

Report Title	Progress Report 2025/26	
Are there background papers?	☐ Yes	☒ No
Exempt	☐ Yes	☒ No
Reason for Exemption?		
Decision for Full Council?	☐ Yes	☒ No
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Are there Non Electronic Appendices?	☐ Yes	☒ No
List of Background Papers (if applicable)		

Agenda Item No _____

Progress Report 2025/26

Summary: This report provides details of progress with the 2025/26 Internal audit Plan and outstanding recommendations.

Conclusions: The 2025/26 Internal Audit Plan is in progress. Outstanding recommendations are progressing.

Recommendation: That the Committee is requested to:

- Receive and note progress with the 2025/26 Internal Audit Plan and outstanding recommendations.
- Approve the change to the Internal Audit Plan

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 in the UK Public Sector require 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 2025/26 Internal Audit Plan is progressing. Outstanding recommendations are also progressing.

4. Recommendation

1) That the Committee is requested to:

- Receive and note progress with the 2025/26 Internal Audit Plan and outstanding recommendations.
- Approve the change to the Internal Audit Plan

Appendices attached to this report:

Appendix A – Progress Report 2025/26

EASTERN INTERNAL AUDIT SERVICES



NORTH NORFOLK DISTRICT COUNCIL

Progress Report 2025/26

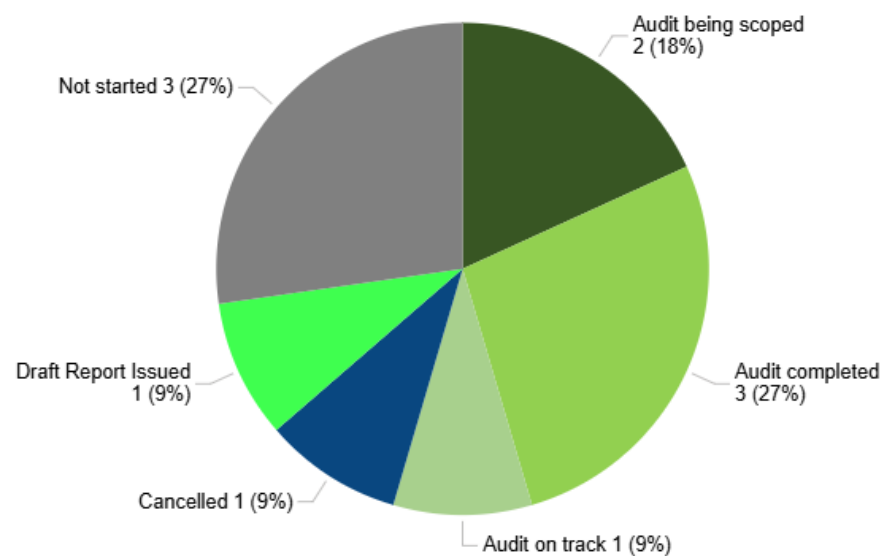
Head of Internal Audit: Teresa Sharman

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Progress at a glance

11 Audits in 2025/26 Audit Plan
1 Urgent Recs Raised
8 Important Recs Raised
4 Routine Recs Raised
0 Improvement Actions Raised



34 Outstanding Recommendations
4 High 20 Medium 10 Low
Oldest – 2021/22 – 1 Medium, Key Controls

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 Eastern Internal Audit Services (EIAS), which is hosted by South Norfolk Council, through a partnership arrangement. EIAS provides internal audit services to the district councils for Breckland, Broadland, North Norfolk, South Norfolk, Norwich City Council, Great Yarmouth Borough Council, and the Broads Authority.

The delivery of the Internal Audit Plan for the Council is provided by the EIAS's contractors, TIAA Ltd, BDO LLP and Hertfordshire County Council's Shared Internal Audit Service, supplemented by a small in-house Team

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

Changes to the 2025/26 Audit Plan

Since the Internal Audit Plan was approved, the following changes have been made: -

Audit	Nature of the change
Budget Setting and Control	Cancelled – this audit was cancelled because the scope was no longer required.

Progress to date and audit outcomes

Progress with audit work

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

Quarter 1

A final report has been issued for the Building Control audit.

A draft report has been issued for Workforce Strategy and Learning Development Plan audit.

Quarter 2

A final report has been issued for the Environmental Health - Licensing audit and the Artificial Intelligence Advisory Review

Quarter 3

The Terms of Reference for the Risk Management has been issued, and fieldwork is progressing.

The Corporate Governance and Property Services audit are being scoped.

Quarter 4

The Procurement, Key Financial Controls and Application Audit – HR system audits have not commenced yet.

Audit Outcomes - Final Reports

During the period, the following final reports have been issued as detailed in the table below.

The Executive Summary for final reports issued in the period are provided in at **Appendix 2**, and a full copy of the report can be requested by Members.

