

Agenda Item No _____

Progress Report March 2025

Summary: This report provides details of progress with the 2024/25 Internal audit Plan and outstanding recommendations.

Conclusions: The 2024/25 Internal Audit Plan has been completed, with 15 final reports having been issued. Outstanding recommendations are progressing.

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

- The completion of the 2024/25 Internal Audit Plan and the progress of the 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 Global 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 2024/25 Internal Audit Plan has been completed, with 15 final reports having been issued. Outstanding recommendations are progressing.

4. Recommendation

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

- The completion of the 2024/25 Internal Audit Plan and the progress of the outstanding recommendations

Appendices attached to this report:

Appendix A – Progress Report 2024-25

EASTERN INTERNAL AUDIT SERVICES



NORTH NORFOLK DISTRICT COUNCIL

Progress Report 2024/25

Head of Internal Audit: Teresa Sharman

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Progress at a glance

X

15

Audits in 2024/25 Audit Plan

6

Urgent Recs Raised

49

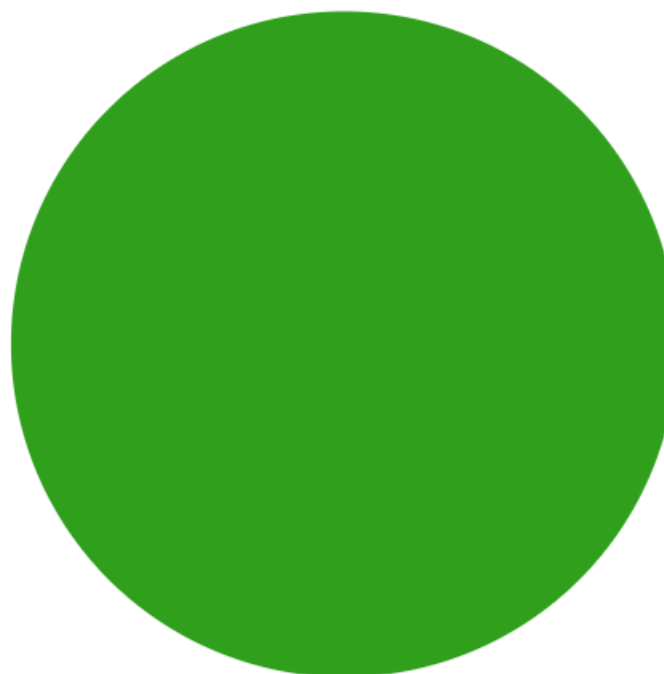
Important Recs Raised

25

Routine Recs Raised

4

OEMs Raised



15 (100%)

● Audit completed

20
Outstanding
Recommendations
13 Important
7 Routine

Oldest – 2021/22
Environmental Health
1 important
Key Controls & Assurance
1 important

Executive Summary

Introduction

Under the Global Internal Audit Standards (GIAS), 'The chief audit executive (Head of Internal Audit) must provide the board with the information needed to conduct its oversight responsibilities.' In particular, 'Results of internal audit services, including conclusions, themes, assurance, advice, insights, and monitoring results.' and 'The chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.'

Under the Committee's terms of reference, the Committee should receive updates on the work of internal audit, including key findings, issues of concern and action in hand from internal audit work and consider summaries of specific internal audit reports.

This report is to assist the Committee in discharging its responsibilities in relation to internal audit activity.

Background

The Internal Audit Service for the Council is provided by the Consortium, Eastern Internal Audit Services, hosted by South Norfolk Council, which utilises the services of a contractor, TIAA Ltd.

Internal audit provides an independent and objective opinion on the Council's internal controls by evaluating their effectiveness and operation in practice.

Changes to the 2024/25 Audit Plan

Since the Internal Audit Plan was approved, there have been no changes.

Progress to date and audit outcomes

Progress with audit work

The current position in completing all audits to date is shown in **Appendix 1**.

Internal Audit Plan 2024/25

All the audits due for completion as part of the 2024/25 internal audit plan have been completed, with final reports now issued.

Audit Outcomes - Final Reports

Audit	Assurance Level	Urgent Recs	Important Recs	Routine Recs
Coastal Management	Substantial	0	0	0
Application Review: Revenues & Benefits	Reasonable	0	1	0
Key Controls and Assurance	Reasonable	0	1	1
Application Review: Finance System	Reasonable	0	1	2
Waste Management (contract with SERCO)	Limited	2	5	1
Environmental Charter	Limited	0	5	2
Section 106 Arrangements	Limited	1	8	1
Commercial Estates	Reasonable	0	5	0
Total	-	6	23	7

The Executive Summary for the final reports issued and recommendations raised for the period are provided in **Appendix 2**, and full copies of the reports can be requested by Members.

Outstanding Recs

The table shows the total number of outstanding recommendations by year and priority rating: -

Audit Year	Audit Name	2	3	Total Outstanding as at 16 May 25
2021/22	Environmental Health	1		1
	Key Controls and Assurance	1		1
	Total	2		2
2023/24	Accounts Payable		1	1
	Key Controls and Assurance	1		1
	Land Charges	1		1
	Post Implementation - Finance System Review	1		1
	Total	3	1	4
2024/25	Leisure		1	1
	Risk Management		1	1
	Private Sector Housing - HMOs, private rental enforcement and empty homes	5		5
	ICT-Cyber Security	3	4	7
	Total	8	6	14
Total		13	7	20

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

- 2023/24 – Land Charges
- 2023/24 – Post Implementation – Finance System Review
- 2024/25 – Private Sector Housing – HMOs, private rental enforcement and empty homes
- 2024/25 – Risk Management

As a result of audit recommendations raised, 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.

Appendix 3 provides 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.

Progress with actions to improve poor performance

Progress with actions being taken to improve contractor performance is outlined below: -

Another Team was appointed to deliver quarter 1 audits in 2024/25: - this Team has now handed quarter 1 audits back to our core team for completion.

