Eastern Internal Audit Services

North Norfolk District Council

Internal Audit Update – Progress and Follow Up

Period Covered: 26 November 2022 to 30 May 2023

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

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 requires the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues.

1.3 To comply with the above this report includes:

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

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

2.1 Since the plan's approval in March 2022, three audits have been deferred to 2023/24:

- NN2304 Risk Management;
- NN2305 Accounts Payable;
- NN2315 Finance System Implementation.

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

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**.

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

4. THE OUTCOMES ARISING FROM OUR WORK

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

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

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

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

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

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

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

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

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

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

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

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

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

4.5   As can be seen in the table above and as a result of these audits 28 recommendations have been raised by Internal Audit. In addition, seven Operational Effectiveness Matters have been proposed to management for consideration.

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

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

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

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

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

5. FOLLOW UP OF AGREED AUDIT RECOMMENDATIONS

5.1 In addition to providing the Committee with the performance of internal audit relative to its plan, the Public Sector Internal Audit Standards also require the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action.

5.2 To comply with the above this report includes the status of agreed actions.

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

5.4 **Appendix 3** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken and identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round. 27 recommendations have been closed in the period between 26 November 2022 to 30 May 2023. A total of 23 (one urgent, nine important and 13 needs attention priority) recommendations are currently outstanding. A further 23 recommendations are not yet due.

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

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 1											
Corporate Health and Safety	NN2303	10	10	10	Final report issued on 5 September 2022.	Reasonable	0	1	5	1	September 2022
TOTAL		**10**	**10**	**10**							
Quarter 2											
Pier Pavilion	NN2311	8	8	8	Final report issued on 18 November 2022.	Limited	4	3	1	2	December 2022
Building Control	NN2313	8	8	8	Final report issued on 17 October 2022.	Reasonable	0	1	2	1	December 2022
TOTAL		**16**	**16**	**16**							
Quarter 3											
Risk Management	NN2304	6	0	0	Audit Deferred to 2023/24.						
Accounts Payable (Insurance)	NN2305	12	0	0	Audit Deferred to 2023/24.						
Council Tax and NNDR	NN2306	15	15	15	Final report issued on 17 April 2023.	Substantial	0	0	1	0	June 2023
Local Council Tax Support and Housing Benefits	NN2307	15	15	15	Final report issued on 30 March 2023.	Substantial	0	0	2	0	June 2023
Legal Services	NN2309	10	10	10	Final report issued on 7 November 2022.	Substantial	0	0	0	0	December 2022
Property Services Operational	NN2310	10	14	14	Final report issued on 25 May 2023.	Position Statement					June 2023
TOTAL		**68**	**54**	**54**							
Quarter 4											
Corporate Governance	NN2301	8	8	8	Final report issued on 27 March 2023.	Substantial	0	0	2	0	June 2023
Key Controls and Assurance	NN2302	10	14	14	Final report issued on 5 June 2023.	Limited	6	7	1	0	June 2023
Payroll and HR	NN2308	12	12	12	Final report issued on 31 May 2023.	Substantial	0	0	3	2	June 2023
Economic Growth	NN2312	10	10	10	Final report issued on 18 April 2023.	Position Statement					June 2023
Development Management includes planning applications	NN2314	10	10	10	Final report issued on 20 March 2023.	Reasonable	0	1	1	0	June 2023
Project Management Framework	NN2317	0	3	3	Final report issued 28 March 2023						June 2023
TOTAL		**50**	**57**	**57**							
IT Audits											
Applications review: Finance System Upgrade	NN2315	10	1	1	Project consultancy support provided. Audit deferred to 2023/24.						
Disaster Recovery	NN2316	10	10	10	Final report issued on 28 April 2023.	Reasonable	0	1	3	2	June 2023
TOTAL		**20**	**11**	**11**							
Follow Up											
Follow Up	N/A	10	10	10							
TOTAL		**10**	**10**	**10**							
TOTAL		**174**	**158**	**158**			**10**	**14**	**21**	**8**	
Percentage of plan completed				**100%**							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Executive Summary – NN2306 Council Tax and NNDR

OVERALL ASSESSMENT

SUBSTANTIAL ASSURANCE

REASONABLE ASSURANCE

LIMITED ASSURANCE

NO ASSURANCE

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over risk to Council Tax and NNDR maximum recovery.

KEY STRATEGIC FINDINGS

Declarations of interest require clarification. The Council should adopt the requirement for staff to declare persons known to them who are Council Tax payers as formal Policy.