Recommendations made on completion of audit work are prioritised and the definitions for these are detailed in **Appendix 4** along with those for the assurance level awarded on completion of each individual audit.

Audit	Assurance Level	Urgent Recommendations	Important Recommendations	Routine Recommendations
Building Control	Reasonable	0	0	3
Environmental Health - Licensing	Limited	1	1	1
Artificial Intelligence Advisory Review	Advisory Work	0	7	0
Total	-	1	8	4

Outstanding Recommendations

The table below shows the total number of recommendations which are past their agreed due date and are still in progress by year and priority rating.

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

- 2025/26 – Environmental Health - Licensing

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.

Audit Year	Audit Name	Priority 1	Priority 2	Priority 3	Total Outstanding
2021/22	Key Controls and Assurance	0	1	0	1
2021/22 Total		0	1	0	1
2023/24	Accounts Payable	0	0	1	1
	Land Charges	0	1	0	1
	Post Implementation - Finance System Review	0	1	0	1
2023/24 Total		0	2	1	3
2024/25	ICT - Applications review: Finance & HR System	0	1	0	1
	Commercial Estates	0	4	0	4

Audit Year	Audit Name	Priority 1	Priority 2	Priority 3	Total Outstanding
	Environmental Charter	2	2	2	6
	ICT - Applications review: Revenues and Benefits	0	1	0	1
	ICT - Cyber Security	0	1	2	3
	Leisure	0	0	1	1
	Private Sector Housing - HMOs, private rental enforcement and empty homes	0	2	0	2
	Risk Management	0	1	0	1
	Section 106 Arrangements	1	3	1	5
	Waste Management Contract with SERCO	0	2	0	2
2024/25 Total		3	17	6	26
2025/26	Environmental Health - Licensing	1	0	1	2
	Building Control	0	0	2	2
2025/26 Total		1	0	3	4
Grand Total		4	20	10	34

Progress with actions to Improve poor performance

Contractor Performance

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

- **Contractors:** - Work across all Councils in the Consortium is split between three contractors, with the main contractor completing approximately half of the total audits. The remaining half split approximately equally between the two other contractors.
- **The Protocol, 'a ways of working together' and expectations of Council officers and Contractors:** - this document has been reiterated with all the Contractors and Councils to follow and escalate when responses are not received.
- **Regular meetings:** - meetings take place with the Director for the main contractor to discuss performance every quarter, and all contractors have scheduled meetings to monitor audit progress and performance.
- **Quarterly Review of the Audit Plan with senior management:** - these meetings enable issues to be raised and discussed directly with management.

Quality Assurance & Improvement Programme

- **Next External Quality Assessment (EQA):** - this is due in December 2027. A gap analysis against the new Global Internal Audit Stand in the UK Public Sector is currently under way.

Appendix 1 - Summary of Audit Work 2025/26

Audit Area	Status	Opinion	Total Number	Urgent	Important	Routine	Improvement Actions
Building Control	Audit completed	Reasonable	3	0	0	3	0
Environmental Health - Licensing	Audit completed	Limited	3	1	1	1	0
Artificial Intelligence Advisory Review	Audit completed	Advisory Work	7	7	0	0	0
Workforce Strategy and Learning Development Plan	Draft Report Issued		0	0	0	0	0
Risk Management	On track		0	0	0	0	0
Corporate Governance	Audit being scoped		0	0	0	0	0
Property Services	Audit being scoped		0	0	0	0	0
Procurement	Not started		0	0	0	0	0
Key Financial Controls	Not started		0	0	0	0	0
Applications review: HR system	Not started		0	0	0	0	0
Budget Setting and Control	Cancelled		0	0	0	0	0

Grant Certifications	The following grants have been certified by EIAS so far during 2025/26: - • Disabled Facilities Capital Grants (Period end - 2024/25)
Low Priority Audits	These audits were Project Management Framework, Council Tax Support Scheme and Woodland Management and Country Park provision. These will only be completed if the budget allows.
Follow Up	A provision of days is allowed to monitor progress with implementing recommendations made each month.

Appendix 2 - Final Report Executive Summaries

Building Control

Assurance Opinion

The assurance opinion assigned to this audit is detailed below along with the number of recommendations made and their priority rating.

Opinion provided	Reasonable	Urgent recommendations	0	Important recommendations	0	Routine recommendations	3
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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.

Weaknesses are in relation to the monitoring and oversight controls for the Building Control Service, in particular its Service Improvement Plan and performance.

Our overall opinion has considered the Council's self-assessment audit of its building control service against the Local Government Building Control (LGBC) Quality Management System (QMS) scheme; A Service Improvement Plan is in place with 34 elements identified for action. We acknowledge that ten actions have commenced and five are completed.

Audit Objective

The overarching objective of this audit is to provide assurance on the adequacy, effectiveness and efficiency of the systems and controls in place to reduce the likelihood and impact of disruption events and the adequacy of disaster recovery processes.

