

# Governance, Risk and Audit Committee



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26 March 2017

A meeting of the **Governance, Risk and Audit Committee** of North Norfolk District Council will be held in **Meeting Room 3** at the Council Offices, Holt Road, Cromer on **Tuesday 06 June 2017 at 2.00 pm**

Members of the public who wish to ask a question or speak on an agenda item are requested to arrive at least 15 minutes before the start of the meeting. It will not always be possible to accommodate requests after that time. This is to allow time for the Committee Chair to rearrange the order of items on the agenda for the convenience of members of the public. Further information on the procedure for public speaking can be obtained from Democratic Services, Tel: 01263 516047, Email: [democraticservices@north-norfolk.gov.uk](mailto:democraticservices@north-norfolk.gov.uk)

Anyone attending this meeting may take photographs, film or audio-record the proceedings and report on the meeting. Anyone wishing to do so must inform the Chairman. If you are a member of the public and you wish to speak on an item on the agenda, please be aware that you may be filmed or photographed.

**Emma Denny**  
**Democratic Services Manager**

To: Mr V FitzPatrick, Ms V Gay, Mr M Knowles, Mr N Pearce, Mr P Rice and Mr D Young

All other Members of the Council for information.  
Members of the Management Team, appropriate Officers, Press and Public



**If you have any special requirements in order to attend this meeting, please let us know in advance**

If you would like any document in large print, audio, Braille, alternative format or in a different language please contact us

**Heads of Service:** Nick Baker and Steve Blatch  
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## A G E N D A

**1. TO RECEIVE APOLOGIES FOR ABSENCE**

**2. PUBLIC QUESTIONS**

To receive public questions, if any.

**3. ITEMS OF URGENT BUSINESS**

To determine any items of business which the Chairman decides should be considered as a matter of urgency pursuant to Section 100B(4)(b) of the Local Government Act 1972.

**4. DECLARATIONS OF INTEREST**

Members are asked at this stage to declare any interests that they may have in any of the following items on the agenda. The Code of Conduct for Members requires that declarations include the nature of the interest and whether it is a disclosable pecuniary interest.

**5. MINUTES** (page 6)

To approve as a correct record, the minutes of the meeting of the Governance, Risk & Audit Committee held on 28 March 2017.

**6. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST**  
(page 11)

To monitor progress on items requiring action from the meeting of 28 March 2017, including progress on implementation of audit recommendations

**7. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME** (page 12)

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

**8. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY – 18 MARCH TO 07 APRIL 2017**  
(page 13)

(Appendix 1 – p.18) (Appendix 2 - p.20) (Appendix 3 – p.23)

**Summary:**

This report examines the progress made between 18 March and 7 April 2017 in relation to delivery of the Annual Internal Audit Plan for 2016/17.

**Conclusions:**

Progress in relation to delivery of the internal audit plan is line with expectations with the audit plan now complete; and a positive assurance has been awarded in the audit review finalised in this period.

**Recommendations:** It is recommended that the Committee notes the outcome of the assurance audit completed between 18 March and 7 April 2017 and the completion of the internal audit plan 2016/17.

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

**9. FOLLOW UP ON INTERNAL AUDIT RECOMMENDATIONS – 01 NOVEMBER 2016 TO 31 MARCH 2017 (TO INCLUDE HISTORICAL RECOMMENDATIONS)**

(page 24)

(Appendix 1 – p.29) (Appendix 2 – p.30) (Appendix 3 – p.31) (Appendix 4 – p. 32)  
Historical recommendations position statement – p.35 (Appendix A – p.38)  
(Appendix B – p.39)

**Summary:** This report provides an overview of progress made in implementing agreed audit recommendations due for completion between 1 November 2016 and 31 March 2017.

**Conclusions:** Progress in implementing current year recommendations is encouraging, with only seven reported as outstanding as at financial year end, none of which are classed as urgent. There does remain a further nine outstanding recommendations which relate to prior financial years which need addressing to resolve the issues identified.

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

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

**10. ANNUAL REPORT AND OPINION 2016/17 & REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**

(page 41)

(Appendix 1 – p.51) (Appendix 2 – p.53) (Appendix 3 – p.55)

**Summary:** This report concludes on the Internal Audit Activity undertaken during 2016/17, it provides an Annual Opinion concerning the organisation's framework of governance, risk management and control and concludes on the Effectiveness of Internal Audit and provides key information for the Annual Governance Statement.

**Conclusions:** On the basis of Internal Audit work performed during 2016/17, the Head of Internal Audit is able to give a reasonable (positive) opinion on the framework of governance, risk management and control at North Norfolk District Council.

**Recommendations:**

1. Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit.
2. Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2017.
3. Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2016/17.
4. Note the conclusions of the Review of the Effectiveness of Internal Audit.

Cabinet member(s):	Ward(s) affected:
All	All
Contact Officer, telephone number, and e-mail:	Emma Hodds, Internal Audit Consortium Manager 01508 533791, <a href="mailto:ehodds@s-norfolk.gov.uk">ehodds@s-norfolk.gov.uk</a>

**11. FEEDBACK ON CIPFA SELF-ASSESSMENT** (page 57)  
(Appendix 1 – p.60)

**Summary:** The Chartered Institute for Public Finance and Accountancy (CIPFA) document on “audit committees - practical guidance for local authorities and police” sets out the guidance on the function and operation of audit committees. It represents CIPFA’s view of best practice and incorporates the position statement previously issued.

It is good practice for audit committees to complete a regular self-assessment exercise against a checklist, to be satisfied that the Committee is performing effectively.

**Conclusion:** Undertaking a review of its performance against best practice ensures that the Committee has properly assessed the way in which it discharges its duties.

**Recommendation:** That Members note the attached checklist at **Appendix 1** to this report, and the resulting action point.

