residual	Responsible	Direction	RAG
Risk of virus transmission from use of facilities - transmission rate increases		Closure of some sites Increased cleaning regimes Social distancing measures	Managed re-opening of sites	Gold (June 2020)				
MACROECONOMIC *related to the growth or decline of the local economy, interest rates, inflation and to a lesser degree, the wider national and global economy amongst others.* **Risk -** national/global recession resulting in business failure and unemployment **Effect -** increased requirement for benefits, housing, council tax support, business advice and support	4x4 =16				3x4=12	SLT/OMT	↓	Amber
Negative impact of the virus on the local, national and global economies - business failure, increased unemployment, reducing GDP								
Impact on the local economy - business failure and unemployment increase		Provision of advice from the Economic Development team Administration of Small Business Grant scheme and Discretionary Grant Scheme Business survey currently being undertaken	Business survey currently being undertaken. Operation of the Council Tax Hardship Fund	SQ (Sept 2020) TG/LC (Jan 2021)				
Impact on the national economy - business failure, unemployment levels rise, increasing welfare costs, reduction in GDP, national debt increases		No Council mitigations						
Impact on the global economy - business failure and unemployment increase		No Council mitigations						

STRATEGIC *key initiatives undertaken by the Council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help the Council meet its goals.* **Risk -** Corporate Plan and Projects may not be delivered within agreed timescales or budget **Effect -** objectives not delivered, poor use of council financial resources	4x3=12				3x3=9	SLT	↓	Amber
The agreed Corporate and Delivery Plan do not reflect the new emerging priorities - resources expended inappropriately on non priority areas		Corporate planning process	Review of Corporate and Delivery Plan to be undertaken by Senior Leadership Team (SLT) and Members	SLT/Members (Sept 2020)			
Risk to Medium Term Financial Strategy (MTFS) - inability to produce a balanced budget		MTFS reviewed and updated every year Budgeting and budget monitoring processes	Update report to come to committee in August 2020	DE (August 2020)			
Inability to consider appropriate scenarios and consider a volatile, uncertain, complex and ambiguous (VUCA) world - the Council is unable to adapt to change and operates at a less than optimum level							
Inability to adapt and take advantage of new opportunities and ways of working/delivering services - efficiencies and service improvements missed							
ENVIRONMENTAL AND SOCIAL *related to the environmental and social impact of the Council's strategy and interests* **Risk -** Council fails to take into account changing environmental and social needs **Effect -** strategic objectives don't reflect environmental and social issues	4x3=12				4x3=12	SLT	↓	Amber

Increasing levels of social isolation - impact on people's wellbeing and mental health		Community hubs Active community sector Community outreach programme and support					
Increasing levels of poverty - increasing social deprivation, lower educational standards, poorer health outcomes, social inequality, homelessness		Homelessness Strategy Hardship Fund					
Removal or reduction of leisure and cultural activities - negative impact on wellbeing		Corporate Plan Delivery Plan	Production of an outdoor leisure strategy	KR (Dec 2020)			
Inappropriate usage of outdoor areas - increasing levels of littering and cleansing costs		Cleansing contract					
Increasing pressure on open public space - potential increase to virus and infection rates		AONB managed through Coastal Partnership Woodland Ranger service Foreshore officers					
GOVERNANCE *related to ensuring that prudence and careful consideration sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances that balance oversight and efficiency.* **Risk -** Council acts outside established procedures or unlawfully **Effect -** risk of litigation/reputational risk to Council/poor decision making	4x4=16				3x3=9	SLT	⬇	Amber
Governance controls are bypassed or ignored - poor/illegal decision		Constitution Corporate Governance Framework Statutory officers					
REPUTATION *related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception.* **Risk -** Council's reputation is adversely affected **Effect-** reduced public confidence	3x4=12				2x4=8	SLT	⬇	Amber

Council does not do the right things for the community - negative press coverage and reduced public confidence		Corporate Plan	Updated Corporate Plan to reflect COVID priorities	SLT/Members (Sept 2020)	
Poor communication strategy - negative impact on Council reputation		Communications strategy	Develop COVID based communications strategy	JF (Sept 2020)	