Payments received for Council Tax and NNDR are reconciled daily to confirm they have all been allocated correctly. Monthly control account reconciliations are conducted promptly and independently reviewed.

Income is correctly accounted for. New direct debits are promptly set up. Rejected direct debit payments are followed up with the account payer and actioned correctly on the account's payers account on the Civica system.

System parameters and data are checked and tested as part of the annual billing process to ensure that all changes have been made correctly and accurate bills are produced. Systems access is restricted.

GOOD PRACTICE IDENTIFIED

The system provider, Civica, has a user manual which explains how to carry out various tasks on the system. The Council has internal procedures for specific tasks, which are used for training.

NNDC is a member of the Norfolk Fraud Hub that looks at ways to share data to reduce fraud. The Revenues Manager and two team leaders attended the National Fraud Conference in November 2022.

SCOPE

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

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	0	1	0

Directed Risk:

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

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

Other Findings

Governance Framework - As well as a Civica user manual, all staff members have access to procedure guides. Procedure guides are in the format of PowerPoints, desk aids and training notes which are subject to review by the Revenues Team Leader. The last review was conducted in April 2021.

Governance Framework - Levels of system access are reviewed regularly by the Systems Team Leader. Users who are no longer authorised to have access to the revenues system are disabled.

Governance Framework - Staff training is issued internally by a designated Training Officer. The training needs of the Revenues Team are highlighted at the beginning of the year. External training, including fraud training, is also in place.

Risk Mitigation - There are currently two high risks, four moderate risks and one low risk relating to the Revenues department on the service risk register. These are monitored by the Revenues Manager.

Risk Mitigation - NNDC are members of the Norfolk Fraud Hub that looks at ways to share data to reduce fraud. The Revenues Manager and two team leaders attended the National Fraud Conference in November 2022.

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

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

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

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

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

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

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

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

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

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

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

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

Delivery Risk:

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

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

Other Findings

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

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

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

Executive Summary – NN2307 Local Council Tax Support and Housing Benefits

OVERALL ASSESSMENT

SUBSTANTIAL ASSURANCE
REASONABLE ASSURANCE
LIMITED ASSURANCE
NO ASSURANCE

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Fraudulent payment of Housing Benefit and Council Tax Support.

KEY STRATEGIC FINDINGS

Annual uplifts for 2022/23 were entered and reviewed prior to the beginning of the financial year, to ensure that applications are assessed and paid correctly.

Staff are requested to sign an annual declaration form to declare close friends and family. However, there is no formal 'policy', and the wording of the form may be misinterpreted. Fraud awareness training is also required.

The benefits system is required to be reconciled to the General Ledger on at least a monthly basis, however this has not taken place since November 2022 due to the implementation of the new finance system during December 2022. Finance are working on the new CASHBOOK to get all the bank statements posted, as all the reconciliations have changed. A reconciliation will be completed once all figures have been obtained.

Backdated claims are supported by an application form, evidence and in accordance with the DWP guidelines. Quality assurance checks are undertaken on a daily basis and staff are updated if there are discrepancies to ensure claim administration is as accurate as possible.

GOOD PRACTICE IDENTIFIED

As a response to the national 'cost of living crisis', the Council issued a Notices of Motion and held a summit to assess how to support North Norfolk residents with the impact of the crisis.

Following completion of the fieldwork, an internal investigation was undertaken regarding a member of staff who had accessed both Council and DWP systems relating to an account of a family member. Additional audit testing was undertaken on a series of controls. This resulted in a recommendation to strengthen the declarations of interest requirements. The DWP were also undertaking their own investigations.

SCOPE

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

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	0	2	0

Findings

Directed Risk:

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

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

Other Findings

Governance Framework - Procedure documents and training resources are maintained within the LA-Inform system. All staff have access to this system. Procedure documents are also held within the shared drive for accessibility if the system is inaccessible. Procedure documents are reviewed and updated to align with DWP updates.

Governance Framework - All updates and uplifts are entered by the Systems Admin Team and checked by the Benefits Manager. Screenshots of the updated parameters for Housing Benefit are retained as evidence of the changes. Once tested, the updates are stored on the shared drive and accessible to everyone in the Benefits team.

Governance Framework - Benefits Circular Updates are issued monthly and are available to Benefits staff via the LA-Inform system. These documents contain any updates from the DWP that impact the service.

Governance Framework - HB debt recovery is included as part of the Council Tax and National Non-Domestic Rates recovery SLA with PS&P Ltd.