Cabinet member(s):	Ward(s) affected:
All	All
Contact Officer, telephone number, and e-mail:	Emma Hodds, Head of Internal Audit for North Norfolk DC 01508 533791, <a href="mailto:ehodds@s-norfolk.gov.uk">ehodds@s-norfolk.gov.uk</a>

**12. LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT 2016/17** (page 66)  
(Annual Governance Statement – p.70) (Appendix 1 – p.79)

**Summary:** The Corporate Governance framework is made up of the systems and processes, culture and values by which an organisation is directed and controlled. For local authorities this includes how a Council relates to the community it serves. The Local Code of Corporate Governance is a public statement of the ways in which the Council will achieve good corporate

governance. This has been updated for the 2016/17 financial year based on the development of the new 'Delivering Good Governance in Local Government: Framework' (2016) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) and is based around the seven core principles and sub-principles of good governance. The Annual Governance Statement is prepared following a review of all the evidence available to the Council in seeking compliance with its Local Code.

Conclusions: The arrangements set out in the Local Code of Corporate Governance and the Annual Governance Statement will allow the Council to move ahead with its corporate planning processes confident that it can address the issues of governance and risk.

Recommendations: Members are asked to review and approve the Annual Governance Statement along with the updated Local Code of Corporate Governance.

Cabinet member(s):	Ward(s) affected:
All	All
Contact Officer, telephone number, and e-mail:	Duncan Ellis, Head of Finance & Assets 01263 516330, Duncan.ellis@north-norfolk.gov.uk

**13. MONITORING OFFICER ANNUAL REPORT 2016/17** (page 112)

To receive the Monitoring Officer's Annual Report for 2016/17

Source: Emma Duncan, Head of Legal  
Tel: 01263 516045

**14. CIVIL CONTINGENCIES UPDATE** (page 117)

To receive the Civil Contingencies update

Source: Richard Cook, Civil Contingencies Manager  
Tel: 01263 516269

**15. EXCLUSION OF THE PRESS AND PUBLIC**

To pass the following resolution, if necessary:

"That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in of Part I of Schedule 12A (as amended) to the Act."

## **GOVERNANCE, RISK & AUDIT COMMITTEE**

**Minutes of a meeting of the Governance Risk & Audit Committee held on Tuesday 28 March 2017 in the Committee Room, Council Offices, Holt Road, Cromer at 2.00 pm.**

### **Members Present:**

**Committee:** Mr V FitzPatrick (Chairman)  
Ms V Gay  
Mr M Knowles  
Mrs A Moore (for Mr D Young)  
Mr N Pearce

### **Other**

**Members:** Mr P W Moore

**Officers in Attendance:** The Head of Finance & Assets, the External Audit Manager, the Internal Audit Consortium Manager, the Benefits Manager (for item 9) and the Democratic Services Officer

### **38. APOLOGIES**

Mr P Rice and Mr D Young

### **39. PUBLIC QUESTIONS**

None received.

### **40. ITEMS OF URGENT BUSINESS**

None

### **41. DECLARATIONS OF INTEREST**

None

### **42. MINUTES**

The Minutes of the meeting of the Governance, Risk & Audit Committee held on 6 December 2016 were approved as a correct record and signed by the Chairman, subject to a drafting amendment to Minute 22, agreed by the Committee.

### **43. GOVERNANCE, RISK & AUDIT UPDATE AND ACTION LIST**

- a) The Chairman had not, to date, written an update on the Committee for the Members' Bulletin. It was suggested that he should make the update to Full Council instead.

- b) External quality assessment of internal audit: this item was on the agenda of today's meeting.

#### **44. GOVERNANCE, RISK & AUDIT COMMITTEE WORK PROGRAMME**

- a) Ernst & Young Annual Governance Report and the Progress Report on Internal Audit Activity would come to the September 2017 meeting.
- b) The Statement of Accounts would need to be moved forward to the June 2018 meeting.
- c) The Self-Assessment of the Audit Committee against Best Practice Report would come to the June 2017 meeting.

#### **45. ERNST & YOUNG AUDIT PLAN (WITH OVERVIEW)**

The financial statement risks facing the Council were as follows:

- a) Fraud in revenue recognition.
- b) Management override: the Chairman observed that there were very few opportunities for manipulation of the income and expenditure streams.
- c) Financial statements presentation – expenditure and funding analysis and comprehensive income and expenditure statement.
- d) Valuation and impairment of fixed assets.
- e) Pensions accounting.

In response to a question from Mr N Pearce regarding the loss, in 2020, of the Rates and Revenue Support Grant, it was explained that this would be looked at by External Audit through their Value for Money work. The main work was on assurance of the robustness of the Council's arrangements to secure economy, efficiency and effectiveness on its use of resources.

The External Audit Manager said that the indicative fee scale for the audit was £54,113. This was unchanged from the previous year. The audit was due for completion in September 2017 with issue of the Annual Audit Letter in December 2017.

In response to a question about the relationship between External Audit and the Leader of the Council, it was explained that the Audit Plan would go to Full Council, but that External Audit's relationship with Members was essentially through the Audit Committee.

The Committee **RECEIVED** the Audit Plan.

#### **46. ERNST & YOUNG ANNUAL GRANT CERTIFICATION REPORT**

Four types of error had been identified in Housing Benefits. However, such errors tended to be common across most local authorities. The Benefits Manager told the Committee that improvements had been made and training on self-employed income calculation invested in. £28m had been paid out in benefits with £7k extrapolated over 14 cases. This was a small number in comparison. The team had been doing more checking and more quality assurance work. It would be unusual to get no errors. Of the sample cases tested, some may not have had a material value but still had to be reported. In response to a question from Mr M Knowles it was explained that both approaches – checking samples and extrapolating – were used at NNDC. The Chairman said that it was good to know that management was being pro-active with

improvement measures and Ms V Gay thanked the Benefits Manager for attending the meeting at a time when her team was under pressure.

#### **47. EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT**

The report presented the results of an external review by the Institute of Internal Auditors (IIA) of Eastern Internal Audit Service's conformance with the Standards. The review had concluded that the Council's Internal Audit team fully met most of the Standards, as well as the Definition, Core Principles and the Code of Ethics which formed the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework (IPPF), which was the recognised standard for quality in Internal Auditing.

The Chairman said that it was a very encouraging report and that senior management valued the work of Internal Audit.

The Committee **NOTED** the External Quality Assessment of Internal Audit.