Summary of Findings

Areas of strength in control design and / or effectiveness

- The Council has signed up to the Local Authority Building Control (LABC) quality management system (QMS) and a review of processes against the QMS was undertaken in November 2024. An action plan was produced to address the weaknesses identified from this review.
- Controls within the building control system, Uniform, restrict access to users based on their job role, to reduce the risk of erroneous input or amendment of data.
- A new fee schedule was approved from 1st April 2025, to ensure that the service continues to run on a cost-neutral basis.
- All of NNDC's building control surveyors are qualified and registered with the Building Safety Regulator to undertake 'restricted activities', i.e. plan checks and building inspections.
- A risk assessment has been carried out to identify risks relating to non-compliance with the Operational Standards Rules (OSRs).
- Challenges in recruiting to technical roles is recognised in the Corporate Risk Register as part of risk CR024 – People Resources (recruitment and retention).
- All building control applications are validated on receipt to ensure that all necessary documents have been provided, and the correct fee has been paid. No work is undertaken on any application before it is confirmed to be valid.
- Inspections dates and notes are recorded on the Uniform record for each application.
- Invoices for inspection fees are raised promptly, and outstanding invoices are monitored. Completion certificates are not issued until all fees have been paid.
- Data on compliance with the OSRs is submitted quarterly to the Building Safety Regulator. There is no indication of poor performance from the latest data return, which covered the period January to March 2025.

Areas of weakness in control design and / or effectiveness

- Although a service improvement plan has been produced, with actions recorded to address weaknesses identified, is no formal monitoring of this plan to ensure that actions are progressing as planned. In addition, five of the actions are marked as complete and a further ten as commenced, but there are no timescales stated for when each action should be completed. (Recommendation 1)
- The risk assessment against the OSRs does not distinguish between current and planned mitigations, so it is unclear whether the residual risk score reflects the current position or whether it can be improved further. (Recommendation 2)
- The Council is required to submit quarterly KPI data to the Building Safety Regulator to support their compliance with the OSRs. The Council has submitted the required data on time. However, this performance data is not shared internally with management. (Recommendation 3)

Best practice points to note

- The Council offers a next day inspection service and appointments can be booked via a form on the Council's website.
- The Council offers a £25 (+VAT) discount on inspection fees for paying up front, when the application is submitted. This leads to prompt payments and reduces the administrative burden of debt recovery.

Added value or improvement points

- None identified.

Management Action Plan

No.	Recommendation	Priority	Implementation Date	Responsible Officer
1	Update the Service Improvement Plan to include target timescales for each action. Formalise oversight of the Plan, to ensure that actions are being completed as planned and that any issues can be resolved promptly.	3	30/09/2025	Building Control Manager
2	Update the Operational Standards Rules (OSRs) risk assessment so that it is clear which mitigations still need to be implemented and the impact this will have on the risk score.	3	31/10/2025	Building Control Manager
3	Share performance data with management for example, the KPI data submitted to the Building Safety Regulator, to provide assurance over compliance with the Operational Standards Rules.	3	31/10/2025	Building Control Manager

Environmental Health - Licensing

Assurance Opinion

The assurance opinion assigned to this audit is detailed below along with the number of recommendations made and their priority rating.

Opinion provided	Reasonable	Urgent recommendations	1	Important recommendations	1	Routine recommendations	1
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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.

Weaknesses are in relation to the monitoring and oversight of annual fees for premises licences following the loss of automated payment processes during the migration to the Assure system from the previous M3 system. This has led to uncertainty over whether annual fees had been paid for more than 154 licences, with 83 of these confirmed as unpaid, including 38 owing fees for more than one year. This equates to circa £37,350 in outstanding fee income as at the end of July 2025 for all 154 cases. It is a mandatory requirement of the Licensing Act 2003 to suspend a license where payment has not been received and non-compliance therewith, could expose the Council to legal challenge. This statutory requirement is not clearly defined in the Council's Licensing Policy.

Plans are in place to reinstate automated invoicing by October 2025 and to complete the current review of outstanding payments by the end of November 2025.

Controls over the processing of taxi licenses (Hackney Carriages), Private Hire Vehicles and Operator's licence were found to be operating satisfactorily, with no issues raised.

The overall level of assurance also takes in to account a recommendation from the previous review of Environmental Health relating to accountability for all licenses and reconciling income to the finance system, which remains outstanding. The implementation of this recommendation will be aided by improved oversight with a further recommendation made in this report.

Audit Objective

The overarching objective of this audit was to provide assurance on the effectiveness and efficiency of controls within the licencing process to ensure that licences are issued on time, correctly and in line with relevant policies, laws and regulations.