Risk owners

AS - Alison Sayer (Resilience Manager)
DB - Debra Beckles (Procurement Officer)
DE - Duncan Ellis (Head of Finance & Assets)
ED - Emma Duncan (Head of Legal)
FH - Faye Haywood (Internal Audit Manager)
GOLD - Gold Command
JC - James Claxton (Interim Human Resources Manager)
JEC - Jenny Carroll (Chief Group Accountant)
JF - Joe Ferrari (Communications & PR Manager)
KR - Karl Read (Leisure & Locality Service Manager)
LH - Lucy Hume (Chief Technical Accountant)
ND/GC - Nicky Debbage and Graham Chapman (Joint Strategic Housing Team Leader)
OMT - Operational management Team
PR - Phillip Rowson (Head of Planning)
RG - Renata Garfoot (Estates & Asset Strategy Manager)
RY - Rob Young (Head of Economic & Community Development)
RT - Russell Tanner (Assets & Property Programme Manager)
SB - Steve Blatch (Chief Executive)
SK - Sean Kelly (Head of Business Transformation & IT)
SLT - Strategic Leadership Team

GOVERNANCE, RISK & AUDIT COMMITTEE ON 3rd DECEMBER 2019 - ACTIONS ARISING FROM THE MINUTES

Minute No.	Agenda item and action	Action By
30	**FOLLOW-UP ON INTERNAL AUDIT RECOMMENDATIONS 1 APRIL TO 21 NOVEMBER 2019**	
	RESOLVED **To refer all outstanding audit recommendations to SLT for action with a request that progress is reported back to the Committee.**	**SLT**

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GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2020/2021

Date/Meeting	Item	Lead Officer	Additional Comments	Cycle
16th June 2020				
	Progress report on Internal Audit Activity	Internal Auditors – Faye Haywood	Not for discussion	Quarterly
	Follow up on Internal Audit Recommendations	Internal Auditors – Faye Haywood	Not for discussion	Six Monthly
	Annual Report/Opinion & Review of the Effectiveness of Internal Audit	Internal Auditors – Faye Haywood		Annual
	Risk Management Policy/Framework & corporate risk registers	Head of Finance & Asset Management – Duncan Ellis	To review the corporate risk register in relation to Covid-19	Quarterly
29th Sept 2020				
	Draft Statement of Accounts	Chief Technical Accountant – Lucy Hume		TBC
	EY Annual Audit Letter	External Auditors - EY		Annual
	Progress Report on Internal Audit Activity	Internal Auditors – Faye Haywood		Quarterly
	Corporate Risk Register	Head of Finance & Asset Management – Duncan Ellis	To review the corporate risk register	Quarterly
	Audit Results Report	External Auditors - EY		Annual TBC
	Letter of Representation	Head of Finance & Asset Management – Duncan Ellis		Annual
	Corporate Risk Register	Head of Finance & Asset Management – Duncan Ellis		TBC
	Monitoring Officer's Report	Monitoring Officer – Emma Duncan		Annual
	Annual Governance Statement 2019/20 & Local Code of Corporate Governance	Head of Finance & Asset Management – Duncan Ellis		Annual
	Sign-off Annual Accounts	Chief Technical Accountant – Lucy Hume	To sign off accounts delayed from 2019/20	Annual
8th Dec 2020				
	Final Statement of Accounts	Lucy Hume – Chief Technical Accountant		Annual TBC
	Corporate Risk Register	Head of Finance & Asset Management – Duncan Ellis		Quarterly
	Progress Report on Internal Audit Activity	Internal Auditors – Faye Haywood		Quarterly TBC
	Follow Up Report on Internal Audit Recommendations	Internal Auditors – Faye Haywood	To include update on historical recommendations	Six Monthly

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GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2020/2021

~~2021~~	~~Anti-money laundering policy~~	~~Internal Auditors – Faye Haywood~~		3 years – Due 2021
	Civil Contingencies Update	Resilience Manager – Alison Sayer		Annual
9th March 2021				
	EY External Audit Plan (with overview) Annual Grant Certification Report	External Auditors - EY		Annual
	Progress Report on Internal Audit Activity	Internal Auditors – Faye Haywood		Quarterly
	Undertake self-assessment	Internal Auditors – Faye Haywood		Annual
	Strategic and Annual Audit Plans	Internal Auditors – Faye Haywood		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

To be Confirmed/Arranged				
2020	Strategic and Annual Audit Plans	Internal Auditors – Faye Haywood		Annual TBC
2020	Confidential Investigation – Follow-up Report	Head of IT & Digital Transformation – Sean Kelly	Can report be circulated amongst Committee Members?	TBC
2020	EY External Audit Plan (w/ overview) Annual Grant Certification Report	External Auditors - EY		Annual
2020	GRAC Annual Report	Committee Officer – Matt Stembrowicz		Annual TBC
2020	Egmere & Splash Audit Reports	Internal Auditors – Faye Haywood	To review the Egmere and Splash projects	Requested by Committee
2020	Local Code of Corporate Governance	Head of Finance & Asset Management – Duncan Ellis		Annual TBC