#### **48. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY: 16 November 2016 to 17 March 2017**

The report examined the progress made between 16 November 2016 and 17 March 2017 in relation to delivery of the Annual Internal Audit Plan for 2016/17. Progress in relation to delivery of the Internal Audit Plan was in line with expectations, and positive assurances had been awarded in eight of the assurance audit reviews finalised in this period.

There had been one change to the audit plan in relation to the scope and timing of the Environmental Services audit review. The scope of the review had been reduced (by 10 days) and would focus solely on Business Continuity Planning, with a wider scope being included in the 2017/18 internal audit plan post the IT system upgrade and then the initial stage of the Business Process Re-engineering (BPR) within the service area.

One limited assurance had been given. This had been for IT Hardware Asset Disposal. The urgent recommendation was to ensure that the draft IT Hardware Asset Disposal Policy was finalised and incorporated the legal requirements, the sale of decommissioned assets, appropriate definitions and recording of hard drive information. Management had indicated that this would be complete by 31 March 2017.

The Committee discussed the report:

- a) Disabled Facilities Grants: in response to a question from Ms V Gay, it was explained that only procedural issues were being looked at. It was also explained that the audit trail referred to the request and subsequent confirmation of the placing and removing of land charges on to the local Land Charges Register for properties where Disabled Facilities Grants had been issued. This reduced the risk of land charges not being applied, which might result in instances where grant amounts could not be reclaimed, potentially resulting in financial loss to the Council.
- b) Debt Recovery: in response to a question from Mrs A Moore, the Head of Finance & Assets explained that the reason so many instalment plans were in place was because the Council was actively trying to reclaim debts rather than writing them off. A balance needed to be achieved between uneconomical recovery and being seen as a lenient authority. There was no capacity issue involved. Mr N Pearce



asked if debts and instalment plans had increased. The Head of Finance & Assets undertook to obtain this information and report to the June Committee, or send the information direct to Members.

- c) Council Tax and National Non-Domestic Rates had received a Substantial assurance. This should encourage Members.

The Internal Audit Consortium Manager was thanked for the progress report, especially for completing the audits by 31 March.

The Committee **NOTED** the outcome of the nine assurance audits completed between 16 November 2016 and 15 March 2017 and the cross-authority review of Accounts Receivable.

#### **49. INTERNAL AUDIT STRATEGIC AND ANNUAL AUDIT PLANS**

This report provided an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2017/18 to 2019/20 and the Annual Internal Audit Plan for 2017/18. The Annual Internal Audit Plan would then serve as the work programme for the Council's Internal Audit Services Contractor; TIAA Ltd. It would also provide the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of North Norfolk District Council's framework of governance, risk management and control.

The Internal Audit Charter was being presented to the Committee because the Internal Audit Consortium Manager had reviewed and made some amendments to it. It was a standard document that would go to all the authorities in the Consortium, but was tailored for NNDC.

The purpose of the Internal Audit Strategy was to confirm how internal audit services would be delivered, developed in accordance with the internal audit charter, linked to organizational objectives and priorities and how priorities had been assessed.

The report included the Annual Audit Plan, which was tailored for NNDC. The Audit Committee was asked to confirm that Internal Audit was looking at the right priorities.

Ms V Gay asked why the audit of Beach Huts had been allocated half as many days as that for Waste Management, given the size of the service areas. The Internal Audit Consortium Manager explained that the 8 days allocated to the Audit encompassed everything, including understanding how the system worked. It was the first time an audit of Beach Huts had been undertaken, whereas Waste Management was audited annually. She also explained that a cross-authority review of Payroll and Human Resources was being carried out to ensure consistency of recording sickness absence across Councils. Service reviews of key areas were carried out cyclically.

Responding to a question from Mr N Pearce, the Internal Audit Consortium Manager explained that Building Control and Land Charges used to form part of a larger audit. The areas had now been separated with the agreement of the Head of Planning. Asked if Audit work would take possible future events, e.g. Planning Enquiries, into consideration the Internal Audit Consortium Manager explained that Internal Audit could assess the readiness of a service to cope.

The Committee thanked the Internal Audit Consortium Manager for an excellent report and **NOTED** and **APPROVED**

- a) the Internal Audit Charter for 2017/18;

- b) the Internal Audit Strategy for 2017/18;
- c) the Strategic Internal Audit Plans 2017/18 to 2019/20; and
- d) the Annual Internal Audit Plan 2017/18.

## 50. CORPORATE RISK REGISTER

The Risk Register was reported to the Performance and Risk Management Board as well as the Audit Committee.

The Committee discussed the Register:

- a) Recruitment (inability): some areas were difficult to recruit but some posts had been filled successfully.
- b) Financial Plan: the Council was in a good position with balanced budgets for the next 2 years. The current projections were for the next 4 years, but things could change.
- c) Loss of information: the Head of Finance & Assets had sent emails to Property Services Staff and an article had appeared in the Staff Briefing regarding secure disposal of information.
- d) Business Continuity: new generator points had been installed in the Cromer Office. A recent flood in the Benefits section as well as the storm surge had demonstrated that NNDC was well covered for Business Continuity.
- e) In response to a question from Mrs A Moore regarding the effects of coastal erosion and potential loss of business, the Head of Finance & Assets said that there were plans in place to counteract this.
- f) The Chairman said that the Register was an excellent piece of work, scoring a numerical value against each risk.

The Committee **NOTED** the Corporate Risk Register.

## 51. RISK MANAGEMENT POLICY AND FRAMEWORK

The Policy had been due to come to the March meeting. The Head of Finance & Assets had updated it, but still needed to amend the term "Corporate Director". The Framework had not changed. Unless the Policy and Framework specifically needed to come back to the Audit Committee it would be reviewed annually.

The Committee **NOTED** and **APPROVED** the updated Risk Management Policy and Framework.

The meeting closed at 3.34 pm

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Chairman

**GOVERNANCE, RISK & AUDIT COMMITTEE ON 28 MARCH 2017**

**ACTIONS ARISING FROM THE MINUTES**

<b>Minute No.</b>	<b>Agenda item and action</b>	<b>Action By</b>
<b>43.</b>	<b>Governance, Risk &amp; Audit Update and Action List</b>	
	To provide an update on the Committee for Full Council.	<b>Vincent FitzPatrick</b>
	Monitoring Officer's report – on agenda for June 6	<b>Emma Denny</b>
<b>44.</b>	<b>Governance, Risk &amp; Audit Work Programme</b>	
	CIPFA self-assessment training session – feedback report to come to 6 June meeting.	<b>Emma Hodds</b>
	Move Statement of Accounts forward to June 2018	<b>Duncan Ellis</b>

**GOVERNANCE, RISK & AUDIT COMMITTEE WORK PROGRAMME 2017 - 2018**

<b>JUNE 2017</b>	<b>SEPTEMBER 2017</b>	<b>DECEMBER 2017</b>	<b>MARCH 2018</b>	<b>JUNE 2018</b>
	EY 2015/16 Annual Governance report (ISA260) Completion of external audit and conclusion of reporting	EY Annual Audit Letter	EY Audit Plan (with overview) Annual Grant Certification Report from EY	
Progress report on Internal Audit Activity	Progress Report on Internal Audit Activity	Progress Report on Internal Audit Activity	Progress Report on Internal Audit Activity	Progress report on Internal Audit Activity
Follow up on Internal Audit Recommendations (to include update on historical recommendations)		Follow Up Report on Internal Audit Recommendations (to include update on historical recommendations)	Undertake self-assessment	Follow up on Internal Audit Recommendations (to include update on historical recommendations)
Annual Report and Opinion and Review of the Effectiveness of Internal Audit			Strategic and Annual Audit Plans	Annual Report and Opinion and Review of the Effectiveness of Internal Audit
Feedback on CIPFA self-assessment				
	Corporate Risk Register		Corporate Risk Register	Statement of Accounts
Annual Governance Statement	Statement of Accounts			Annual Governance Statement
Business Continuity Plan Review and training update		Business Continuity Plan Review and training update		Business Continuity Plan Review and training update
Monitoring Officer's Report (moved from September)			Risk Management Framework	

**Progress Report on Internal Audit Activity: 18 March to 7 April 2017**

- Summary:** This report examines the progress made between 18 March and 7 April 2017 in relation to delivery of the Annual Internal Audit Plan for 2016/17.
- Conclusions:** Progress in relation to delivery of the internal audit plan is line with expectations with the audit plan now complete; and a positive assurance has been awarded in the audit review finalised in this period.
- Recommendations:** It is recommended that the Committee notes the outcome of the assurance audit completed between 18 March and 7 April 2017 and the completion of the internal audit plan 2016/17.

Cabinet member(s):	Ward(s) affected:
All	All
Contact Officer, telephone number, and e-mail:	Emma Hodds, Head of Internal Audit for North Norfolk DC 01508 533791, <a href="mailto:ehodds@s-norfolk.gov.uk">ehodds@s-norfolk.gov.uk</a>

**1. Background**

- 1.1. This report reflects progress made regarding assignments featuring in the approved Annual Internal Audit Plan for 2016/17 which was endorsed by the Audit Committee on 15 March 2016.

**2. Overall Position**

- 2.1. The overall position in relation to the progress made against the Internal Audit Plan is within the attached report.

**3. Conclusion**

- 3.1 Progress in relation to delivery of the Internal Audit Plan is line with expectations with the audit plan now complete; and a positive assurance has been awarded in the audit review finalised in this period.

**4. Recommendation**

- 4.1 It is recommended that the Committee notes the outcome of the assurance audit completed between 18 March and 7 April 2017 and the completion of the internal audit plan 2016/17.

***Appendices attached to this report:***

Progress Report on Internal Audit Activity

# Eastern Internal Audit Services



## NORTH NORFOLK DISTRICT COUNCIL

### Progress Report on Internal Audit Activity

Period Covered: 18 March and 7 April 2017

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

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**1. INTRODUCTION**

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive (known in this context as the Internal Audit Consortium Manager, providing the role of the Head of Internal Audit) to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes: -
  - Any significant changes to the approved Audit Plan;
  - Progress made in delivering the agreed audits for the year;
  - Any significant outcomes arising from those audits; and
  - Performance Indicator outcomes to date.

**2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN**

- 2.1 At the meeting on 15 March 2016, the Annual Internal Audit Plan for the year was approved, identifying the specific audits to be delivered, with one change to the plan agreed at the meeting in March 2017.

**3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK**

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**, with the internal audit plan for 2016/17 now complete.

**4. THE OUTCOMES ARISING FROM OUR WORK**

- 4.1 On completion of each individual audit an assurance level is awarded using the definitions shown in the table 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 organisation’s management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.
Limited Assurance	Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.
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4.2 Recommendations made on completion of audit work are prioritised using the definitions shown in the table below.

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

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

4.4 During the period covered by the report Internal Audit Services have issued one final report and the Executive Summary of this report is attached at **Appendix 2**, full copies of these reports can be requested by Members from the Internal Audit Consortium Manager.

4.5 As a result of this audit two recommendations have been raised; one important (priority two) and one needs attention (priority three), both of which have been agreed by management.

In addition, one Operational Effectiveness Matter has been proposed to management for consideration.

4.6 In summary the final report issued concludes the following:

Business Continuity – Reasonable Assurance

This audit reviewed; procedural guidance, assignment of roles and responsibilities, local business plans/planning, liaison with local businesses and other bodies e.g. County Council, arrangements for testing plans & reporting outcomes and the links through to Disaster Recovery.

The audit has recognised and evidenced the progress that has been made in this area over the last few years, with many positive findings being concluded across all scope areas. This has been an area of concern for the Committee historically and these audit conclusions should now provide the required assurance as to the processes and controls now in place.

All services areas across the Council are classified as either critical or non-critical, these service areas then produce their own business continuity plans which enable the Council to



recover from incidents, in a managed way. One critical service plan was found to be out of date and required review, despite being prompted for updates from the Civil Contingencies Team (CCT). A way forward to address the requirement for all services to keep these plans up to date, will be through utilising the Councils performance system – TEN – and allocating a task to the Senior Officer within each service. This will also then enable review of the plans by the CCT and enable escalation to be invoked should it be necessary.