Summary of Findings

Areas of weakness in control design and / or effectiveness

Out of date licenses

- During the migration from the M3 system to the Assure system in 2017, automated functionality that previously allowed annual premises licence fee payments to be issued automatically was lost. This significantly impacted the Council's ability to monitor and collect annual fees, resulting in a number of premises not being charged or paying their annual fees on Assure.
- Initial findings identified over 204 premises for which the Council was uncertain whether annual fees had been paid for their premises licences. Subsequent review noted that this figure has reduced to 154, with 83 currently being chased for payment of which 38 are confirmed as owing more than one year. The review of unpaid licenses is expected to be completed by the end of November 2025 for all remaining cases. As of 31st July 2025, the total outstanding in license fee income was confirmed as £37,350.
- In addition, cases involving multiple fees which are due have been identified with work ongoing to ensure the requisite actions, including payment of fees, are taken. A further 71 licences remain under review to verify the payment status.
- The Council aims to reinstate automated processes including generating annual reminders, in October 2025, working with the system provider (NEC) to enable automated invoicing through Assure and to monitor the status of invoicing through Crystal reporting and an internal monitoring process alongside the Income department to provide notifications to Environmental Health of payments due and to help resolve the issue. (All the above points relate to Recommendation 1).

Licencing policy

- The Council's Licensing Policy states that the licensing authority will suspend a premises licence or club premises certificate if the annual fee is not paid when it is due. However, this does not apply immediately if the payment was not made before or at the time of the due date because of an administrative error, or because the holder disputed liability for the fee before or at the time of the due date. In either of these cases, there is a grace period of 21 days. This period is intended to allow the licensing authority and the licensee or certificate holder an opportunity to resolve the dispute or error. However, under Section 55A of the Licensing Act 2003 it states that a licensing authority must suspend a premises licence if the holder has failed to pay the annual fee. This is a mandatory requirement, not discretionary and poses a potential risk to the Council if it fails to suspend the licence and the premises continues to operate. This could be seen as negligence and lead to potential serious legal repercussions such as judicial reviews or legal challenge, liability in civil claims, ombudsman investigations, and reputational damage. Whilst the Council is monitoring nonpayers, testing established that the Council is not adhering to the 21-day grace period referred to in its policy (or the 28-day payment terms stated in the covering invoice) for receipt of payment. Covering e-mails with the invoice do not refer the consequences i.e. suspending the licence if payment is not forthcoming. There was evidence that some licenses have been suspended, although this is based on a case-by-case basis, as opposed to any documented process being applied, and is loosely based on the Council's Policy. (Recommendation 2)

Issuing of licenses

- Other than an "Issue date" on the Assure system, there is currently no evidence of when a manual licence was issued or received by the recipient/licence holder. Consequently, there is no assurance that the licence was issued / received by the recipient/licence holder. (Recommendation 3)

Previous recommendations

- The previous report on Environmental Health (NN2214) including a priority 2 recommendation for the Council to ensure that all licence fee income has been correctly accounted for and that there is agreement between Assure and eFinancials. The current review has highlighted issues with accounting for all licenses with appropriate recommendations raised. It was also established that the reconciliation of license fee income to the finance system is still to be implemented.

Areas of strength in control design and / or effectiveness

- The revised Taxi and Private Hire Policy and Handbook was approved by the Licensing Committee (9 July 2025) and Full Council (23 July 2025) for adoption from 1 September 2025.
- Aside from the issues reported in the section below and despite system issues, testing confirmed that taxi, private hire, operator, and premises licences were processed in line with the Licensing Act 2003 and statutory objectives (crime prevention, public safety, public nuisance prevention, child protection). Consultations with responsible authorities and decision-making followed legal requirements.
- Cabinet approved the annual fees and charges for 2025/26 at its meeting on 2nd December 2024. Testing confirmed correct rates were being charged.
- All sampled taxi and private hire drivers had Enhanced DBS checks. At audit time (July 2025), the Council was conducting an additional six-monthly review to ensure DBS compliance.
- The Council's Licensing Committee considers applications by persons wishing to drive taxis; a separate Licensing Committee is in place for premises and gambling.
- Previous Assure system bug affecting document uploads has been fixed. Backup procedures ensure compliance and data recovery.

Best practice points to note

- Controls within the Assure system, restrict officers from completing licence applications if key documentation is missing in accordance with the Licensing Act 2003.
- The Taxi and Private Hire Policy and Handbook, which has been updated and approved for adoption from 1st September 2025, is based on the government's statutory taxi and private hire vehicle standards and best practice guidance, which was issued by the Institute of Licensing in November 2024. There is a driver knowledge test as part of the application process, and the Handbook is the definitive guide to the standards expected in North Norfolk.

- The Council uses the National Anti-Fraud Network (NAFN) for verification checks for checking details of licensees (including premises, and taxi (Hackney Carriage and Private Hire), which is a national organisation hosted by Tameside MBC providing services on behalf of member local authorities, wider public authorities and housing associations across the UK. NAFN provides users access to centralised credit reference data services. It may be for a new tenancy, employment, debt recovery, rent arrears and prevention of fraud and crime.