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

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

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

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

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

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

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

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

Delivery Risk:

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

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

Other Findings

Performance Monitoring - A 4% QA check of staff's work is performed on a daily basis. Work of new staff is subject to 100% checks until considered proficient. Staff receive daily email updates to inform them of the outcome of these checks.

Performance Monitoring - There is a 14-day processing target for changes in circumstances and a 20 day processing target for new claims. Due to a reduction in resources, the average processing time for change in circumstances was significantly above the target time. However, due the stabilisation of resources, the average time for Q3 was significantly below the target.

Sustainability - All application forms are online forms. Customers are being moved over to e-notifications to reduce the number of paper letters sent. If a new customer has registered an email address, they will automatically be set up for e-notifications.

Resilience - Staff are required to work in the Council building for a minimum of 40% of their contracted work time. There is always one Team Leader on site at a time. There is capability for all staff to work from home, if another pandemic were to occur.

Executive Summary – NN2301 Corporate Governance

OVERALL ASSESSMENT

SUBSTANTIAL ASSURANCE

REASONABLE ASSURANCE

LIMITED ASSURANCE

NO ASSURANCE

KEY STRATEGIC FINDINGS

The Council approved a review of its Constitution in November 2022. This is on track to be completed by May 2023.

The requirements for Members registering interests are defined in the Members' Code of Conduct. A register of interests is maintained and published.

Delegated decisions are reported to Cabinet and Overview and Scrutiny Committee, but not on a consistent basis.

The Members' Code of Conduct does not have any requirements about attendance at committee meetings.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risk: GOVERNANCE: related to ensuring that prudence and careful consideration sit at the heart of the Council's decision making, augmented by quality independent advice and appropriate checks and balances that balance oversight and efficiency. Risk Council acts outside established procedures or unlawfully resulting in litigation/reputational risk to Council/poor decision making.

GOOD PRACTICE IDENTIFIED

Improvements in relations between Cabinet and Scrutiny and an increase in pre-scrutiny have led to a reduction in decisions being called-in.

Declarations of interest are a standard agenda item at all meetings. Guidance is provided to Members declaring interests.

SCOPE

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

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	0	2	0

Findings

Directed Risk:

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

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

Other Findings

Governance Framework - A review of the Council's Constitution was initially proposed by the Constitution Working Party and was approved by Full Council in November 2022. The Council has commissioned the Local Government Association (LGA) to undertake the review of its Constitution, in conjunction with the Centre for Governance and Scrutiny (CFGS).

Governance Framework - The review, which commenced in December 2022, is scheduled to be completed by April 2023, so that the new Constitution is ready for approval at the Council's AGM in May 2023.

Governance Framework - The committee meeting programme is approved by Full Council each year - the 2023/24 programme was approved on 20th December 2022. The committee meeting timetables for 2022/23 and 2023/24 are published on the Council's website.

Governance Framework - The requirements and procedures for Members registering and declaring interests are defined in the Members' Code of Conduct in the Constitution. The Council uses the Local Government Association Model Code of Conduct, which was adopted in July 2021. The Code of Conduct clearly states that Members must register their interests, to demonstrate openness and so that others will know where a conflict of interest might arise.

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

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

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

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

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

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

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

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

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

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

Delivery Risk:

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

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

Other Findings

Executive Summary – NN2314 Development Management

OVERALL ASSESSMENT

REASONABLE ASSURANCE

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

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

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

SCOPE

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

KEY STRATEGIC FINDINGS

Planning applications are determined in accordance with defined processes, including validation, fees and appropriate consultations.

The Council's website provides detailed information and links about planning applications and the pre-application service, including fees and how to apply.

The Council is not consistently meeting its target response times for pre-applications.

A reconciliation of planning fee income between the new planning system and the new finance system has not been completed.

GOOD PRACTICE IDENTIFIED

The Council's website has information on Nutrient Neutrality for applicants, including maps of the affected areas, links to nutrient calculators and frequently asked questions. This information is regularly updated as understanding of the requirements develops.

The Council is working with the other Norfolk councils and Anglian Water to develop a nutrient mitigation credit scheme.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	1	1	0

Findings

Directed Risk:

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

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

Other Findings

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

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

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

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

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

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

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

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

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

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

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

Delivery Risk:

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

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

Other Findings

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

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

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

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

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

Executive Summary – NN2316 Disaster Recovery

OVERALL ASSESSMENT

REASONABLE ASSURANCE

Adequate & effective governance, risk and control processes

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

KEY STRATEGIC FINDINGS

There are documented IT Disaster Recovery procedure documents in place.

Although not in scope for this audit, the Council's Business Continuity Plans require review.

The DR test plan could be enhanced by the inclusion of actual, real-world infrastructure disruptions as these provide opportunities for improvement in addition to planned tests.

The Council to ensure that the maintenance of Uninterruptible Power Supply (UPS) systems at the Fakenham site can be shown to be taking place on a regular basis

Higher or lower priority systems need to be reconfirmed in the absence of an updated Business Continuity Plan.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

IT 005 – Inadequate ICT Information Security – The potential for inappropriate disclosure of sensitive data.

IT 008 - Business Continuity Failure – the potential for the Business Continuity processes to be unfit for purpose

IT 009 – Major Disaster – the potential for a complete failure of Council systems and/or buildings

GOOD PRACTICE IDENTIFIED

There is a process whereby Council data stores are being replicated between Cromer and Fakenham, with the ability to switch between them should one site fail.

Physical Security - It is possible to report on door card activities at both the Cromer primary site and Fakenham Connect. The audit observed the ability to run reports on this, which also showed access attempts that were denied.

SCOPE

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

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	1	3	2

Findings

Directed Risk:

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

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

Other Findings

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

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

Delivery Risk:

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

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

Other Findings

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

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

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

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

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

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

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

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

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

Executive Summary – NN2308 Payroll and HR

OVERALL ASSESSMENT

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

SUBSTANTIAL ASSURANCE

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

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

SCOPE

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

KEY STRATEGIC FINDINGS

Various policies require a review. The HR team plan includes an objective to review multiple policies, however no target date has been set.

The Council to include basic counter fraud awareness training to supplement more specific training e.g. Housing Benefits.

Compliance testing identified that evidence was not retained to demonstrate three out of 15 return to work interviews were completed.

Two further suggested actions have been proposed to request officers to confirm that they have (re-) read updated corporate policies; and obtaining confirmation from the responsible line manager where HR is unable to obtain references.

GOOD PRACTICE IDENTIFIED

A new recruitment system has been adopted by the Council in May 2022 which makes the recruitment process more efficient.

The Council is very proactive in promoting staff wellbeing by having a dedicated wellbeing group, running a wellbeing week with various workshops and other activities, having a dedicated intranet page and implementing a wellbeing calendar.

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	0	3	2

Findings

Directed Risk:

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

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

Other Findings

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

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

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

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

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

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

Delivery Risk:

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

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

Other Findings

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

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

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

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

Executive Summary – NN2302 Key Controls and Assurance

OVERALL ASSESSMENT

LIMITED ASSURANCE

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

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

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

KEY STRATEGIC FINDINGS

The Council has struggled to perform core financial reconciliations, i.e. control account and bank reconciliations, since the introduction of the new finance system in December 2022.

Investments have not been independently authorised since May 2022.

Aged debts are not being regularly reviewed, with a lack of consistent action to recover debts.

Car parking income is not regularly reconciled, due to lack of resources within the team and the lack of transparent information from the contractor, Borough Council of King's Lynn and West Norfolk.

The Fixed Asset Register (FAR) has been updated for 2021/22, with all additions and disposals recorded and asset lives reviewed, and the 2021/22 GL asset reconciliation has been completed. A specific review was performed over temporary accommodation, as this was previously reported as being inaccurately recorded, with this now deemed to be completely and accurately recorded. The FAR is currently being completed for 2022/23, together with the GL asset reconciliation.

GOOD PRACTICE IDENTIFIED

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

SCOPE

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

ACTION POINTS

Urgent	Important	Needs Attention	Operational
6	7	1	0

Key Controls Testing

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

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

- Council Tax and National Non-Domestic Rates (NN2306) - The final report for this work was issued in April 2023 with a 'Substantial' assurance given. The report raised one 'needs attention' recommendation.

- Housing Benefit and Council Tax Support (NN2307) – The final report for this work was issued in March 2023 with a 'Substantial' assurance given. The report raised two 'needs attention' recommendations.

- Payroll and Human Resources (NN2308) – The final report for this work was issued in May 2023 with a 'Substantial' assurance given. The report raised three 'needs attention' recommendations and two 'operational effectiveness matters' for management to consider.

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

- Assurance Framework, including following up on the actions raised during the in-depth review of Annual Governance Statement (AGS) issued in February 2022 (NN2201)

- Accountancy Services (incl. General Ledger, Asset Management, General Ledger, Control Accounts, Treasury Management and Budgetary Control)

- Accounts Receivable

- Accounts Payable

- Income and Receipt (Remittances).

Findings

Directed Risk:

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

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

Other Findings

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

APPENDIX 3 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

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

APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2009 Planning and Development	Recommendation 2: Response time targets and fees for pre-application work be reviewed, to ensure that they enable good quality, timely responses to be provided to applicants.	Important	Head of Planning; Development Manager	31/10/2020	30/09/2023	7	Outstanding	PSIP process for pre-applications has been delayed and will take place in Autumn 2023. Expect completion with new pre-app service in spring 2024.

APPENDIX 5 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2107 Procurement and Contract Management	That Management review and update the Business Continuity Plan, and other relevant policies in light of the COVID response, including reference to review of contracts.	Important	Civil Contingencies Manager; Director of Resources	31/08/2021	30/06/2023	4	Outstanding	The suite of business continuity documentation has been reviewed. The previous policy has been separated into two documents; a concise Business Continuity Policy and a more detailed Business Continuity Management (BCM) Framework, both of which were agreed by Cabinet on 3 January 2023. The refresh of the Corporate Business Continuity Plan has been delayed due to long-term sickness absence. The revised Business Impact Analysis template, which underpins all the plans, including the overarching Corporate one, will be sent out to Service Managers for completion in May 2023 and will be followed by the fully revised BC Plan template. The Corporate Business Continuity plan is currently being refreshed to include learning from incidents and exercises.

APPENDIX 6 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2213 Waste Management	Recommendation 1: Review and update the Inter Authority Agreement to ensure that it is clear in terms of managing relations between all three member Authorities to reflect the operational status of the contract. In particular, this should include agreement on the principles which underpin how the contract should be managed for the benefit of all of the Councils, and on mechanisms for resolving disagreements between the Authorities if they arise.	Important	Director of Communities	29/07/2022	31/07/2023	3	Outstanding	Work on this is being taken forward by the three authorities, led by Breckland. There have been some delays due to other work pressures and the complicated nature of this task.
NN2213 Waste Management	Recommendation 2: Obtain regular assurances that Serco complies fully with its complaints procedure and that there is audit trail to evidence this. Any non-compliances should be formally raised through the Operational Board meeting. A quarterly report should be made to the Contract Management Board by Serco along with details of corrective action taken.	Important	Environmental Services Manager	29/07/2022	30/06/2023	2	Outstanding	Compliance with the complaints procedure has been raised with Serco at the Contract Monitoring Board. Discussions have also been held at an operational level. Serco have provided call handling data which has been assessed by the authority to identify areas where performance has not met the required standard. This data will contribute to a robust reporting mechanism.
NN2202 Key Controls and Assurance	Recommendation 4 – All monthly bank reconciliations to be completed and reviewed promptly at the end of each month.	Important	Group Accountant	29/07/2022	30/06/2023	2	Outstanding	There have been some issues with the implementation of the Civica Cashbook which would allow us to have bank reconciliations integrated within the finance system. Bank reconciliations for the payments account are still being carried out manually.
NN2202 Key Controls and Assurance	Recommendation 3 – North Norfolk DC to ensure it receives 40% of income from the issuing Penalty Charge Notice (PCN) as per the terms of the contract with Borough Council of Kings Lynn & West Norfolk and this can be clearly evidenced.	Important	Group Accountant	25/05/2022	30/09/2023	1	Outstanding	At this time, we have no independent way of checking income generated from Penalty Charge Notices as they do not form part of the car park software. A conversation has been initiated between the Council and BCKLWN.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2214 Environmental Health	Recommendation 2: The Council to ensure that all licence fee income has been correctly accounted for and that there is agreement between Assure and eFinancials.	Important	Environmental Services Manager and Public Protection & Commercial Manager	30/06/2022	30/06/2023	2	Outstanding	Further work has been done to identify those license holders who may not have paid for their premises licences, which has revealed the potential scale of the problem. It is likely that in order to deal with the historical cases, a in depth 'forensic' analysis of transactions will be required and an additional resource will be required for this work. Preliminary work has been undertaken to look at how to improve the process and ensure that robust methods are in place for requesting and accounting for income received.
NN2204 Counter Fraud and Corruption	Recommendation 6: An annual action plan to carry out all required counter fraud work be put in place and agreed by committee. The agreed plan should be linked to the annual audit plan and shared with Members and senior management.	Important	Director for Resources	31/12/2022	30/06/2023	1	Outstanding	The "Fighting Fraud and Corruption Locally" publication has been assessed and a checklist has been produced, with input from relevant officers who may be involved in anti-fraud measures. Following completion of the checklist an updated action plan will be shared with CLT and then with Governance, Risk and Audit Committee in June 2023.

APPENDIX 7 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2022/23

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