A Protocol, 'a ways of working together' and expectations of Council officers and the Contractor has been issued to ensure that audits are completed as planned in 2024/25 without delay, including timescales for responding and escalation action: - this is in place and is being monitored jointly with the Internal Audit Contractor. Both parties have access to update the audit monitoring spreadsheet.

Consideration is being given to engaging with another contractor to complete some audits during 2024/25: - a second contractor, Shared Internal Audit Services hosted by Hertfordshire County Council has been appointed to complete five audits across the Consortium. A further four audits have now also been assigned to BDO to complete across the Consortium in quarter 4, one of which is for NNDC.

The Contractor is appointing another Client Manager on the contract as one of the current managers is part time. This will help ensure that all audit work is progressed timely. In addition, more auditors are recruited: - a new director has been assigned to us.

Summary of Audit Work 2024/25

Appendix 1


Audit Area	Status	Opinion	Total Recs	Urgent	Important	Routine	OEMs	Qtr
Data Protection	Audit completed	Substantial	3	0	0	3	1	1
Coastal Management	Audit completed	Substantial	0	0	0	0	0	2
Leisure	Audit completed	Reasonable	5	0	1	4	1	2
Applications review: Revenues and Benefits	Audit completed	Reasonable	1	0	1	0	0	2
Early Help Hub	Audit completed	Reasonable	3	0	3	0	0	3
Environmental Protection and Private Water Supplies	Audit completed	Reasonable	2	0	1	1	0	3
Cyber Security	Audit completed	Reasonable	17	3	6	8	1	1
Applications review: Finance System	Audit completed	Reasonable	3	0	1	2	0	3
Key Controls and Assurance	Audit completed	Reasonable	2	0	1	1	0	4
Commercial Estates	Audit completed	Reasonable	5	0	5	0	0	4
Section 106 Arrangements	Audit completed	Limited	10	1	8	1	0	3
Private Sector Housing - HMOs, private rental enforcement and empty homes	Audit completed	Limited	6	0	6	0	0	1
Risk Management	Audit completed	Limited	8	0	6	2	0	2
Environmental Charter	Audit completed	Limited	7	0	5	2	0	4
Waste Management - Commercial and garden waste	Audit completed	Limited	8	2	5	1	1	4

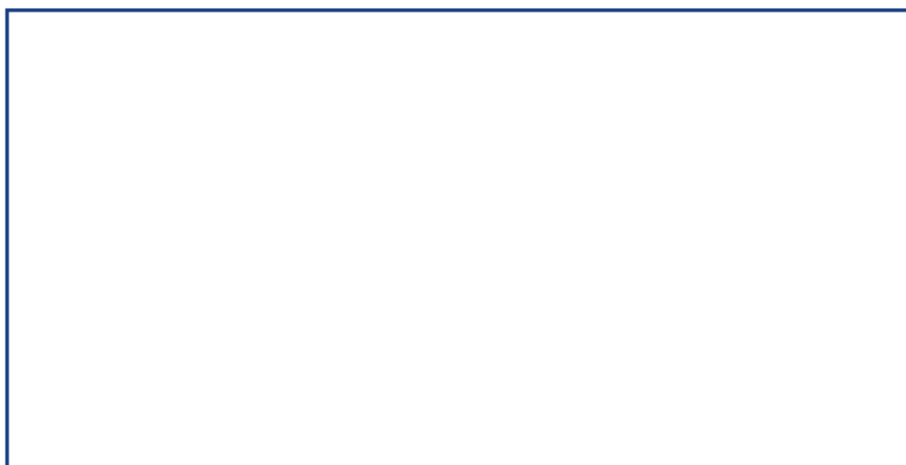
Grant Certifications

The following grants were certified by EIAS during 2024/25: -

- Disabled Facilities Capital Grants p/e 2023/24
- Heritage Action Fund (HAZ) p/e March 2024

Executive Summary – NN2507 Coastal Management

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS
	<p>Coastal management is an objective identified in the Council's Corporate Plan. Actions to deliver the Coastwise project and the Cromer and <u>Mundesley</u> Schemes were included in the annual Action Plan for 2024/25, and progress with these are reported to Cabinet quarterly. Additional reports on coastal management work are made by the Portfolio Holder to each Full Council meeting.</p> <p>Business cases for the Cromer and <u>Mundesley</u> Coast Protection Scheme were prepared and approved by Cabinet, and funding was secured from the Environment Agency. Contractors for design and construction were procured using a dynamic purchasing system and framework agreement respectively, in compliance with the Council's contract standing orders. The schemes have a project board to oversee delivery, and officers have weekly catch ups and monthly formal meetings with the construction contractor to monitor progress.</p> <p>The Council has revenue and capital budgets for routine repairs and maintenance. A programme of maintenance is developed each year; further work may need to be added to the programme during the year, in which case the programme is re-evaluated to ensure that the highest priority jobs are included. Works are delivered by a contractor engaged by Property Services.</p>
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	ADDITIONAL POINTS TO NOTE
<p>Assurance was provided over the following key risk: "Flooding, erosion and loss of assets and delivery of services".</p>	<p>The Council has been a member of Coastal Partnership East (CPE), along with Great Yarmouth Borough Council and East Suffolk Council, since 2016. However, the CPE Board agreed in October 2024 to disband the partnership, with effect from 31st March 2025. The Councils will continue to employ the staff that they currently do through the partnership and existing projects will continue. No significant financial impacts are anticipated as a result of the</p>



changes. The Council will explore options for service level agreements with other local authorities to fill any resource or expertise gaps that may emerge.

A report on Future Coastal Management Arrangements was presented to Cabinet in January 2025, with the arrangements described above being approved. Risks associated with the decision were considered, in particular:

“There is a risk to local priorities in the event of resource gaps, however, officers are working to mitigate these so far as possible. Much of the Council's Coastal transition planning aligns with the Coastwise Project, the resourcing for which will remain in place, providing continuity. The Council's coastal engineering resources are unaffected.

Emergency response and community support will continue as existing, and it is not envisaged these changes will have any impact on this.”

SCOPE

The objective of the audit was to provide assurance over the plans to protect and manage the coastline and the programme of work with Coastal Partnership East (CPE). This included particular consideration of the Cromer and Mundesley Coast Protection Scheme and the programming and delivery of routine repairs and maintenance.

However, it was agreed with Director for Place and Climate Change at the outset of the audit, to amend the original scope to exclude the recent developments with CPE and future coastal management arrangements. Reference has been made to these developments for information only.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

Executive Summary – NN2514 Application Review – Revenues and Benefits

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following key risk: "The software system is not fit for purpose, affecting the delivery of Council services."

SCOPE

The scope of the review included application management and governance, change controls, system security, data input and output, system resilience and recovery, and support arrangements.

KEY STRATEGIC FINDINGS



User access is effectively managed, with appropriate authorisation required to set up new users and regular reviews of active users. Training on using the system is provided to all new starters and incorporated into training on major legislative or process changes.



Data input controls are in place, including restricting access to amend data, mandatory fields and data validation controls. Exception reports are produced and reviewed for tasks that update Revenues and Benefits accounts. Data is shared with other systems through interfaces and there are detailed procedures that explain how these are used.



Nightly backups of system data are taken, and business continuity plans are in place for the Revenues, Benefits and IT services, to aid system resilience and recovery. Support with system issues is provided through a support contract with the software supplier.



A Data Protection Impact Assessment for the system has not yet been undertaken.


GOOD PRACTICE IDENTIFIED

ACTION POINTS

Urgent	Important	Routine	Operational
0	1	0	0

Recommendation	Priority	Implementation Time
Complete a Data Protection Impact Assessment for the OpenRevenues system.	2	31/07/2025

Executive Summary – NN2503 Key Controls and Assurance

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS
	<p>Checks confirming the validity of requests to change supplier bank details are not always evidenced. This contravenes local policy and increases the risk of fraud if these checks do not take place.</p> <p>Controls are operating effectively for all areas of accountancy services reviewed. This includes control account reconciliations, treasury management decisions and processing, asset management and budget setting and monitoring.</p> <p>The Council does not require independent authorisation for any journals. Although this increases the risk of errors in the posting of journals, the Council considers this risk to be minimal due to other mitigating controls with only accountants able to post journals and with any errors identified through budget monitoring. A journal template is used for entry, which contains supporting evidence and narrative for the journal being posted.</p> <p>Apart from one instalment case where recovery action had been delayed, controls are operating effectively for all areas of accounts receivable reviewed. This includes raising of invoices and credit notes, debt recovery and monitoring and debt write offs.</p> <p>With the exception of weaknesses around verification of changes to supplier bank details, controls are operating effectively for all areas of accounts payable reviewed including the raising and authorising of purchase orders, payment of invoices, processing of BACS payments and one-off payments.</p> <p>Imbalances, which are a legacy from the migration to the new finance system, were noted in reconciliations of the Receipts, Direct Credits, Payments and Rent Allowance Bank accounts which will need to be resolved at year-end.</p>

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE
The audit has sought to provide assurance over the following key risk: "Non-compliance with key financial controls".

SCOPE
This is an annual review of key controls. In agreement with the Head of Internal Audit, this year, the audit scope covered Accountancy Services, Accounts Payable, Accounts Receivable and Income.

GOOD PRACTICE IDENTIFIED

ACTION POINTS			
Urgent	Important	Routine	Operational
0	1	1	0


Recommendation	Priority	Implementation Time
Evidence to be retained of all checks undertaken when verifying the validity of requests to change supplier bank details.	2	30/04/2025
Invoices without purchase orders to be authorised in accordance with the authorised signatories list, and any deviation from this should not be accepted by Finance.	3	30/04/2025

Executive Summary - NN2515 Civica Finance System

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS								
	<p>A Data Protection Impact Assessment (DPIA), screening or full, has not yet been conducted. The data contained within the application may not be sufficiently protected as a result.</p> <p>Record of Processing Activity (Article 30) submissions and the GDPR Contact List are not up to date. Keeping these details up to date is a legal requirement.</p> <p>There is currently no collection of user feedback in relation to the Finance system user experience. Without such feedback, system issues or improvements may not be addressed.</p>								
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	GOOD PRACTICE IDENTIFIED								
<p>The objective of the audit is to provide assurance on the adequacy, effectiveness and efficiency of the systems and controls in place to manage the Council's Finance system.</p>									
SCOPE	ACTION POINTS								
<p>Assurance on the governance of applications (user access and sign on, role set up, Admin role, connections to the network, user account mgmt., change control, system resilience and recovery, support arrangements etc).</p>	<table><tr><th>Urgent</th><th>Important</th><th>Routine</th><th>Operational</th></tr><tr><td>0</td><td>1</td><td>2</td><td>0</td></tr></table>	Urgent	Important	Routine	Operational	0	1	2	0
Urgent	Important	Routine	Operational						
0	1	2	0						

Recommendation	Priority	Implementation Time
To ensure that the Record of Processing Activities submissions are updated for Finance and across the organisation. This should also involve updating the GDPR Contacts List.	2	30/08/2025
To ensure that a Data Protection Impact Assessment screening, and if applicable, a full DPIA is completed for the Finance system.	3	31/08/2025
To ensure that feedback from users is collected and utilised. This process should include the capture of user feedback, data from feedback reviewed and fed back to Civica in the form of change and development requests.	3	31/08/2025

Executive Summary – NN2509 Waste Management Contract with SERCO

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS
	<p>Garden Waste</p> <p>The Council is currently in the process of conducting a data cleanse of all its Garden Waste records. This is to identify those customers who have paid, those who are still receiving collections but showing as having not paid and those that have previously given notice to cancel their subscription but are still showing as “active” and who may or may not still being in receipt of collections and/or still showing on Serco’s collection records. This is being conducted to ascertain an accurate baseline of current customers and their subscription status. Once complete, a formal reconciliation will need to be undertaken between the Council’s records and those on Serco’s system (Whitespace), to ensure that only customers that have paid continue to receive collections and bins are/have been collected from any non-payers.</p> <p>Consequently, assurances could not be given that the Council is paying SERCO for collections that should have been cancelled.</p> <p>Initial figures provided to indicated that there were 1,076 non-paying “active” customers (943 Direct Debit and 133 non-Direct Debit) still receiving Garden Waste collection services. This was subsequently updated during the audit fieldwork which highlighted that the original figures were inaccurate due to a script error for the 2023/24 financial year’s records. This was subsequently rectified. Most recent figures provided indicated that there were 1,043 “active” customers (919 Direct Debit and 124 Non-Direct Debit) with some of these cases/collections dating back to 2018.</p> <p>The Council has, since mid-March 2025, been pursuing any outstanding legacy payments when requesting payment of subscriptions for 2025/26. Early feedback includes customers advising that they had moved and or cancelled their collections previously, with the Council’s records not actually reflecting this. Hence, it would be beneficial for the Council to data match its garden waste system with either Council Tax records or the Electoral Register to ensure customer records are accurate before requesting payment of older ‘debts’. Where legacy nonpayers are identified,</p>

a decision needs to be made as to how far back recovery action should be taken and also to offer payment plans for recovery of any outstanding payments where customers are unable to pay the full amount, but who still wish to subscribe to the service.

The Council submitted a savings bid for 2024/2025 budget, predicting growth in its garden waste service, with additional fee income of anticipated of £50k. The budget report for period 12 identified a shortfall in annual income for garden waste collections of £77,677.07 which includes not having achieved the anticipated £50k growth prediction; essentially equating to a net shortfall minus the growth of £27,677.07. Staffing challenges within the team was a contributory factor cited to audit for having not met the increased growth.

Garden waste income is monitored as a part of the Council's budget monitoring processes. However, there is a need for more detailed monitoring of actual income against budget for the garden waste service in order to promptly identify any potential shortfalls so that the reasons why can be determined; some of which could be attributed to issues in the administration of the service referred to in this report.

A new Environmental Services Manager commenced on 17th March 2025 with the previous postholder having left in January 2024. The Environmental Health Support Manager commenced in post in September 2024.

Commercial Waste

The Council is in the process of identifying a system to better suit the needs of the service to replace the M3 system. A data back-up will need to be undertaken for historic data to ensure there is no loss of historic customer records during the transition into a new system.

Audit testing was unable to confirm if contracts/agreements were in place for commercial waste customers. System issues were identified due to the M3 system subscription ending which has caused restrictions to accessing information for longstanding customers. These cases dated back with the oldest in 2007, with error messages showing when attempting to access the agreements. It was agreed with the Assistant Director – Environment and Leisure Services, that, with the introduction of the new food waste collection service, customers will be asked to complete new contracts with copies retained. Any customers excluded from the food waste collection scheme will be requested to complete new contracts as existing contracts become

	<p>due. This is to make best use of resources in resolving the aforementioned contract issues.</p> <p>Documented procedures/guidance are not in place for both Commercial Waste and Garden Waste services which include processing of new or cancelled customers, amendments to customers, management of systems (Interface, M3, and Whitespace), maintenance of contracts/agreements, invoicing/income collection, and debt recovery processes.</p>								
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	GOOD PRACTICE IDENTIFIED								
Council's management of commercial and garden waste services, including oversight of customers, invoicing, and debt recovery processes.									
SCOPE	ACTION POINTS								
The audit sought to seek assurance that contract with SERCO is being managed effectively and that processes in place for income collection and monitoring are robust for trade and garden waste.	<table><tr><th>Urgent</th><th>Important</th><th>Routine</th><th>Operational</th></tr><tr><td>2</td><td>5</td><td>1</td><td>1</td></tr></table>	Urgent	Important	Routine	Operational	2	5	1	1
Urgent	Important	Routine	Operational						
2	5	1	1						

Recommendation	Priority	Implementation Time
<p>The Council to:</p> <ul style="list-style-type: none"> Carry out a data check / reconciliation between the Council Tax / electoral register systems and garden waste Interface system to that the garden waste records are correct in terms of occupancy. Once the above exercise has been completed, undertake a reconciliation between the Council's garden waste Interface system and Serco Whitespace system to ensure both systems agree. Undertake a full stock check of all garden waste bins to identify non-payers and ensure that their bin has been collect or arrange collection, or set up a new direct debit if the customer wishes to continue with a garden waste collection. 	1	01/07/2025
The Council to make a formal decision as to how far back to go to pursue and outstanding garden waste debts taking in to account the cost effectiveness and reputational consequences.	1	01/07/2025
The Council to introduce a structured payment or instalment plan options for customers with outstanding garden waste debts and ensure that these are consistently monitored until debt is paid in full at meetings. (This will be possible with the implementation of recommendation two). Non-payers, whether legacy debtors or those failing to comply with agreed payment or instalment plans, should have their garden waste bins removed until payment is received, or a plan is adhered to.	2	01/07/2025

Recommendation	Priority	Implementation Time
<p>Policy/procedure notes be produced for all aspects of commercial and garden waste services. These notes to be version controlled and reviewed on a regular basis. This is to include:</p> <ul style="list-style-type: none"> • Processing of new or cancelled customers. • Amendments to customers (frequency of bin collections, bin size, number of bins) • Management of systems (Interface, M3, and Whitespace). • Maintenance of contracts/agreements. • Invoicing/income collection • Debt recovery processes. 	2	01/09/2025
Following completion of the data cleansing exercise, the Council to undertake a review of the payment terms for garden waste collections to ascertain whether it is paying Serco the correct fees for the service in accordance with the payment mechanism.	2	31/10/2025
The Council to ensure that a system back up is in place for historic data to be transferred into the new system.	2	31/01/2026
The Council to request new contracts with the introduction of the new food collection service. Any customers excluded from the food waste collection scheme to be requested to complete new contracts as they become due.	2	01/04/2026
Management to ensure that a standing agenda item is to be introduced at both the monthly Serco contract delivery meetings and Council's internal Environmental Services meetings to address garden waste non-payment issues. This is to include discussions around outstanding arrears, service suspensions, and bin recovery actions.	3	01/06/2025

EXECUTIVE SUMMARY – NN2508 Environmental Charter

Based on the work performed during this audit, we can provide overall **limited assurance** that there are effective controls in operation for those elements of the risk management processes covered by this review. These are detailed in the Assurance by Risk Area Table in below.

In arriving at our overall opinion, we acknowledge that the Climate Change Act sets a long-term aspiration for achieving a Net Zero position for the UK by 2050. Our focus within this audit was therefore more directed towards the Council's shorter-term commitment of achieving a position of net-zero carbon emissions across their estate and operations by 2030. Based on the evidence reviewed during the audit we concluded that the current charter and related action plans require refresh to provide confidence as to how this more stretching target will be achieved. This is particularly critical given the fast-changing nature of the internal and external environment faced by the Council.

In addition, to ensure clear accountability and oversight, we concluded that improvements are also required in the robustness of action plans and systems for monitoring progress as currently these do not provide clear evidence of where the Council is in terms of delivering existing and new agreed actions or clear lines of responsibility.

When assessing the Council's direction of travel, we identified that the Council's Carbon Footprint Report 2023/24 states that the Council's footprint increased in both 2022/23 and 2023/24. However, the most significant increases in 2023/24 were explained as 'improved calculation and reporting methods. Refinements in the methodology for calculating the carbon emissions have led to improved accuracy resulting in higher calculations for certain services. The Council has also increased its property portfolio by purchasing additional houses to provide more temporary accommodation'. As the audit took place in quarter 4 of 2024/25, we were unable to assess whether actions taken during 2024/25 have allowed the Council to reduce their overall footprint as it was too early for the data to be available.

The above highlights the challenging and ambitious nature of the Council's aspirations and therefore re-enforces the need for close oversight on the progress and achievements of key projects to support the future Net Zero position.

In respect of our limited assurance opinion, we therefore highlight that this reflects an assessment of the arrangements in place at the time of our audit fieldwork. We were satisfied that officers have started the work required to review and strengthen existing arrangements, this including an initial workshop held in January 2025 to review the current strategy. Should management complete the planned activities, we would be confident that an improved level of assurance could be provided on the Council's plans and structures to achieve this.

During the audit we identified the following system strengths that support delivery of the overall objectives.

- An appropriate governance framework was in place.
- The Charter and Net Zero Strategy and Action Plan had been appropriately approved and are accessible on the Council's website.
- The Council monitors and reports its carbon emissions via the annual Carbon Footprint report (calculated via the Local Government Association tool).
- Key decision reports have been amended to include a section on 'Net Zero Target' where key decision papers are required to highlight the impact of proposals on the Council's Net Zero aspirations. It will be critical for these to be robust to support decision making.
- The Decarbonisation Oversight Board, which first met on 15 July 2024, meets bi-monthly and has responsibility for the development and delivery of the Net Zero Strategy, including progress and delivery of funded key projects, with any concerns being reported to the Corporate Leadership Team and Cabinet as necessary.

However, we observed that there were a number of areas where governance arrangements and the internal control environment required improvement. Summarised below are the key findings arising from the audit.

- A new corporate plan has been adopted since the Net Zero Strategy and Action Plan was written. This requires a review of the Net Zero Strategy and Action Plan to ensure that the "golden thread" is clear.


- Management recognised that both the Charter and Net Zero Strategy require a refresh, and the Action Plan was outdated (covers the period 2022-2024); therefore, it did not provide for completed actions to be noted/removed or new actions to be considered and added. The corporate risk record for 'Not achieving the Net Zero 2030 Target' did not include an 'action' to complete the review of the Net Zero Strategy and Action Plan.
- Progress monitoring was unclear as it related to ad hoc projects rather than the overall Action Plan, and the absence of a robust action tracker meant there was a lack of control and reporting of action plan progress.
- Actions within the Action Plan are not SMART (Specific, Measurable, Achievable, Realistic and Time-bound) and are not assigned to action owners. As a result, there is no clarity over ownership/responsibility in delivering the programme of tasks. However, discussions with officers confirmed that the Council has been progressing projects that contribute to net zero.

Risk Area	No	Limited	Reasonable	Substantial
Governance – The Council has a clear Environmental Charter and associated Net Zero 2030 Strategy and Climate Action Plan, which has been appropriately approved, reviewed, and published, and there are governance structures in place to support oversight of the delivery of the these.				
Action Plan – Actions within the Climate Action Plan support the delivery of key objectives within the Environmental Charter and Net Zero 2030 Strategy, have realistic targets and timescales and have clearly allocated action owners.				
Key Performance Indicators (KPIs) and Data Quality – KPIs reflect key elements of the Environmental Charter and Net Zero 2030 Strategy. Data quality is consistent and reliable, and management information is subject to appropriate checks to confirm accuracy.				
Reporting – There is appropriate and timely reporting to project board, Corporate Leadership Team, the Portfolio Holder, and Cabinet on Action Plan progress and of achieving the Council's Net Zero Target by 2030.				
Overall - LIMITED				

Recommendation	Priority	Implementation Time
<p>1) The Action Plan is updated and refreshed annually.</p> <p>2) Overall deliverables or objectives to be achieved in the Action Plan are included and clearly indicate the actions required. Deliverables should be RAG rated and prioritised (for example, RAG rating high priority projects/tasks, including those with high carbon savings) and related actions should be SMART (Specific, Measurable, Achievable and Time-bound) so that progress can be monitored and reported.</p> <p>3) Deliverables be assigned to a senior lead officer and appropriate evidence held of actions being assessed in terms of cost and resource requirements.</p> <p>4) The Council ensures there is a clear 'golden thread' between the Net Zero Strategy, Corporate Plan and Service Plans, thereby ensuring that climate aspirations are fully embedded into strategic and operational planning and decision making.</p>	2	31/10/2025
<p>1) A tracker is produced to monitor overall progress of the Action Plan, listing each action with the current status (for example, not yet started; in planning; in progress; completed, etc), issues, risks and revised target dates.</p> <p>2) Completed actions are moved to a separate page/section so that focus remains on outstanding actions.</p>	2	31/12/2025
<p>Management to:</p> <p>1) Define the reporting path for monitoring of Action Plan progress, including those actions that have not progressed as expected.</p> <p>2) Provide regular Action Plan progress updates to the Portfolio Holder.</p>	2	30/09/2025

Recommendation	Priority	Implementation Time
<p>1) The Charter and Net Zero Strategy are refreshed / updated and approved as soon as possible.</p> <p>2) Review the Net Zero Strategy and Action Plan on an annual basis, looking two years ahead, as per the Net Zero Strategy.</p> <p>Alternatively, consideration should be given to separating the Action Plan from the Net Zero Strategy and different review periods applied (for example, the Net Zero Strategy is reviewed every other year and the Action Plan yearly).</p> <p>3) The length of the Net Zero Strategy and Action Plan document is reduced where possible, for example, by using flow diagrams and moving some sections to appendices.</p> <p>4) The risk owner ensures that regular reviews of the climate risk entry are undertaken, including that all relevant controls are in place or mitigating controls actioned. Recommendations made in this audit should also be included in the risk review.</p>	2	30/09/2025
<p>1) A set of targets should be introduced for the overall reduction in carbon emissions each year, this allowing the Council to more effectively monitor that it remains on track to achieve a Net Zero position by the target date.</p> <p>2) Evidence of the quality checks undertaken on emissions for inclusion in the annual Carbon Footprint Report are retained and where error rates are high, the number of sample checks should be increased proportionately.</p>	2	30/09/2025
We recommend that the Decarbonisation Oversight Board introduce an action tracker, including target dates, and this is reviewed at each meeting.	3	31/07/2025
We recommend that Management should ensure the importance of providing appropriate and timely data is understood by those key services/contractors where data has not been received as expected/required.	3	31/10/2025

Executive Summary – Assurance Review of NN2512 Section 106 Arrangements

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS
	<p>There is a lack of end-to-end process documentation covering, for example, Section 106 (s106) application processing and recording, obligation monitoring, awareness of available funds and use of available monies has contributed to the control weaknesses found. Additionally, a deputy has not been trained to ensure effective continuity of the s106 operation in the absence of the Section 106 and Infrastructure Levy Officer, a key role.</p> <p>On receipt of a planning application, the Development Management Team Leaders recommend the various consultations that should be undertaken as part of the planning process, some of which are legally required. However, due to a lack of formal procedure, it was not possible to determine whether all required consultations had actually taken place. .</p> <p>The Eastlaw legal Team has delegated authority to sign-off s106 applications on behalf of the Council and should distribute the finalised copies to necessary Council officers. However, there is a lack of a consistent distribution process, and we were informed that instances have arisen where copies have not been received by all relevant parties.</p> <p>There is no documented process for recording the stages of housing developments to identify when a s106 agreement obligation is due, with Council being reliant on developers to notify the Council when obligation dates have been reached. Additionally, there is no record of obligation dates that have passed but monies due not collected. There is also a lack of intelligence sharing across various parts of the Council, such that information obtained on the progress of housing developments may not always be visible to all interested parties and particularly when obligations are reached.</p> <p>The Exacom database has been introduced to enhance control and visibility over s106 applications. At the start of the audit, Exacom was incomplete but considerable progress has been made by the Section 106 and Infrastructure Levy Officer in inputting s106 agreements. In March 2025, there remained a need to input s106 agreements completed in the previous six months.</p>

Considerable progress has also been made in ensuring the accuracy of Exacom s106 financial records. At the start of the audit, Exacom contained no expenditure data and, consequently, the reported value of monies available to spend of c£4m was significantly overstated (in March 2025, the accurate figure was c£1.7m). All monies spent have now been input into Exacom and, where possible, allocated to projects, although there is a need to action pre-2012 legacy amounts.

At the start of the audit, there was a lack of visibility across the Council of available funds to potentially spend on projects. The focus placed on ensuring the accuracy of the Exacom figures allowed complete and accurate figures to be distributed, and in February 2025, the Section 106 and Infrastructure Levy Officer notified key Council management, together with a few Parish Councils, of the availability of funds totalling c.£1.7m.

The public facing module of Exacom, accessed via the public NNDC website, is inaccurate which could cause reputational damage as it is misleading. For example, at 09/04/25, the available amount to spend on projects was reported as c£4.1m, as opposed to the actual c.£1.7m.

Monies received by developers often have a deadline date by which they must be allocated and / or spent. Failure to do so may require the monies to be returned to the developer, potentially together with interest, dependent on the terms of the s106 agreement. Audit testing identified c£950k of unspent available amounts that had exceeded their “spend deadline” date, as per Exacom records, although the total amount has yet to be fully determined by management. Since issue of the draft report, and following further management investigation, this figure has now reduced to circa £51k relating to four cases of which £37,288.39 are “Amount of contributions with passed spend by dates but awaiting grant request applications, to spend money (imminent)” and £13,500.00 relate to “Amount of contributions with passed spend by dates but with uncertainty of how it will be spent”. The significant reduction in reported unspent amounts is due to monies received being allocated to projects (i.e. “spent”) post-audit testing, with Exacom updated to accurately report the current position.

The Section 106 and Infrastructure Levy Officer and Finance Team currently maintain independent spreadsheets to record s106 receipts and payments. Exacom will replace the Section 106 and Infrastructure Levy Officer’s spreadsheet, but it does not interface with the Civica finance system,

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE
The audit sought to provide assurance over the application processes, receipt and use of monies in relation to s106 agreements.

SCOPE
Assurance on the processes regarding applying for, receipt of, and spend of monies in relation to S106 agreements.

requiring continued maintenance of separate records and necessary reconciliations. This is labour intensive and more prone to discrepancies between key records.
GOOD PRACTICE IDENTIFIED
The Section 106 and Infrastructure Levy Officer has been in post since February 2023 and plays a key role in the effective operation and control of the s106 process, including liaison with Finance. There has been a positive direction of travel in the s106 process since the commencement of the audit, driven by the Section 106 and Infrastructure Levy Officer.

ACTION POINTS			
Urgent	Important	Routine	Operational
1	8	1	0

Recommendation	Priority	Implementation Time
To review all unspent available amounts that have exceeded their "spend deadline" dates and take appropriate action in accordance with the s106 agreements.	1	30/09/2025
To promptly develop authorised, version controlled, end to end process documentation and Exacom user guides.	2	31/12/2025
To ensure that a deputy is fully trained to facilitate effective cover in the absence of the Section 106 and Infrastructure Levy Officer.	2	31/12/2025
To ensure that, for each planning application, evidence is retained to confirm that all necessary consultations have been undertaken especially before the s106 agreement is signed.	2	30/09/2025
To develop a consistent and effective method of distribution for finalised s106 agreements, ensuring that all relevant parties receive a timely copy (for example, via an electronic version of the documents which could be distributed once to all relevant parties).	2	30/06/2025

Recommendation	Priority	Implementation Time
<p>To ensure that:</p> <ul style="list-style-type: none"> - S106 agreements include a requirement for developers to notify the Council when a development commences and when key obligations are met; - Intelligence across the Council be improved regarding housing developments (e.g., affordable housing, play areas); - Developers complete an annual return on each site with a s106 agreement, detailing work undertaken and progress against each obligation. - Exacom accurately reflects due obligations and is used to proactively ensure that obligation payments are invoiced at the due date. 	2	31/12/2025
<p>To ensure that:</p> <ul style="list-style-type: none"> - Exacom completely and accurately records all s106 agreements; - Appropriate action is promptly taken for pre-2012 agreements so that monies received and currently reported as being 'available' to spend on Exacom can be allocated to the appropriate project. 	2	31/12/2025
To develop regular reporting of available s106 funds to appropriate key management and Parish/Town Councils.	2	31/12/2025
To ensure that the publicly available Exacom module on the NNDC website is complete and accurate regarding the amount available to spend on projects.	2	30/09/2025
<p>To ensure that:</p> <ul style="list-style-type: none"> - Regular, evidenced, reconciliations take place between the Section 106 and Infrastructure Levy Officer and the Finance Team's s106 records; - An Exacom to Civica interface is investigated. - Finance to be provided with access to Exacom. 	3	30/09/2025

Design Opinion		Reasonable	Design Effectiveness		Reasonable	Recommendations			
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Areas of Concern

- ▶ The Estates team operates without a formal policy and procedure note for rent setting. **(Finding 1, Medium)**
- ▶ There is no formal policy or standard for advertising vacant properties, resulting in a case-by-case approach without a specific timeframe or benchmark to ensure consistency. **(Finding 2, Medium)**
- ▶ Our review of a sample of ten tenancies found two exceptions. In one sample, an overlapping period across two invoices resulted in a rent over-charge. In another sample, a tenant was not billed for the last three quarters of 2023/24 until March 2025. **(Finding 3, Medium)**
- ▶ The Council was unable to evidence that statutory compliance checks had been carried out for two out of ten properties in our sample test. In addition, we found that the Council does not conduct regular checks to ensure tenants are fulfilling their responsibilities to maintain properties in good condition. **(Finding 4, Medium)**
- ▶ Our discussion with the Estate and Asset Strategy Manager found that the team's reduced capacity, now operating with two members instead of five, affects their ability to manage essential tasks like setting rental prices and conducting rent reviews, delaying property listings. The reduced capacity also affects their ability to review service charges on a timely basis, delaying income collection. **(Finding 5, Medium)**

Areas of Strength

- ▶ The Estates team adheres to RICS principles, using a retail approach for new lettings that factors in location, market demand, and comparables, alongside economic indices like CPI and RPI to ensure fair and responsive rent setting.
- ▶ The Concerto system is effectively used to alert the team to upcoming rent reviews, and property data is well-maintained with annual spot checks to ensure accuracy.
- ▶ Budget setting is a collaborative annual process with the Property Services Team and Council accountant, supported by monthly monitoring and formal biannual review meetings using detailed financial reports.
- ▶ Clear KPIs guide the management of Commercial Estates, with monthly arrears reports and meetings ensuring timely action. The Estates team follows an up-to-date debt recovery policy, including structured payment plans and legal escalation when necessary.
- ▶ Tenancy properties are advertised promptly with documented applicant selection, tenancy agreements clearly define responsibilities, and a comprehensive property register supports effective estate oversight. Responsibilities for the maintenance and repairs, including statutory compliance checks, are clearly outlined in tenancy agreements.

Added Value

Data analytics was performed on the profile of the leases to identify the number of expired leases, the year that the lease expired, and the annual value of the expired leases. Observations were provided as part of the full report.

This information demonstrated that there are some leases that have been expired for a long period of time, resulting a loss of rental income for the Council. Explanations were provided for these delays, which included the Estates team capacity issue noted above.

Conclusion

- ▶ We conclude Reasonable assurance over the design of controls in commercial estates management and Reasonable assurance over their operational effectiveness.

Design

- ▶ The control design is moderate as there are appropriate procedures in place for budget setting, performance monitoring, invoicing and debt management. However, there is no formal policy and documented procedures for rent setting and defining timeliness of renting vacant properties. In addition, there is limited capacity in the Estates team, and no regular checks completed on tenants' maintenance responsibilities.

Effectiveness

- ▶ The control effectiveness is moderate as there is evidence of non-compliance with some controls, that may put some of the system objectives at risk. Our sample testing identified a small number of invoicing errors, and the Council was unable to evidence that statutory compliance checks were carried out for all the sampled property leases

Recommendation	Priority	Implementation Time
The Estates team should monitor the completion of the Commercial Property Strategy and ensure that a formal policy and procedures for rent setting are included. The Strategy should outline the principles guiding rent setting, such as market demand, location, and economic indices like CPI and RPI. The policy should also specify the required procedures, including discussions and approvals necessary for setting rent. This would standardise the approach across all tenancies, ensuring that all rent setting decisions are made with a clear understanding of the necessary steps and considerations, enhancing accountability and clarity in the process.	2	10/10/2025
The Estates team should monitor the drafting process of the Commercial Property Strategy and ensure that clear standards and time frames for advertising vacant properties are included to ensure consistency and efficiency.	2	10/10/2025
1. The Estates team should conduct regular audits or spot checks of the rent invoicing process to help identify and rectify any discrepancies. 2. The Estates team should issue a refund to correct the error related to the overlapping period in the invoice for UPRN 954, Office 4.	2	08/05/2025
1. The Council should Implement a regular inspection schedule to assess tenant compliance with maintenance responsibilities. This will help identify issues early, allowing for timely intervention and reducing long-term repair costs. 2. The Council should check if a compliance check has been completed for two samples (UPRN 1689, UPRN 5005) where we could not obtain evidence.	2	01/08/2025
The Council should assess capacity issues and resource availability to ensure they are sufficient, thereby minimising delays in property listings.	2	31/10/2025

Outstanding Recommendations by Year

Appendix 3

2021/22

Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
NN2202 Key Controls and Assurance					
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	25/5/22	30/06/25	A new approach to address this outstanding recommendation could be investigated with KL&WN. A suggestion is that we ask for a report of the record of the PCNs issued which should be sequentially numbered which details what has happened with each and then we should be able to reconcile income received back to this list.
NN2214 Environmental Health					
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	30/6/22	30/06/25	A review is required, as a monthly process of reconciliation is now occurring. The review will ensure that the process is fit for purpose and robust and if so then the recommendation will then be signed off.

2023/24

Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
NN2412 Land Charges					
Reconciliations between land charge records and the general ledger to be completed on a monthly basis and be independently reviewed with evidence of sign off from the reconciling officer and independent reviewer retained.	Important	Planning Support Leader	30/3/24	31/06/25	May 25: Working with IT on automating bank reconciliations.
NN2403 Key Controls and Assurance					
Amendments to Inhibits on the monthly CTAX/NDR Inhibit Reports to be reviewed to ensure that recovery is only suspended for valid reasons and is not left on indefinitely.	Important	Revenues Manager	24/4/24		May 25: No update given for this recommendation. The Revenues Manager disagreed with the recommendation initially. The Auditor will have another conversation with this person to either close the recommendation or agree another implementation date.
NN2415 Post Implementation – Finance System Review					
The Council to review the outstanding functionality not yet implemented with a view to making decisions about which of these remain a priority and which are not. This to be supported by a formal minuted decision, implementation plan and roadmap with supporting financials and clear milestones to be monitored for progress on an ongoing basis.	Important	Chief Group Accountant	01/11/24	30/06/25	May 25: With decisions being made not to proceed with the remaining modules, a formal project review can be undertaken in due course.

2024/25

Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
NN2506 Private Sector Housing - HMOs, private rental enforcement and empty homes					
The Council to review and update the Environmental Health Department Enforcement Policy and Housing Health and Safety Rating System (HHSRS) Operating Procedure to ensure they reflect current standards, best practices and comply with the Housing Act 2004.	Important	Assistant Director Environmental and Leisure Services	31/1/25	30/06/25	Conversations have been held between AD for Place and AD for EH. Plan to move to one corporate enforcement policy. Corporate Enforcement Policy does already exist, no review date on policy, but will look to review in coming months.
The Council to establish regular monitoring and oversight mechanisms for its regulatory requirements under the Housing Act 2004, including:- Enforcement actions / decisions- Monitoring of Category 1 Hazards- HMOs- Regulatory updates / actions. Where this is already in place, it is advisable to formalise the process with written agendas, minutes and action plans. Additionally, a formal process should be introduced to keep Members informed of any significant enforcement actions, including financial penalties issued against landlords, to help ensure consistency, transparency, accountability and oversight.	Important	EP Team Leader	1/12/24	31/03/25	May 25: No further update received. Previous update below. AD for Env & Leisure to discuss with newly appointed EP leader the best way of monitoring case progress and once this has been established this will be implemented.
The Council to produce a formal HMO (House in Multiple Occupation) Policy that aligns with the Council's requirements as specified in Part 2 of the Housing Act 2004, particularly sections 61 and 62. This policy will	Important	EP Team Leader	1/4/25		May 25: No further update received. Previous update below. AD for Env & Leisure met with Senior EP Officers to discuss audit recommendations and the work required to

Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
consolidate related information into a single document, with appropriate links to supporting documentation. In support of this recommendation, all policy and procedural documentation should include issue and review dates to ensure that the information remains current and accurate.					bring policies up to date. Timetable and action plan has been developed and officers are working their way through the policies with the aim of achieving the 1st April deadline.
The Council to develop and implement policies, procedures, and guidance that clearly outline its responsibilities under the Smoke and Carbon Monoxide (England) Regulations 2015, as amended by the 2022 Regulations including the 21 Day and 28 Day requirements for Smoke alarms and Carbon Monoxide Alarms. Additionally, the Council to establish a proactive inspection programme to ensure ongoing compliance with these regulations.	Important	EP Team Leader	1/4/25		May 25: No further update received. Previous update below. AD for Env & Leisure met with Senior EP Officers to discuss audit recommendations and the work required to bring policies up to date. Timetable and action plan has been developed and officers are working their way through the policies with the aim of achieving the 1st April deadline.
Management to ensure that all policy or procedural documentation, including flowcharts, includes a version control table to include owner, review date and cycle time. In addition, implement a timetable for reviewing policies (and processes) to ensure they are regularly and promptly updated where applicable.	Important	EP Team Leader	1/4/25		May 25: No further update received. Previous update below. AD for Env & Leisure met with Senior EP Officers to discuss audit recommendations and the work required to bring policies up to date. Timetable and action plan has been developed and officers are working their way through the policies with the aim of achieving the 1st April deadline.

Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
NN2513 – Cyber Security					
Three important recommendations are past their due date and have revised dates agreed. All are in progress with some taking a little longer to fully implement due to other work commitments.					

Definitions

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed, and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed, and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed, and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.
Position Statement	Advisory work.

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

OEMs are Operational - Effectiveness Matter. These can be proposed, and 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.