Added value or improvement points

- None identified.

Management Action Plan

No.	Recommendation	Priority	Implementation Date	Responsible Officer
1	The Council to Integrate automated invoicing functionality within the Assure system to enable annual licence fees to be promptly billed and collected. Introduce a reconciliation and tracking process to identify unpaid licences and recover outstanding fees to ensure that debtors are identified in a timely manner and dealt with in accordance with the Licensing Act 2003.	1	1 st November 2025 (for both elements)	Assistant Director – Environment and Leisure Services / Environmental and Leisure Business Support Manager (for both elements)

No.	Recommendation	Priority	Implementation Date	Responsible Officer
2	Review the Council's Licensing Policy to ensure it aligns with section 55A of the Licensing Act 2003, in particular, to suspend a premises licence if the holder has failed to pay the annual fee rather than reference to allowing a period of grace where annual payment has not been received. The legislative requirement to suspend licenses where payment has been requested but not received, should be invoked.	2	1 st March 2026 due to committee dates and Full Council	Assistant Director – Environment and Leisure Services / Environmental and Leisure Business Support Manager (for both elements)
3	The Council to standardise licence distribution process by issuing all licences electronically, where possible. Where this is not feasible, any licenses sent by post, to be sent either by special post or recorded delivery, thereby maintaining audit trail of delivery.	3	1 st October 2025	Assistant Director – Environment and Leisure Services / Environmental and Leisure Business Support Manager (for both elements)

Artificial Intelligence Advisory Review

Assurance Opinion

This review was conducted as an advisory assessment of the Council's current preparedness for adopting and managing Artificial Intelligence (AI). As the organisation remains in the early stages of exploring AI opportunities and establishing its governance, this work focused on providing insight, guidance and practical recommendations rather than formal assurance. Accordingly, no overall assurance opinion has been provided, and the report is intended to support informed decision-making and future readiness as AI adoption progresses.

Opinion provided	Advisory Work	Urgent recommendations	0	Important recommendations	7	Routine recommendations	0
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We have raised seven important priority recommendations regarding (1) adoption of an AI strategy and formalisation of AI use procedures, (2) increasing clarity around roles and responsibilities for procuring AI tools and overseeing usage, (3) identifying, assessing and formally documenting the risks relating to AI adoption and usage, (4) developing an AI tools inventory, (5) establishing formal guidance for the procurement of AI tools, (6) implementing technical controls to prevent staff from accessing unauthorised tools, and (7) providing further structured training for staff on the safe and effective use of AI tools

We found the Council's current level of AI readiness to be broadly consistent with that observed across a sample of comparable organisations in our local government portfolio. The themes identified align closely with sector-wide strengths and areas for development, indicating that the Council is in a similar state to other local authorities.

Audit Objective

The overarching objective of this review was to assess the Council's readiness to incorporate the use of AI into IT service delivery and for staff to use.

As this is an advisory review, no opinion was provided relating to the design and operational effectiveness of the controls being assessed.

Summary of Findings

Areas of weakness in control design and / or effectiveness

- We found that the Council does not currently have formal policies or procedures in place to set out the expectations for AI and its use across the Council. However, the Council is in the process of introducing an AI acceptable use policy to state how AI is to be used, as well as an exemption form in case an AI tool needs to be used outside of the accepted tools such as Microsoft Copilot. These have both been drafted in August 2025 and are due to be finalised before December 2025. A strategy for AI and how it is intended to be used is also being drafted to define how AI will help the Council to meet its objectives. (Recommendation 1)
- The draft AI acceptable use policy contains responsibilities relating to AI for the following staff groups: -
 - Employees and users
 - IT Service
 - Legal and Data Protection Officers.

The responsibilities for staff are currently contained to a single section of the policy. However, we found that there are no responsibilities for senior management or for members of staff who are responsible for procuring AI systems and tools or overseeing the decision making for these tools. (Recommendation 2)

- The Council does not have any risks relating to AI adoption and use in its corporate risk register. Through our discussions with management, we noted that this is due to the use of AI not yet being fully considered and assessed at these early adoption stages. (Recommendation 3)
- We found that the Council does not have an AI tool inventory in place. We noted that scans can be conducted through Checkpoint to determine which tools are currently in use, and we have been provided with the results of the most recent scan completed in August 2025, which showed that the most popular form of AI in use was OpenAI made tools, such as ChatGPT, with a 38% usage. However, the Council would benefit from having an inventory in place to detail what AI tools are in use as well as allowing management to have oversight of those tools and their associated risks. (Recommendation 4)
- Although the Council has a technical specification document in place stating what should be considered when procuring an IT system, including database management set ups and operating system compatibility with existing software, there are no specific requirements relating to how an AI system is to be procured. For example, it would be expected that an assessment of data governance mechanisms is performed before such a system is procured and details of how the model is trained. (Recommendation 5)
- We found through our discussions with the Strategic IT Manager that the Council has not implemented any technical controls to prevent members of staff from accessing AI tools that are not permitted. Although members of staff we spoke to as part of our review indicated that they understand and are aware of the requirement not to access applications like ChatGPT (which have concerns around sensitive information being input and misuse of the tool), the lack of restrictions means that it is still possible to access these and use them for business purposes and using Council data. However, we noted that technical controls have been initially tested prior to August 2025 and are planned to be introduced alongside the AI policies and procedures. (Recommendation 6)
- Training is currently given to staff through the video tutorials provided for Microsoft Copilot. While the training provided in these videos is clear and allows users to use this particular tool effectively, it does not set out the Council's own expectations for using AI or which tools staff should be using. As AI is increasingly becoming integrated into tools and software, it is important that the Council considers integrating this as part of its existing training requirements. (Recommendation 7)