It is also deemed best practice to ensure that all non-critical services have business continuity plans in place, and the audit found that some of these required updating. It has now been agreed that this best practice will be followed by the Council and the policy will be updated to reflect this and TEN will be used to allocate and monitor the task.

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

## 5. PERFORMANCE MEASURES

- 5.1 The Internal Audit Services contract includes a suite of key performance measures against which the new contractor will be reviewed on a quarterly basis. There are a total of 11 indicators, over 4 areas. The performance measures can be seen at **Appendix 3**.

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

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

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

- 5.3 All internal audit work for 2016/17 has now been completed and a report on the performance measures provided to the Internal Audit Consortium Manager, performance for each quarter and at year end was green status with targets having been satisfactorily.
- 5.4 In addition to these quarterly reports from the Contractors Audit Director, ongoing weekly updates are provided to ensure that delivery of the audit plan for the current financial year is on track.
- 5.5 It is also extremely encouraging to note that all internal audit reports (111) for all authorities within Eastern Internal Audit Services were issued at draft by 31 March 2017, with all 17 reports for North Norfolk District Council at final report by 7 April 2017.

## APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
<b>Quarter 1</b>											
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>							
<b>Quarter 2</b>											
Corporate Governance - DP and FOI	NN1701	8	8	8	Final Report issued 30 September 2016	Reasonable	0	1	0	1	6 December 2016
Corporate Governance - SIRO	NN1717				Final Position Statement issued 13 October 2016						6 December 2016
Democratic Services	NN1706	8	8	8	Final Report issued 7 October 2016	Reasonable	0	2	0	0	6 December 2016
Property Services	NN1708	12	12	12	Final Report issued 12 October 2016	Substantial	0	0	0	0	6 December 2016
<b>TOTAL</b>		<b>28</b>	<b>28</b>	<b>28</b>							
<b>Quarter 3</b>											
Cross Authority Review - Accounts Receivable	NN1702	6	6	6	Final Report 24 February 2017						28 March 2017
Council Tax and NNDR	NN1704	20	20	20	Final Report issued 14 February 2017	Substantial	0	0	0	0	28 March 2017
Local Council Tax Support and Housing Benefits	NN1705	20	20	20	Final Report issued 3 January 2017	Substantial	0	0	1	0	28 March 2017
Payroll and Human Resources	NN1706	17	17	17	Final Report issued 31 January 2017	Reasonable	0	1	3	0	28 March 2017
Disabled Facilities Grants	NN1707	10	10	10	Final Report issued 27 January 2017	Reasonable	0	0	4	1	28 March 2017
Markets	NN1709	6	6	6	Final Report issued 13 January 2017	Substantial	0	0	1	0	28 March 2017
<b>TOTAL</b>		<b>79</b>	<b>79</b>	<b>79</b>							
<b>Quarter 4</b>											
Key Controls and Assurance	NN1710	10	10	10	Final Report issued 15 March 2017	Substantial	0	0	1	0	28 March 2017
Accounts Payable	NN1711	12	12	12	Final Report issued 8 March 2017	Reasonable	0	2	0	0	28 March 2017
Environmental Health	NN1712	18	8	8	Final Report issued 7 April 2017	Reasonable	0	1	1	1	6 June 2017
Business Continuity											
<b>TOTAL</b>		<b>40</b>	<b>30</b>	<b>30</b>							

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
<b>IT Audits</b>											
Social Media	NN1713	7	7	7	Final Report issued 21 September 2016	Reasonable	0	1	2	3	6 December 2016
E-financials application	NN1714	10	10	10	Final Report issued 7 February 2017	Reasonable	0	2	4	1	28 March 2017
SharePoint	NN1715	10	10	10	Final Position Statement issued 21 September 2016						6 December 2016
IT Hardware Asset Disposal	NN1716	3	3	3	Final Report issued 4 January 2017	Limited	1	2	2	2	28 March 2017
<b>TOTAL</b>		<b>30</b>	<b>30</b>	<b>30</b>							
<b>Follow Up</b>											
Follow Up	NA	12	12	12							
<b>TOTAL</b>		<b>12</b>	<b>12</b>	<b>12</b>							
<b>TOTAL</b>		<b>189</b>	<b>179</b>	<b>179</b>			1	12	19	9	
<b>Percentage of plan completed</b>				<b>100%</b>							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

## Assurance Review of Business Continuity Planning

### Executive Summary

#### OVERALL ASSURANCE ASSESSMENT



#### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Assignment of roles and responsibilities	0	0	0	1
Local business plans/planning	0	1	1	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>

\*No Recommendations or Operational Effectiveness Matters have been raised in respect of procedural guidance – both for internal and external parties, liaison with local businesses and other bodies e.g. County Council, arrangements for testing plans and links through to Disaster Recovery.

#### SCOPE

The objective of the audit was to review the systems and controls in place within Business Continuity Planning, as detailed in the action points above, to help confirm that these are operating adequately, effectively and efficiently.

## **RATIONALE**

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with Business Continuity Planning. The assurance opinion has been derived as a result of one 'important' and one 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be an opportunity for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services

## **KEY FINDINGS**

### **Positive Findings**

#### **Procedural guidance – both for internal and external parties**

- There is a Business Continuity Policy in place which reflects statutory and corporate requirements.

#### **Assignment of roles and responsibilities**

- There are clear roles and responsibilities for carrying out Business Continuity functions, including at strategic, tactical and operational level.
- Staff are made aware of Business Continuity and how they can help support the processes.

#### **Local business plans/planning**

- Business Continuity Plans are in place to reflect the corporate and critical services of the Council.
- Business Impact Analysis/Assessment has been undertaken within Business Continuity Plans.
- Critical activities and resources needed to deliver the plans are identified in the Business Continuity Plans.
- Business Continuity Plans contain all relevant elements and requirements.

#### **Liaison with local businesses and other bodies e.g. County Council**

- Businesses / stakeholders are made aware of Business Continuity and how they can help support the processes.

#### **Arrangements for testing plans and reporting outcomes**

- The Council has focused on testing Business Continuity Plans against live incidents/events. There is also a process in place for introducing formal testing after a period where no live incidents/events take place.
- Outcomes of live events/incidents are recorded and reviewed with action points/lessons learnt raised, reported through to the Council's Risk Management Board.

### **Links through to Disaster Recovery**

- There are links between the Business Continuity Plans to Disaster Recovery, with regular communication/teamwork undertaken between IT (for Disaster Recovery) and Civil Contingencies (for Business Continuity) teams.

### **Issues to be addressed**

The audit has highlighted the following areas where one ‘important’ recommendation has been made.

#### **Local business plans/planning**

- Senior Management Team to ensure that all Business Continuity Plans for critical services are kept up-to-date, thereby reducing the risk of the Council being unable to coordinate an effective return to business as usual when an incident occurs.

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

#### **Local business plans/planning**

- The Council to make a decision as to whether there is a requirement for all non-critical services to complete Business Continuity Plans, thereby reducing the risk of required plans not being completed or being out-of-date.

### **Operational Effectiveness Matters**

- The operational effectiveness matter, for management to consider relates to the addition of a Business Continuity training presentation/module to the staff e-learning portal, to further raise staff awareness and knowledge in relation to business continuity.

### APPENDIX 3 – PERFORMANCE MEASURES

Area / Indicator	Target
<u>Audit Committee / Senior Management</u> 1. Audit Committee Satisfaction – measured annually 2. Chief Finance Officer Satisfaction – measured quarterly	Adequate  Good
<u>Internal Audit Process</u> 3. Each quarters audits completed to draft report within 10 working days of the end of the quarter 4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter 5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report ( a sample of these will be subject to quality review by the Contract Manager) 6. Compliance with Public Sector Internal Audit Standards 7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.	100%  100%  100%  Full  100%
<u>Clients</u> 8. Average feedback score received from key clients (auditees) 9. Percentage of recommendations accepted by management	Adequate  90%
<u>Innovations and Capabilities</u> 10. Percentage of qualified (including experienced) staff working on the contract each quarter 11. Number of training hours per member of staff completed per quarter	60%  1 day

Agenda Item No 9**Follow Up on Internal Audit Recommendations 1 November 2016 to 31 March 2017**

- Summary:** This report provides an overview of progress made in implementing agreed audit recommendations due for completion between 1 November 2016 and 31 March 2017.
- Conclusions:** Progress in implementing current year recommendations is encouraging, with only seven reported as outstanding as at financial year end, none of which are classed as urgent. There does remain a further nine outstanding recommendations which relate to prior financial years which need addressing to resolve the issues identified.
- Recommendations:** It is recommended that the Committee notes management action taken to date regarding the delivery of audit recommendations.

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

**1. Background**

- 1.1. In accordance with agreed internal audit review and reporting cycles, we revisit the status of audit recommendations on a 6-monthly basis and last presented our findings in this area to the Audit Committee in December 2016.
- 1.2. This report now seeks to provide an update on the status of audit recommendations following recent verification work performed by the Contractor, which examined the level of activity concerning the delivery of audit recommendations falling due between 1 November 2016 and 31 March 2017.

**2. Overall Position**

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

**3. Conclusion**

- 3.1 Progress in implementing current year recommendations is encouraging, with only seven reported as outstanding as at financial year end, none of which are



classed as urgent. There does remain a further nine outstanding recommendations which relate to prior financial years which need addressing to resolve the issues identified.

**4. Recommendation**

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

***Appendices attached to this report:***

Follow Up Report on Internal Audit Recommendations

# Eastern Internal Audit Services



## NORTH NORFOLK DISTRICT COUNCIL

### Follow Up Report on Internal Audit Recommendations

Period Covered: 1 November 2016 to 31 March 2017

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

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## 1. INTRODUCTION

- 1.1 This report is being issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive (known in this context as the Internal Audit Consortium Manager, providing the role of the Head of Internal Audit) to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:-
- The status of agreed actions.

## 2. STATUS OF AGREED ACTIONS

- 2.1 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to this Committee. Verification work is also undertaken for those recommendations that are reported as closed.
- 2.2 **Appendix 1** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken and identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round.
- 2.3 The summary position according to recommendation priority is shown in the table below, with the previously reported position in the first table and the current position in the second table to enable comparison:

<b>Status of Recommendations as at 31 October 2016</b>					
	<b>P1</b>	<b>P2</b>	<b>P3</b>	<b>Total</b>	<b>%</b>
<b>Complete</b>	0	9	16	25	71%
<b>Outstanding</b>	0	6	4	10	29%
<b>Total</b>	0	15	20	35	

<b>Status of Recommendations as at 31 March 2017</b>					
	<b>P1</b>	<b>P2</b>	<b>P3</b>	<b>Total</b>	<b>%</b>
<b>Complete</b>	1	3	12	16	50%
<b>Outstanding</b>	0	9	7	16	50%
<b>Total</b>	1	12	19	32	

**Key:**

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

Priority 3 – Needs Attention: Control issue on which action to implement should be taken within 6 months.

- 2.4 In relation to the historic recommendations (i.e. those prior to the 2015/16 financial year), there is one from a 2010/11 review on Development Management, which the Committee have previously received fuller updates from management, and two from reviews undertaken in 2014/15 of Key Controls & Assurance and Firewall Administration.

The detail of the progress to date is reflected in **Appendix 2** of the report.

- 2.5 In 2015/16 internal audit raised 62 recommendations, with 56 now being closed, the remaining six are outstanding (no urgent, three important and three needs attention).

Number raised	62	
Complete	56	90%
Outstanding	6	10%

The management responses in relation to the three outstanding important recommendations can be seen at **Appendix 3** of the report.

- 2.6 In 2016/17 internal audit raised 32 recommendations; 17 of which have already been implemented by the agreed date, seven of which are outstanding (no urgent, four important and three needs attention), seven which are not yet due for implementation and one which was disagreed and has been reported to Committee previously.

This is a very encouraging position with current year audit recommendations, indicating a positive response to the implementation of audit recommendations. It is also encouraging to note that the one urgent recommendation raised within the year has already been appropriately addressed by management, thus mitigating the associated risks.

Number raised to date	32	
Complete	17	56%
Outstanding	7	22%
Not yet due	7	22%
Disagreed	1	

The management responses in relation to the four important recommendations can be seen at **Appendix 4** to the report.

## APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed bt 01/11/2016 and 31/03/2017			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstandin g	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
Audit Re	Audit Area	Assurance Level													
<b>2010/11 Internal Audit Reviews</b>															
NN1112	Development Management, Building Control and Land Charges	Adequate					1					1			
<b>2014/15 Internal Audit Reviews</b>															
NN1513	Key Controls and Assurance	N/A						1				1			
NN1517	Firewall Administration	Adequate					1					1			
<b>2015/16 Internal Audit Reviews</b>															
NN1608	Car Parking	Reasonable					1					1			
NN1611	Accounts Receivable	Substantial						1				1			
NN1614	Xpress Electoral Services Application	Reasonable		1			1	2				3			
NN1615	Cash Receipting Application	Reasonable					1					1			
<b>2016/17 Internal Audit Reviews</b>															
NN1701	Corporate Governance	Reasonable		1								0			
NN1705	Local Council Tax Support & Housing Benefit	Substantial			1							0			
NN1706	Payroll & Human Resources	Reasonable			3					1		1			
NN1707	Disabled Facilities Grants	Reasonable			4							0			
NN1709	Markets	Substantial			1							0			
NN1710	Key Controls and Assurance	Substantial									1	1			
NN1711	Accounts Payable	Reasonable								1		1		1	
NN1712	Business Continuity	Reasonable										0		1	1
NN1713	Social Media	Reasonable			1					1	1	2			
NN1714	Efinancials Applications	Reasonable			2							0		2	2
NN1716	IT Hardware Asset Disposal	Limited	1	1						1	1	2			
<b>TOTALS</b>			<b>1</b>	<b>3</b>	<b>12</b>	<b>0</b>	<b>5</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>16</b>	<b>0</b>	<b>4</b>	<b>3</b>

## APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – HISTORIC AUDIT REVIEWS

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Last Update	Latest Response
NN1112 Development Management, Building Control and Land Charge	Written guidance detailing the roles and responsibilities for monitoring the key requirements of Section 106 Planning Agreements should be produced to ensure appropriate action is taken to enforce the conditions contained therein. The guidance should be accompanied by a collated record of all Section 106 Planning Agreements, detailing the trigger points and accompanying obligations. This should include key responsibilities and contacts for the obligation and state action to be taken as and when those trigger points are reached. Where trigger points have been reached, action should be taken in a timely manner to enforce those conditions.	2	Agreed.	Planning Legal Manager	30/11/2011	31/12/2017	Outstanding	14/11/2016	This area of work remains outstanding and is a matter of concern as it impact on our ability to determine major planning applications, and to monitoring major developments as they progress. Whilst recognising the importance of this area of work, I have been unable to resource this piece of work due to staff vacancies, turnover and other priorities. In the last two months, an improvement plan has been drafted, and the service along with other teams within the Council will work through this. It is not anticipated that this work will be complete until 31/12/17.
NN1513 Work to Support the Preparation of the Annual Governance Statement	The Council's Disposal, Investment and Acquisition Policy should be reviewed and where necessary updated, to reflect current the Council's agreed arrangements for assessing and approving capital acquisitions and disposals.	3	Agreed. The Disposal, Investment and Acquisition Policy will be reviewed and updated where appropriate to reflect the recent changes to the Board structures and arrangements.	Asset Strategy Manager	31/10/2015	31/07/2017	Outstanding	06/04/2017	Drafts of these policies for Head of Service review are almost complete. Revised policies may also need Cabinet approval, so new implementation date set for 31/07/17.
NN1517 Firewall Administration	Configuration of the firewall monitoring blade. The Council should work to configure the available monitoring blade such that it produces relevant alerts and reporting for management review and resolution implementation.	2	Agreed, although it is likely that we will have the logs sent to the new SIEM application that we are working to implement.	Technical Support Officer	31/12/2015	31/05/2017	Outstanding	26/04/2017	The Head of Business Transformation & IT stated that the implementation of the SIEM system has proven more complicated than envisaged, although good progress is now being made. NNDC are engaged with external suppliers to ensure the expected level of monitoring and alerts are successfully implemented. It is expected that this work will be completed by 31/05/2017.

### APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2015/16 AUDIT REVIEWS

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Last Update	Latest Response
NN1608 Car Parking	A full breakdown be provided by KL&WNBC within the monthly income statement issued regarding PCN, including a breakdown of those paid at the discounted rate for payment within 14 days, those paid after 14 days at the increased cost, those not yet paid and those cancelled within that month.	2	Agreed. We will work with KL&WNBC to see what additional information can be provided to enable us to more accurately monitor the PCN income received.	Leisure and Locality Services Manager	31/03/2016	30/11/2017	Outstanding	22/02/2017	Due to difficulty in obtaining information from KL&WNBC, agreed with Leisure and Locality Services Manager and Internal Audit Consortium Manager that this will be addressed during the car parking audit in 2017/18.
NN1614 eXpress application	A copy of the administrator role is made, assigned an appropriate name and then amended to remove permissions that users are not permitted to use, such as the creation of new user accounts. At the same time, review other permissions that could also be removed, or otherwise amended.	2	Agreed.	Electoral Services Manager	31/03/2016	30/06/2017	Outstanding	24/04/2017	Time will be needed to work with Xpress and explore whether or not there is the functionality to satisfy these recommendations. This will not be possible until after the upcoming elections.
NN1615 Cash Receipting Application	Recommendation 2 - Council Management to initiate a process whereby the application's contract is reviewed with a view to renewing it or tendering for a replacement by the expiry date of August 2016.	2	Agreed.	Head of Finance and Assets	31/03/2016	30/06/2017	Outstanding	19/04/2017	A new contract will be agreed with the current provider in June 2017 at the next contract meeting. Responsible officer updated to Head of Finance and Assets.

## APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2016/17 AUDIT REVIEWS

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Last Update	Latest Response
NN1706 Payroll and Human Resources includes member and officer expenses	Recommendation 1 - The Council to comply with requirements of the Driver Safety Policy and Handbook in regard driver eligibility for staff who use their vehicles for official Council business, including retaining an audit trail of previous eligibility checks undertaken.	2	It is recognised that this process is difficult to control within HR as it is a line manager's responsibility. In order to place the onus on the individual, it was agreed that we would add a declaration onto the My View electronic expenses claim so that every time an employee submits a claim they state that they have valid insurance and their vehicle has a valid MOT.	HR Co-ordinator	31/03/2017	31/05/2017	Outstanding	19/04/2017	HR Managed stated that some system changes are needed in order to put this in place. Revised deadline end of May.
NN1711 Accounts Payable	Recommendation 2 - Evidence to be retained to confirm that the creditor has been contacted, prior to changes being made, to confirm the validity of the request to change payment details. .	2	Agreed. Evidence of checks that have been made by staff to confirm any changes to supplier's bank details will be retained.	Finance Team Leader	31/03/2017	31/05/2017	Outstanding	19/04/2017	The job descriptions of the current team are to be reviewed and updated to ensure that all areas of work are covered within the existing team.
NN1713 Social Media	Recommendation 1 - Management to draft, agree and communicate social media management policies and procedures, to include the following areas: Requesting a new social media account; Requesting access to an existing account; Requesting that a user be removed from an account - for example, personnel moving jobs and no longer requiring access to accounts; and How to manage negative postings referencing the Council on social media channels not under the Council's control.	2	Agreed.	Communications and PR Manager	31/03/2017	31/05/2017	Outstanding	04/04/2017	A draft social media management policy is currently out for consultation with the relevant heads of service and is due to be decided by CLT in early April.
NN1716 IT Asset Disposal	Recommendation 3 - Council management to ensure that a full, documented reconciliation of the destroyed assets confirmed by the WEEE contractor is carried out against the original asset list sent for destruction.	2	Agreed.	Network Manager.	31/03/2017	30/09/2017	Outstanding	11/04/2017	The Council has not disposed of any hardware assets since the audit so it is not yet possible to evidence that this reconciliation is now taking place.



**Section 106 Obligations: Position Statement**

Summary:

Following discussion at the Governance, Risk and Audit committee on 6 December 2016, it was agreed that the Committee should receive a six monthly progress report, with regard to the outstanding audit recommendation. This report is the first progress report.

It is acknowledged that the priorities for the Planning Service, as set out in the Annual Action Plan are focussed on the review of the Local Plan, and ensuring that the authority exceeds the Government targets set for Development Management for the determination of planning applications within the statutory time period.

As well as the direct service challenges, the service is the first to undergo a Business Process Review (BPR) a major part of the Council's Digital Transformation Programme, the implementation of the outcome of this work is currently on-going.

Recruitment remains a challenge due to the national shortage of Planners, and the service has had to be creative in the way it resolves these issues, including further changes to the department's structure

The performance of the Development Management function and update on the BPR work was reported to Overview and Scrutiny Committee on 17 May 2017..

This report focuses on the steps taken to address the outstanding audit recommendation.

Conclusions:

Since the discussion at the committee in December the following have been put in place:

- Planning Obligations: Improvement Plan has been drawn up, and endorsed by Management Team
- A risk assessed approach has been put in place to review Section 106 Agreements which have been completed since 1 January 2012, matched against completion information to enable a desk top assessment of any outstanding obligations and actions will be put in place to monitor.

Recommendations:

**Members are asked to note the contents of this report.**

Cabinet Member(s)	Ward(s) affected
Cllr Sue Arnold – Planning	All
Contact Officer, telephone number and email: Nicola Baker, Head of Planning. <a href="mailto:Nicola.baker@north-norfolk.gov.uk">Nicola.baker@north-norfolk.gov.uk</a>	

## 1. Introduction

### 1.1 An audit was undertaken in 2011, which identified that:

“Written guidance detailing the roles and responsibilities for monitoring the key requirements of Section 106 Planning Agreements should be produced to ensure appropriate action is taken to enforce the conditions therein. The guidance should be accompanied by a collated record of all S106 agreements, detailing the trigger points and accompanying obligations. This should include key responsibilities and contacts for the obligation and state action to be taken as and when those trigger points are reached. Where trigger points have been reached, action should be taken in a timely manner to enforce those conditions.”

This is the oldest outstanding Audit recommendation and therefore needs to be addressed.

### 1.2 Whilst the service recognised the value of undertaking the work identified in this Audit, it has struggled due to competing priorities and difficulties in recruiting staff to adequately address this matter.

### 1.3 Following discussion at the last meeting, an Improvement Plan has been produced (see Appendix B), and in the meantime the Service has produced a methodology for a risk based assessment of the most recent S106's, identifying where development has commenced, to identify priorities for further investigation and monitoring.

### 1.4 Members are asked to note the content of this report

## 2. Background

### 2.1. The extract from the Internal Audit Recommendations – Historic Audit Review is attached as Appendix A.

### 2.2 Various attempts have been made to resource this piece of work in the past. The responsibility for monitoring the Section 106 agreement was incorporated into the Job Description for the Senior Enforcement Officer. This is however restricted so the monitoring on site, and subsequently action in terms of enforcing any breaches of S106 agreement would be dependent on colleagues within planning, finance and legal team.

### 2.3 Despite several attempts the Council were unable to recruit a qualified planner

into this position. Instead this post was filled on a short term basis, by various agency Enforcement Officers, with a focus on tackling the backlog of planning enforcement cases.

2.4 In April 2016, this function was integrated into the Combined Enforcement Team under the management of Steve Hems, Head of Environmental Services. This team have undergone an intensive training programme, becoming operational in relation to planning enforcement in September 2016. This team are successfully tackling Planning enforcement, empty homes, Council tax completion), however at the moment has little capacity to monitoring S106's. The team would also require training to take on board this function.

2.5 It is considered that where this function sits should be reviewed at a time when the actions identified within the Improvement Plan have been implemented, and there is more certainty in relation to resources.

### **3. