

Report Title	Progress and Follow Up Report 2023/24	
Are there background papers?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Exempt	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Reason for Exemption?		
Decision for Full Council?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Are there Non Electronic Appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
List of Background Papers (if applicable)		

Progress and Follow Up Report 2023/24

Summary: This report provides details of progress with the 2023/24 Internal audit Plan and outstanding recommendations.

Conclusions: The 2023/24 Internal Audit Plan is now complete with only one report to be finalised. Outstanding recommendations are progressing.

Recommendation: That the Committee is requested to receive and note:

- Progress with delivering the 2023/24 Internal Audit Plan and outstanding recommendations.

Cabinet member(s):

All

Contact Officer, telephone number, and e-mail:

Ward(s) affected:

All

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1. Background

- 1.1 This report is issued to assist the Council 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 Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues.

2. Overall Position

- 2.1 The attached report details:
 - Any significant changes to the Internal Audit Plan
 - Progress made in delivering the Internal Audit Plan
 - The outcomes arising from audit work
 - Final report executive summaries
 - Status of agreed recommendations
 - Details of outstanding recommendations

3. Conclusion

- 3.1 The 2023/24 Internal Audit Plan is now complete with only one report to be finalised. Outstanding recommendations are progressing.

4. Recommendation

1) That the Committee is requested to receive and note:

- Progress with delivering the 2023/24 Internal Audit Plan and outstanding recommendations.

Appendices attached to this report:

Appendix A – Progress and Follow Up Report 2023/24

Eastern Internal Audit Services



North Norfolk District Council

Progress and Follow Up Report

Period Covered: 1 December 2023 to 31 May 2024

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

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1. INTRODUCTION

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

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 Since the Internal Audit Plan's approval in March 2023, two audits were deferred in the year as the table below details; there have been no other changes in quarter 4.

Audit description	Nature of the change
NN2401 Risk Management	This audit has been removed from the 2023/24 Audit Plan and is due to be completed as part of the 2024/25 Audit Plan.
NN2410 Coastal Management	This has been removed from the 2023/24 Audit Plan and is due to be completed as part of the 2024/25 Audit Plan.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 In summary, 159 days of programmed work have now been completed, equating to 100% of the Internal Audit Plan for 2023/24.

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, the eleven reports have been issued in final and one Position Statement.

Audit	Assurance	P1	P2	P3
NN2415 Post Implementation – Finance System Review	Limited	3	2	0
NN2414 Service Desk	Reasonable	0	3	2
NN2402 Complaints	Reasonable	0	2	2
NN2402 Freedom of Information	Substantial	0	0	1
NN2407 Accounts Receivable	Reasonable	0	0	0
NN2408 Income	Reasonable	0	2	0
NN2405 Accountancy Services	Reasonable	0	2	4
NN2409 Housing Strategy, Homelessness and Housing Options	Reasonable	0	2	0
NN2413 Property Services – Operational Assets	Position Statement	/	/	/

NN12406 Accounts Payable	Reasonable	0	0	3
NN2411 Civil Contingencies and Business Continuity	Limited	4	2	0
NN2403 Key Controls and Assurance	Reasonable	0	1	1

The Executive Summary for these reports is provided at **Appendix 1**, a full copy of this report can be requested by Members.

- 4.5 As can be seen in the table above, as a result of this audit, 36 recommendations have been raised and agreed by management. In addition, six operational effectiveness matters have been raised.

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. Currently, there are 41 outstanding recommendations. One is rated as 'urgent', 23 as 'important' and 17 as 'needs attention'.
- 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 2** 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.

Appendices 3 to 6 provide the Committee with details of urgent and important priority recommendations that are overdue for the year in which they were raised. Management responses and a new deadline, where available, have been indicated for each.

APPENDIX 1 – FINAL AUDIT REPORT EXECUTIVE SUMMARIES

Executive Summary – NN2415 Post Implementation - Finance System

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risks: "The flawed implementation of the replacement of a critical Council system".

SCOPE

A new finance system was implemented in December 2022. A review has been carried out to determine whether system benefits have been realised and provide assurance that any post implementation issues are being closed down.

KEY STRATEGIC FINDINGS



Weaknesses were evident with corporate project management governance arrangements and require prompt attention. Historical issues with corporate project management have been identified with outcomes reported separately to the Governance, Risk and Audit Committee.



Weaknesses were also identified with the pre planning for the project, in respect of project initiation, business case, requirements specification either missing or lacking sufficient detail.

GOOD PRACTICE IDENTIFIED



Key officers, at a senior level, left the Council, thereby placing more responsibility on existing officers and whose efforts should be recognised in managing the implementation of the new Finance System, in addition to their day-to-day responsibilities.



The application has been implemented, albeit with missing functionality that is planned for a future update. Go-Live was a 'hard' deadline that required key decisions to be made to achieve this goal.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
3	2	0	0

Executive Summary – NN2414 Service Desk

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The organisation has not recorded a key strategic risk associated with the Service Desk.

SCOPE

A review of the Service Desk has not been carried out before. Our review has provided assurance that a consistent service is being delivered in line with a defined service level agreement. The audit scope covered the management and resolution of incidents and reviewed the availability of performance data to demonstrate service levels.

KEY STRATEGIC FINDINGS

-  The Council has established service level commitments for response and resolution times. However, there are no measurable metrics to evaluate service performance.
-  The Service Desk recorded 884 incidents in July and August 2023. Of these, a total of 299 did not meet the service level commitment for resolution time.
-  Regular service desk performance reviews are not taking place and performance reports are not presented to the Council management for them to monitor the service.

GOOD PRACTICE IDENTIFIED

-  Classification and prioritisation schemes have been defined and all raised issues are recorded by a category and a subcategory as well as urgency and priority.
-  The user service satisfaction surveys have been implemented. This is an automated process which sends regular surveys to staff by email.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	3	2	1

Executive Summary – NN2402 Complaints



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following key risk: “The Council’s reputation is adversely affected”.

SCOPE

A strategic risk has been raised in the corporate risk register in relation to the Council’s reputation or public perception being adversely affected by its actions/interests. Our review evaluated the controls in place to handle complaints in a timely manner to prevent non-compliance with policy.

- KEY STRATEGIC FINDINGS**
- The Council is not consistently achieving the target timescale of 15 working days to respond to complaints.
 - Although data on complaints performance is available, it is not being used effectively or reported on.
 - The defined internal processes are followed for responding to complaints, including for escalation where applicable.
 - Policies and information regarding how to submit a complaint and how the process works are published on the Council’s website.

GOOD PRACTICE IDENTIFIED

- The Council has created data dashboards for complaint handling, to enable senior managers to monitor complaints in their service areas.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	2	2	1

Executive Summary – NN2402 Freedom of Information

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following key risk: "The Council's reputation is adversely affected and non-compliance with statutory requirements".

SCOPE

A strategic risk has been raised in the corporate risk register in relation to the Council's reputation or public perception being adversely affected by its actions/interests. Our review evaluated the controls in place to handle FOI requests in a timely manner to prevent non-compliance with policy and the Freedom of Information Act.

KEY STRATEGIC FINDINGS

- The defined internal processes are followed for responding to FOI requests, including the use of exemptions and reviews where applicable.
- Policy, guidance and templates are available to officers to assist with responding to FOI requests.
- The Council consistently achieves its target of responding to at least 90% of FOI requests within 20 working days; currently achieving 96%. The target should be increased in order to meet the ICO's 'good' performance target of 95%.
- Information regarding FOI requests is published on the Council's website, including the publication scheme, how to submit a request and frequently asked questions.

GOOD PRACTICE IDENTIFIED

- All FOI requests are logged on a Disclosure Log spreadsheet, which allows efficient monitoring and reporting of FOI cases.
- Every department has a nominated FOI Officer, who is the main point of contact for FOI requests relating to that service.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	0	1	0

Executive Summary – NN2407 Accounts Receivable

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following key risk: "Failure to effectively manage and recover debts."

SCOPE

These key financial systems feed into the Head of Internal Audit Opinion and Statement of Accounts and require regular review to confirm the adequacy and effectiveness of controls. Accounts Receivable coverage in 2023/24 will be focused on corporate debt management.

KEY STRATEGIC FINDINGS



Two 'Important' recommendations from previous audits remain outstanding and have an agreed revised implementation date of March 2024 (previously December 2023), both of which relate to the management of aged debts.



As of 30th November 2023, the Council had £945k aged debt. 77% are >90 days old and account for 81% of the total value of outstanding debt. This is addressed through the previous recommendations referred to above and has been taken into account in the overall level of assurance.



The Council has an up to date approved Corporate Debt Management Recovery Policy which includes details on the monitoring of debts, recovery and write off.



Core financial reconciliations, including the debtor control account, were not performed between December 2022 and October 2023, due to issues with the new finance system. These reconciliations are now up to date and completed monthly. The absence of these reconciliations for the first six months of the year, and the outstanding recommendations referred to above, have been factored into the overall assurance opinion.

GOOD PRACTICE IDENTIFIED



The new finance system has enabled increased use of email for correspondence, rather than letters. This has improved sustainability for the service and reduced printing and postage costs.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	0	0	3

Executive Summary – NN2408 Income

OVERALL ASSESSMENT



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

-  A review of access to the Digital Mail Room identified a minimum of two officers from the postal team who no longer work for the Council but still have access.
-  During the audit some discrepancies in bank charges were identified which require investigation.
-  Income is received through secure methods and controls are in place to ensure card details are not accessible for others to see.
-  The previous Key Controls and Assurance audit (NN2302) from June 2023 raised an 'Urgent' recommendation regarding the completion of bank reconciliations. Interim manual processes have been implemented but support from Civica is required to correct the opening balances in the cashbook. This recommendation has a revised due date of June 2024, and will be followed up in the Key Controls audit in March 2024 and through Internal Audit's cyclical follow up process.

GOOD PRACTICE IDENTIFIED

-  Daily income received exception reports highlight any errors or omissions, which are promptly investigated. The suspense account is reviewed and cleared on a daily basis.
-  A Business Impact Analysis (BIA) was completed in June 2023. Two actions were raised, relating to skills resilience and succession planning, both of which have been completed.

SCOPE

These key financial systems feed into the Statement of Accounts and annual Head of Internal Audit Opinion and require regular review to confirm the adequacy and effectiveness of controls in this area. The Council updated its financial system in December 2022. This year's programme of financial system audits will provide assurance that the system controls are operating effectively.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	2	0	0

Executive Summary – NN2405 Accountancy Services

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS
 <p>The diagram shows a central yellow circle labeled 'REASONABLE ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right, four horizontal bars represent assurance levels: 'SUBSTANTIAL ASSURANCE' (green), 'REASONABLE ASSURANCE' (yellow), 'LIMITED ASSURANCE' (orange), and 'NO ASSURANCE' (red).</p>	<p>Outstanding recommendations: As reported in the review of NN2302 - Key Controls and Assurance, short-term investments have not been independently authorised since May 2022 due to the absence of a Chief Technical Accountant. Consequently, the previous urgent recommendation raised in that report remains outstanding.</p> <p>In addition, as also reported in the above review, whilst reconciliations have been performed monthly between the treasury investment records and the General Ledger, on-time and accurately, with discrepancies promptly investigated and resolved, the reconciliations have not been independently reviewed due to the absence of a Chief Technical Accountant and this urgent recommendation also remains outstanding.</p> <p>We understand that interviews are being held for this post now. However, without also external audits being completed in recent years, which are now unlikely to be completed and will recommence for the 2023/24 financial year, the risk of error and misappropriation remains.</p> <p>The Director of Resources needs to satisfy themselves that the absence of these independent reviews and authorisations has not resulted in any errors or wrongdoing.</p> <p>As reported in the review of NN2302 - Key Controls and Assurance, the Fixed Asset Register (FAR) has been updated for 2021/22, with all additions and disposals recorded and with the 2021/22 General Ledger (GL) asset reconciliation also completed. The FAR is currently being completed for 2022/23, together with the corresponding GL asset reconciliation. Consequently, we have not reviewed fixed assets for 2023/24 other than confirming that capital expenditure was accurately processed and appropriately authorised, and that the asset valuation exercise was underway.</p>

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

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

SCOPE

This key financial system feeds into the Statement of Accounts and the annual Head of Internal Audit Opinion and require regular review to confirm the adequacy and effectiveness of controls in this area. The Council updated its financial system in December 2022. This programme of financial system audits helps to provide assurance as to whether the system controls are operating effectively.

 We reported in the review of NN2302 - Key Controls and Assurance that, since the introduction of the new Civica finance system in December 2022, the Council had not performed core financial reconciliations (e.g., GL Suspense Account and Payroll Control Account reconciliations). However, the performance of these key reconciliations commenced in Quarter 3 of 2023 and are now performed monthly.
These findings have all impacted the overall level of assurance provided for this review.

 The Council has a comprehensive Treasury Management Strategy (TMS) which adheres to the CIPFA Treasury Management Code of Practice. Evidence of daily checking of the Cachematrix portal should also be performed to confirm that counterparties have processed investments promptly, completely and accurately.

 Budget holders are involved with Finance, in setting their budgets. Budget reports are provided to managers monthly, with regular review meetings held with budget holders. Financial performance reports were presented to Cabinet and to the Overview and Scrutiny Committee in September and November 2023. As reported in the review of NN2302 - Key Controls and Assurance, the Council does not independently authorise journals, relying on compensatory controls, such as budgetary monitoring which is still happening.

GOOD PRACTICE IDENTIFIED

 Management's knowledge of the functionality of the Civica Finance system has increased during 2023/24 and progress has been made in the performance of key controls, for example, preparation of key accounting reconciliations commenced in Quarter 3 of 2023.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	2	4	0

Executive Summary - NN2409 Housing and Homelessness

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following key risk: "The Council failing to carry out their statutory obligations in respect of housing and homelessness".

SCOPE

The Council has statutory responsibilities for administering the housing register and preventing and relieving homelessness. This audit evaluated the governance structures in place, including policies, strategies and training; compliance with legislation and local policy in assessing and prioritising housing register and homelessness applications; allocation of social housing; management of temporary accommodation; management of increased demand for services; and monitoring of performance.

KEY STRATEGIC FINDINGS

-  Personal Housing Plans are not consistently updated to show actions being taken to alleviate homelessness.
-  Instances were identified where formal letters to end a homelessness duty had not been sent to the customer.
-  There is a backlog of arrears from former temporary accommodation tenants, due to historical resourcing issues. A new process has been implemented to ensure that new debts are actioned promptly alongside clearing the backlog. This new system was put in place at the end of the audit fieldwork, so it was not fully tested. The backlog, dating back to 2020, has been taken into account in the overall assurance opinion.
-  Effective governance structures, such as strategies, policies and standard processes, are in place to ensure effective delivery of the service.

GOOD PRACTICE IDENTIFIED

-  The Council has trialled two pilot schemes for amending social housing allocation, in response to increased pressures on homeless services and temporary accommodation.
-  The team has two Living Well Officers who support people placed in temporary accommodation and help them to develop skills needed for managing a long-term tenancy.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	2	0	0

Executive Summary – NN2413 Property Services – Operation Assets (Temporary Accommodation)

INTRODUCTION

1. This review is included in the 2023/24 audit plan.
2. Position Statement NN2310 Property Services Operational was issued in 2022/23 to provide advice on the Council's management of temporary accommodation assets, including health and safety compliance, and the Public Toilet Provision Strategy 2022. Significant improvements were raised relating to the management of health and safety related compliance and management of capital works for the Council's new temporary housing assets.
3. The Council currently owns and leases 22 properties for the provision of temporary accommodation.

SCOPE

4. The objective of the audit was to review the implementation of 18 recommendations made in NN2310 Property Services Operational audit relating to the management of temporary accommodation assets. We did not review the additional four recommendations relating to the Public Toilet Provision Strategy.

MATERIALITY

5. The Council has a duty to provide temporary accommodation for homeless households under the Homeless Reduction Act 2017.
6. The Council has statutory health and safety obligations over its temporary accommodation assets.

KEY FINDINGS

7. The current position of the previously suggested improvements, together with further suggested improvements arising from the review, are detailed in Table 1 below.
8. Two of the 18 original suggested improvements remain outstanding, with 10 being implemented and six superseded by the implementation of Concerto Version 3.024.

AUDIT OBSERVATIONS

9. The audit has concluded with two outstanding suggested improvements that are presented to management for consideration. These are intended to assist management in improving the control environment over management and administration of temporary accommodation assets, within the Council:
 - We originally reported that a Value for Money (VFM) report be produced and presented to senior management and Cabinet looking at whether the purchase of temporary accommodation against the current spend on emergency accommodation (i.e. Bed & Breakfasts (B&Bs)) has produced savings. The production of this report has been delayed allowing for more accurate and complete data to be collected and is included in the Council's 2024/25 Corporate Plan Action Plan, with a June 2024 target completion date.
 - We previously suggested that where a property is leased that an annual statement is received from the landlord that all health and safety compliance has been actioned to ensure that the Council are housing the public in safe accommodation. Responsibility within the Council for obtaining the annual statements from landlords requires clarification, and the outstanding statement for the sole leased property (25 Reeves Court, North Walsham) should be promptly obtained from Flagship Housing.

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS
 <p>The diagram shows a central yellow circle labeled 'REASONABLE ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right is a legend with four colored circles: green for 'SUBSTANTIAL ASSURANCE', yellow for 'REASONABLE ASSURANCE', orange for 'LIMITED ASSURANCE', and red for 'NO ASSURANCE'.</p>	<p> Procedure guidance had not been updated since moving to the new Finance system including those pertaining to Accounts Payable.</p> <p> Civica Financial System - Access rights to the Civica financial system are controlled via user group profiles, with new user access requiring line management authorisation before being set up by the Council's System Administration Group. Reviews to confirm the continued appropriateness of user access rights should be undertaken and a recommendation arising from the NN2405 Accountancy Services Audit has covered this point.</p> <p> The Council has a target of 90% for invoices to be paid within 30 days following receipt. This target is not formally monitored. Audit undertook data analytical testing on the full years' payment data which established the Council achieved an average of 86% against target.</p> <p> All emails to support the successful transmission of BACS payments need to be retained as evidence. This was subsequently confirmed to have been implemented following issue of the draft report.</p>
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	GOOD PRACTICE IDENTIFIED
<p>Assurance was provided over risks relating to the processes and payment of all accounts payable. The objective of the audit was to review the systems and controls in place, to help confirm that these are operating adequately, <u>effectively</u> and efficiently.</p>	<p> All payments without a Purchase Order (PO) were confirmed by third party authorisation within the relevant service area and in accordance with the Payment Exceptions List.</p> <p> Controls within the system were verified to reduce the risk of duplicate payments.</p>

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. The Council updated its financial system in December 2022. This programme of financial system audits provides assurance that the system controls are operating effectively.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	0	3	1

Executive Summary – Civil Contingencies and Business Continuity

OVERALL ASSESSMENT



KEY STRATEGIC FINDINGS



The Council's Corporate Business Continuity Plan is out of date and requires review. It was originally issued in December 2012, and was reviewed annually until April 2018, with no evidence of review since this date. An updated version is proposed to be issued by June 2024, with a route map for delivery in place.



Only 12 out of 28 service area Business Continuity Plans (BCPs) are current (43%); for example, Information Technology (IT), Environmental Protection, Communications/Web, Building Control and Coastal Management are all deemed to have critical activities but have plans that require review. The Resilience Manager stated that contact details have been updated for all plans, and that an updated standard template is proposed to be presented to the Corporate Leadership Team by 30th April 2024, for approval for roll-out. The BCP for Environmental Protection was only located/provided following issue of the draft audit report.



Only 18 out of 28 (64%) service area Business Impact Analyses (BIAs), a key step in the development of the BCPs, are up to date. All BIAs were due to be completed in June 2023.



No BCP testing timetable exists, with formalisation of the timetable planned as part of the forthcoming BCP rollout. The Corporate BCP has been tested by incidents rather than exercises, for example, Covid-19, IT disruption, and a long-term power outage. We were unable to verify evidence of tests performed for service area plans as the results are not formally recorded. The lack of up to date, tested, BCPs could adversely impact the Council's ability to discharge its regulatory responsibilities where BCPs are subsequently found to be inadequate.



A concise Business Continuity Policy and a more detailed Business Continuity Framework, which sets out how the policy will be implemented, were produced in December 2022, and agreed by Cabinet on 3rd January 2023, with further review due in December 2024. In addition, a current Emergency Response Plan exists, in accordance with the Civil Contingencies Act 2004, together with a current Operational Flood Plan.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risk: "Impact of emergency events".

SCOPE

Business Continuity and Civil Contingency have not been audited together recently. A strategic risk has been raised relating to the impact of emergency events. This audit evaluated the Council's preparedness to carry out its duties as a category one responder in the event of a series of incidents.

 A comprehensive IT Security Policy covers the requirements for post-Covid agile working and is held on the Council's website for all employees to access. However, there is a need to ensure that all new employees promptly evidence confirmation of their understanding of the content of, and agreement to comply with, the Council's IT Security Policy. There is also a need to develop a schedule of server backup and restore tests for the Fakenham backup site to improve business continuity.

GOOD PRACTICE IDENTIFIED

 The Council liaises effectively with external multi-agencies within the Norfolk Resilience Forum (NRF), and there is an agreement in place for the provision of mutual aid between Norfolk's Local Authorities during an emergency. The comprehensive Emergency Response Plan provides operational response details for the Bacton Gas Terminal Complex which is part of the UK's critical national infrastructure and is covered under the Control of Major Accident Hazards (COMAH) Regulations 2015 (COMAH), being managed by Norfolk County Council.

 Detailed records of all incidents, such as false fire alarm activations, are retained, with formal debriefs undertaken, and action plans developed, as necessary, with regular reports issued to the Portfolio Holder responsible for Civil Contingencies.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
4	2	0	0

Executive Summary – NN2403 Key Controls and Assurance

OVERALL ASSESSMENT



KEY STRATEGIC FINDINGS



The Annual Governance Statement (AGS) 2022/23 contains hyperlinks to all key supporting documentation. It was presented to the Governance Risk and Audit Committee on 12th September 2023, with the deadline for publication on the Council's website being 30th September 2023. However, the AGS was not available on the Council's website at the start of the audit in March 2024, although it was subsequently added in April 2024.



As previously reported in Assurance Review NN2302 - Key Controls and Assurance, Car Parking income, including Penalty Charge Notices (PCN), is unable to be regularly reconciled and verified due to the lack of transparent information received from the contractor, Borough Council of King's Lynn and West Norfolk, together with lack of resources in the team. The enforcement contract has been extended for a further year to allow time for a detailed review as to how the Council will manage the enforcement and income reconciliation thereafter. This outstanding recommendation impacts on the report's overall level of assurance. Car Parking income for nine months to 31 December 2023, as reported to the Council's Overview and Scrutiny Committee on 20th March 2024, totalled c£2.5m, with PCN income reported as c.£50k for the same period.



Council Tax and Non-Domestic Rates' calculations are complete and accurate, with discounts, exemptions and reliefs valid, and income received reconciled daily to the revenues system. However, all amendments to Inhibits, should be independently checked each month to minimise the risk of debts not being followed up in a timely manner.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

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

GOOD PRACTICE IDENTIFIED



Key controls operated effectively over Payroll and Housing Benefits/Council Tax Support processes.

SCOPE

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

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	1	1	0

APPENDIX 2 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

Audit Year	Audit Name	1	2	3	Total Outstanding as at 20 May 24
2019/20	- Planning Applications and Development Management		1		1
	Total		1		1
2021/22	Environmental Health		1		1
	Key Controls and Assurance		1		1
	Waste Management		2		2
	Total		4		4
2022/23	Corporate Health and Safety			5	5
	Development Management includes planning applications			1	1
	ICT-Disaster Recovery		1	2	3
	Key Controls and Assurance	1	5	1	7
	Total	1	6	9	16
2023/24	Accountancy Services		2	3	5
	Complaints and FOI		2	1	3
	Income		1		1
	Land Charges		2	1	3
	Procurement and Contract Management		2	1	3
	Service Desk		3	2	5
	Total		12	8	20
Total		1	23	17	41

The following audits in the table above were assigned a 'limited' overall assurance opinion: -

- 2022/23 – Key Controls and Assurance
- 2023/24 – Land Charges

The following audits in the table above were assigned a 'substantial' overall assurance opinion: -

- 2023/24 – Freedom of Information

The other audits listed in the table above were assigned an overall opinion of 'reasonable'.

APPENDIX 3 - OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Job	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	1/7/24	9	Outstanding	A new 'Pre-Application Service' is being designed - with input from our Agents and Developers Forum. Consultation on an initial proposal started in early May 2024. The new proposal will include a new fee regime - which it is intended to take to Council in July 2024 - with the new system being introduced from 1st September 2024. Delivery against the new Service will be monitored within a new suite of Performance Indicators that are being devised for Planning.

APPENDIX 4 - OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22

Job	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	30/06/2024	6	Outstanding	The drafting of the revision to the Inter Authority Agreement has been completed and wording agreed with Eastlaw. The revised agreement has not yet been agreed by the three councils, due to other priorities in the waste contract associated with the round and route re-optimisation and ongoing commercial matters discussions with Serco. Officers will look to progress this as soon as the issues outlined above have been resolved.
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	31/3/2024	4	Outstanding	Performance within the Serco customer contact centre has continued to see improvements. The high workload and staff shortages within the team over the last few months has meant it has not yet been possible to further implement a complaint monitoring system as had been intended. With the team now back to full strength, it is hoped this will be progressed within the next few months. Due date has therefore been updated to end March 2024.

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
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 Council of Kings Lynn & West Norfolk and this can be clearly evidenced.	Important	N/A	25/5/2022	30/06/2024	1	Outstanding	"This has not progressed. However, in December we were successful in recruiting in a previously vacant Accountancy Assistant and with this resource we can hopefully develop a reconciliation process. I suggest that a new deliverable date is 30/06/2024 (allowing for Year-end closure)"
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	31/3/2024	3	Outstanding	The recommendation is not yet complete. We have made further progress with establishing a new system for managing licensing fee income due and reconciling this information between the Licensing database and finance systems. It is anticipated that this system will be implemented by November for all 'new' annual fees due from that point. We have contacted licence holders with potentially outstanding historical fees and requested that either payment is made or evidence of historic payment is provided (to account for income received that was not able to be reconciled with a specific licence holder in the database). There is still further work to be completed on both aspects of this recommendation but anticipate this will be completed by March 2024. As noted in previous updates, this is a resource intensive exercise and will require additional staffing support to enable completion within the timescales suggested.

APPENDIX 5 - OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2022/23

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2302 Key Controls and Assurance	Management should ensure that: - all investments made are appropriately authorised; - reconciliations of Treasury records to GL are subject to independent, evidenced, reviews.	Urgent	Director for Resources	31/10/2023	N/A	0	Outstanding	No updated response provided
NN2302 Key Controls and Assurance	Management to ensure that:- All issues and emerging themes identified in the Self-Assessment process are captured in the Action Plan;- There is a clear reference from Self-Assessment findings to issues raised in the Action Plan, with each Action Plan issue having a consecutive reference number. - Each Action Plan entry has a target date and owner clearly stated.	Important	Director for Resources	31/12/2023	N/A	0	Outstanding	No updated response provided
NN2302 Key Controls and Assurance	Management to ensure that future Annual Governance Statements provide clear visibility of the overall governance position of the Council. For example: - all significant issues arising during the year should be detailed in the "Governance Issues" section, with clear reference to the Action Plan; - all Action Plan issues should be supported by detail in the Governance Issues section; - progress on previous	Important	Director for Resources	31/12/2023	N/A	0	Outstanding	No updated response provided

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
	years' Action Plan issues should be reported.							
NN2302 Key Controls and Assurance	Management to investigate the potential for new reports to be developed from the new Finance system detailing number of debts by age category, and value/number by department, to enhance the focussed review of old debt.	Important	Director for Resources	31/12/2023	31/03/2024	1	Outstanding	The new reports are being updated by IT and will be live by the end of March 2024.
NN2302 Key Controls and Assurance	To investigate the purchase order interface on the finance system with the system provider to rectify property service orders being raised and authorised by the same user.	Important	Director for Resources	31/12/2023	N/A	0	Outstanding	No updated response provided
NN2302 Key Controls and Assurance	Management to: - ensure that car park ticket machine income records and cash collected are reconciled monthly with any discrepancies promptly and thoroughly investigated; - review arrangements for ensuring the Council receives all income due from Penalty Charge Notices including, if needs be, the future provision of the service. If outsourcing is considered the most appropriate method, a method of independent verification of the income received should be contractually agreed with the current / future service provider, to facilitate the requisite levels of detail to provide the required assurances.	Important	Director for Resources	31/12/2023	N/A	0	Outstanding	No updated response provided

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
22/23 NN2316 ICT-Disaster Recovery	The Council to ensure that the Corporate Business Continuity Plan, which was last updated in April 2018, be reviewed and approved as a matter of urgency. We understand that Council management have already identified this as a priority. As part of this exercise, the IT team to ensure the Council's Disaster Recovery capability is communicated and approved at Senior Management level.	Important	Director for Resources	31/12/2023	N/A	0	Outstanding	The audit of this area in 2023/24 has made the same recommendation and an 'urgent' rating has been applied. The completion date has been agreed as 31/5/24.

APPENDIX 6 - OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2023/24

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
23/24 NN2402 Complaints and FOI	Reported data on complaints to include closed and open complaints to provide an accurate picture of response times. Complaints to be responded to within the published target timescales and updated/closed on the Workbench system in a timely manner.	Important	Customer Services Manager	1/04/2024	30/06/2024	1	Outstanding	A review of our Corporate Complaints Procedure is underway to bring this in line with the new Local Government & Social Care Ombudsman, and the Housing Ombudsman Services complaints handling code. This will involve updating our policy, staff training, and increased reporting on complaints.
23/24 NN2402 Complaints and FOI	Training to be provided on using the Workbench system to all officers who manage and respond to complaints.	Important	Customer Services Manager	1/04/2024	30/06/2024	1	Outstanding	A review of our Corporate Complaints Procedure is underway to bring this in line with the new Local Government & Social Care Ombudsman, and the Housing Ombudsman Services complaints handling code. This will involve updating our policy, staff training, and increased reporting on complaints.
23/24 NN2408 Income	Complete a review of staff access to the Digital Mail Room rooms and implement a process to regularly review access to ensure only appropriate staff have access.	Important	Customer Services Manager	1/04/2024	31/05/2024	1	Outstanding	Access rights into the Digital Mailroom are under review.
23/24 NN2412 Land Charges	To ensure data cleansing is undertaken regularly as standard practice. Implementing both recommendations will also improve resilience in the long term, with less time and resources required to amend inaccurate data.	Important	Team Leader	31/03/2024	30/06/2024	1	Outstanding	Any data added to the Land Charges register is checked by the Team Leader. Data cleansing identified by HMLR is being worked on currently.
23/24 NN2412 Land Charges	Reconciliations between land charge records and the general ledger to be completed on a monthly basis and be independently reviewed	Important	Planning Support Leader	30/03/2024	N/A	0	Outstanding	No updated response provided

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
	with evidence of sign off from the reconciling officer and independent reviewer retained							
23/24 NN2404 Procurement and Contract Management	Complete the spend analysis and lower the threshold going forward to all cumulative spend per supplier of over £5k.	Important	Chief Group Accountant/Procurement Officer	31/03/2024	30/06/2024	1	Outstanding	The council has successfully recruited into the Accountancy Assistant post (Dec 23) and aim to complete this recommendation the end of June.
23/24 NN2404 Procurement and Contract Management	Retain appropriate evidence of the decision to award a contract, for example, via a pro forma document or retention of e-mail correspondence	Important	Procurement Officer	31/12/2023	N/A	0	Outstanding	No updated response provided
23/24 NN2405 Accountancy Services	Whilst the Chief Technical Accountant post remains vacant, the Director of Resources must satisfy themselves by completing appropriate checks to confirm that the absence of these independent reviews and authorisations has not resulted in any errors or wrongdoing.	Important	Technical Accountant	31/3/2024	31/07/2024	1	Outstanding	Monthly treasury reconciliations are being reviewed by Karl Smith (Interim Assistant Director for Finance) until a new Chief Technical Accountant is in post (anticipated July 2024).
23/24 NN2405 Accountancy Services	To ensure that a daily check of the Cachematrix portal is performed to confirm complete, accurate and timely investment by counterparties, with the Daily Record Sheet completed as evidence. Risk: Failure to promptly identify counterparty errors and potential loss of interest.	Important	Technical Accountant	31/3/2024	N/A	0	Outstanding	No updated response provided
23/24 NN2414 Service Desk	The instances of non-compliance with service level agreement resolution time to be reviewed and relevant improvements put in place to ensure that	Important	Network Manager / ICT Web Manager / Applications Support Manager, IT Business Support	28/02/2024	N/A	0	Outstanding	No updated response provided

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
	incidents are actioned within the resolution time and closed on the Service Desk							
23/24 NN2414 Service Desk	The Council to establish SMART KPIs to monitor the performance of the Service Desk.	Important	Network Manager / ICT Web Manager / Applications Support Manager, IT Business Support	28/02/2024	N/A	0	Outstanding	No updated response provided
23/24 NN2414 Service Desk	Regular review meetings to be established to ensure the Service Desk meets its objectives and performance targets.	Important	Network Manager / ICT Web Manager / Applications Support Manager, IT Business Support	31/12/2023	N/A	0	Outstanding	No updated response provided