Areas of strength in control design and / or effectiveness

- The Council has oversight of AI usage through the ability to conduct targeted scans of AI tools accessed by staff, which provides management with proactive visibility of emerging technologies in use across the organisation.
- Initial roles and responsibilities for staff using AI have been defined within the Acceptable Use Policy.
- Staff have a positive approach for adopting AI at the Council and recognise the risks from using AI tools that have issues regarding data sensitivity such as ChatGPT.

Best practice points

- None identified.

Added value or improvement points

- As this is an advisory review due to the Council being at the early stages of AI adoption, all recommendations raised relate to improvement points and not gaps in control design or effectiveness.

Management Action Plan

No.	Recommendation	Priority	Implementation Date	Responsible Officer
1	a) Management should adopt a formally defined and approved AI strategy, which should set out the Council's approach for using AI tools and how these fit into wider Council objectives. This should also establish how AI principles (such as those published by the UK government) are to be implemented and	Important	31 January 2026	Daniel King / Kate Wilson

No.	Recommendation	Priority	Implementation Date	Responsible Officer
	achieved, including how AI will be used lawfully and transparently. b) As part of the above, the Council should formalise the existing draft procedures on acceptable AI use and exemption to facilitate and ensure the safe usage of AI tools. c) Existing policies and procedures, such as those relating to information security and data protection, should also be reviewed and, if necessary, updated to ensure a holistic approach and for AI use to be integrated into these documents.			
2	a) Management should ensure that roles and responsibilities regarding AI tools, for both their acquisition and their overall use, are defined and communicated to all members of staff. This should include, but not be limited to, which individuals or groups are responsible for decision making and have overall accountability for AI use, and how this will be reported to senior management. b) Updated roles and responsibilities should be included within the draft policies and procedures referred to in recommendation 1	Important	31 January 2026	Daniel King / Kate Wilson

No.	Recommendation	Priority	Implementation Date	Responsible Officer
	and should be contained within existing management structures as much as possible.			
3	Management should identify, assess and formally document the risks relating to AI adoption and usage, which should be integrated into the Council's existing risk management framework and corporate risk register. This should include a mix of both internal risks (such as user errors), and external risks (such as an AI vendor security breaches), and appropriate risk mitigations should be identified to ensure that these are reduced to an acceptable level.	Important	31 January 2026	Daniel King / Kate Wilson
4	Management should develop an inventory of all AI tools and systems that are in place at the Council, including those which are provided by third parties. This should include the following: - • The type of AI that is in use, for example generative AI (such as Microsoft Copilot) or narrow AI (such as a chatbot on a website). • The data that is used for training and operating the AI model. • The business context and the purpose for using the AI tool or system. • The most recent risk and impact assessment for the AI tool or system. The inventory should be reviewed and updated on an ongoing basis to ensure that it remains	Important	31 January 2026	Daniel King / Kate Wilson

No.	Recommendation	Priority	Implementation Date	Responsible Officer
	current and up to date. Keeping this inventory complete and current will enable effective oversight, risk management and resource planning as AI adoption evolves.			
5	The Council should establish formal guidance and criteria for the procurement of AI tools, ensuring that considerations such as data protection, ethical use, transparency, model accuracy, vendor risk and ongoing monitoring are consistently applied. This will support informed, compliant decision-making, and help prevent the adoption of tools that may introduce security, legal or operational risks.	Important	31 January 2026	Daniel King / Kate Wilson
6	Following the introduction of AI specific policies and procedures, management should reinforce the approach taken for AI tools by implementing technical controls to prevent staff from accessing unauthorised tools. This could include restricting access to specific AI tools through network restrictions, application whitelisting and monitoring of AI-related activity. This will help reduce the risk of data leakage, non-compliance and the introduction of unvetted technologies into the environment, while supporting a safe and controlled approach to AI adoption.	Important	31 January 2026	Daniel King / Kate Wilson

No.	Recommendation	Priority	Implementation Date	Responsible Officer
7	Alongside the existing training provided to members of staff on the use of Microsoft Copilot, the Council should provide further structured training for staff on the safe and effective use of AI tools, which should be tailored to different roles and responsibilities. This should cover key topics such as data protection obligations, responsible use principles, limitations and risks of AI-generated outputs, handling of sensitive or confidential information and the requirement to use only approved tools. The training should also build awareness of organisational policies, expected behaviours, and escalation routes if concerns arise. Embedding this knowledge will help staff use AI confidently and correctly, supporting both innovation and compliance.	Important	31 January 2026	Daniel King / Kate Wilson

Appendix 3 - Outstanding Recommendations by Year

Year 2021/22

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
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. Risk – All income from PCN due to the NNDC by BCKL&WN, as per the terms of the contract, may not be received, leading to financial loss (to NNDC).	2	Assistant Director - Finance & Assets	25/05/22	31/12/25	Pre October 2025: We have recently received a draft SLA from BCKL&WN and will seek to address the recommendation through the implementation of the new SLA.

Year 2023/24

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
Post Implementation - Finance System Review	The Council to ensure that a formal Post-Implementation Review be conducted as part of a formal project closure process once all of the required functionality that was planned has been successfully implemented. The closure process to include (but not be limited to) the following: Comparison between planned and actual business benefits. An analysis of what worked well and what could have worked better. A summary of officer feedback concerning the project and the resulting implementation.	2	Chief Group Accountant	01/11/24	31/12/25	A formal project review is planned for Q3 25/26.

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
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.	2	Planning Support Manager	30/03/24	31/12/25	Pre October 2025: Priority of the team has been related to the transfer of the local charges 1 to the Land Registry, the work for which has now been completed. This will allow for further discussions to take place with relevant officers on how this audit recommendation could be implemented given that the requirement either needs changes to a system outside of the councils control or the manual reconciliation of financial figures for which resources are not in place.

Year 2024/25

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
ICT-Applications review: Finance & HR System	Complete a Data Protection Impact Assessment for the Open Revenues system.	2	Revenues and Benefits Managers	31/07/25	31/10/25	October 2025: Completed in July - still waiting for sign from Legal. A reminder has been sent.
Commercial Estates	The Council should assess capacity issues and resource availability to ensure they are sufficient, thereby minimising delays in property listings.	2	Assistant Director Finance & Assets	31/10/25		October 2025: We continue to use NPS (Part of Norse Group) for services such as lease renewals and rent reviews. This change is assisting with the capacity issues. Recruiting into this role permanently has proved difficult Pre October 2025: We have still struggled to recruit into this role. We have engaged with NPS (Part of Norse Group) for services such as lease renewals and rent reviews. This change is assisting with the capacity issues. Discussions over a restructure are progressing, however no formal change has been agreed at this stage.

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
Commercial Estates	4a. 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.4b. 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	Assistant Director Finance & Assets	01/08/25	30/11/25	Pre October 2025: We are currently seeking further info as to whether we need to complete compliance checks as we are investigating ownership status of the buildings mentioned in the recommendation
Commercial Estates	1. 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	2	Assistant Director Finance & Assets	10/10/25	31/10/25	October 2025: This forms part of the asset management plan, which is still going through internal processes, which has been delayed due to LGR. It is hoped to progress this forward in the coming quarter Pre October 2025: To be considered alongside LGR implications.

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
	setting decisions are made with a clear understanding of the necessary steps and considerations, enhancing accountability and clarity in the process.					
Commercial Estates	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	Assistant Director Finance & Assets	10/10/25	31/10/25	Pre October 2025: To be considered alongside LGR implications.
Environmental Charter	1) The Action Plan is updated and refreshed annually. 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	1	Climate and Environmental Policy Manager (1&2)	31/10/25		October 2025: The Strategy and Action Plan are being drafted, and the objectives will follow the recommended approach.

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
	and Time-bound) so that progress can be monitored and reported. 3) Deliverables be assigned to a senior lead officer and appropriate evidence held of actions being assessed in terms of cost and resource requirements. 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.					
Environmental Charter	1) The Charter and Net Zero Strategy are refreshed / updated and approved as soon as possible. 2) Review the Net Zero Strategy and Action Plan on an annual basis, looking two years ahead, as per the Net Zero Strategy. 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	2	Climate and Environmental Policy Manager (1&2)	30/09/25		October 2025: The revised Strategy and action plan are being drafted, in accordance with the advice given, and will be reported in Autumn 2025.

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
	Strategy is reviewed every other year and the Action Plan yearly). 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. 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.					

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
Environmental Charter	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. 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.	2	Climate and Environmental Policy Manager (1&2)	30/09/25		October 2025: The latest carbon footprint report is being prepared, and it will follow the guidance suggested.
Environmental Charter	1) Define the reporting path for monitoring of Action Plan progress, including those actions that have not progressed as expected. 2) Provide regular Action Plan progress updates to the Portfolio Holder.	1	Climate and Environmental Policy Manager (1&2)	30/09/25		October 2025: Reporting protocols will be covered in the revised strategy and action plan.
ICT-Applications review: Revenues and Benefits	Complete a Data Protection Impact Assessment for the OpenRevenues system.	2	Revenues and Benefits Managers	31/07/25	31/10/25	October 2025: Completed in July - still waiting for sign from Legal. A reminder has been sent

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
ICT-Cyber Security	The cyber security supply chain must be fully documented with type of data/asset, if sensitive information is being shared, level of access provided, if a Data Protection Impact Assessment (DPIA) has been conducted, supplier's key contact details and current security controls mapped out for each asset.	2	Networks Manager	31/03/25	31/03/26	October 2025: Due to other work commitments this has not been completed, revised date 31/03/26
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.	2	Assistant Director - Environment & Leisure Services	31/01/25	31/10/25	October 2025: Outstanding, need to identify resource to complete

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
Private Sector Housing - HMOs, private rental enforcement and empty homes	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 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.	2	EP Team Leader	01/04/25	30/11/25	October 2025: Still to be signed off by Cabinet - added to cabinet work programme.
Risk Management	Produce risk reports, including a separate annual risk management report, to the Corporate Leadership Team and Governance, Risk and Audit Committee, alongside the Corporate Risk Register, to include open and closed risks, risks overdue, movements in risks, thematic review, aggregated low scoring high frequency risks.	2	Director of Resources	30/06/25	31/12/25	October 2025: To be reviewed as part of the NN2607 Risk Management Audit in November 2025.

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
Section 106 Arrangements	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	Development Manager	30/09/25	31/12/25	October 2025: This work is currently with the DM Team Leader group to progress but is not likely to be completed until later this year due to other workload pressures and capacity constraints within the DM Service.
Section 106 Arrangements	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).Risk: Officers may be unaware of finalised s106 agreements, leading to inaccurate and incomplete records and consequent failure to perform key follow up activities in a timely manner.	2	Development Manager	30/06/25	30/11/25	October 2025: Work has commenced on these activities but has been delayed due to a combination of staff vacancies across a range of posts, other workload/resource pressures reducing capacity to deliver S106 improvement work and changes to work priorities prior to staff departure. The S106 Officer post is currently vacant (as of 02 Oct 2025) and efforts to recruit to the vacancy have not delivered a suitable applicant.

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
Section 106 Arrangements	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	Section 106 Officer	30/09/25	30/11/25	October 2025: Prior to their departure, the S106 Officer had focussed their time on reviewing and progressing a report of appropriate available funds and ensuring monies are being transferred as per the S106 requirements. This involved working with the Finance Team to ensure records align. Will need to be picked up by new post holder.
Section 106 Arrangements	To review all unspent available amounts that have exceeded their "spend deadline" dates and take appropriate action in accordance with the s106 agreements.	1	Director of Resources & Assistant Director Finance & Assets	30/09/25	30/11/25	October 2025: Prior to their departure, the S106 Officer had focussed their time on reviewing and progressing a report of appropriate available funds and ensuring monies are being transferred as per the S106 requirements. The Annual Report template remains to be completed.
Waste Management Contract with SERCO	Policy/procedure notes be produced for all aspects of commercial and garden waste services. These notes to be	2	Leisure Business Support Manager	01/09/25	31/12/25	October 2025: Procedures have now been finalised. Notes will follow once resourcing allows, resourcing currently flexing into another important

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
	version controlled and reviewed on a regular basis. This is to include: - 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.					project, will be completed by deadline.
Waste Management Contract with SERCO	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. Risk: The Council may be overpaying Serco due to inflated collections due to inaccurate stating of genuine paid customers.	2	Environmental Services Manager	31/10/25		October 2025: This recommendation need to follow on from other recs relating to the garden waste service, now that these have been completed this can follow on and be introduced as part of the monthly billing process.

Year 2025/26

Audit	Recommendation	Priority	Owner	Due Date	Revised Due Date	Latest Response
Environmental Health - Licensing	The Council to Integrate automated invoicing functionality within the Assure system to enable annual licence fees to be promptly billed and collected. Introduce a reconciliation and tracking process to identify unpaid licences and recover outstanding fees to ensure that debtors are identified in a timely manner and dealt with in accordance with the Licensing Act 2003.	1	Assistant Director - Environment & Leisure Services	01/11/25		October 2025: No response received. This has only recently become outstanding.

Appendix 4 - For your information

Definitions for overall assurance opinions and recommendation ratings are shown below.

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 Council'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.
Position Statement	Advisory work.

High – Priority 1	Fundamental control issue on which action to implement should be taken within 1 months.
Medium - Priority 2	Control issue on which action to implement should be taken within 3 months.
Low – Priority 3	Control issue on which action to implement should be taken within 6 months.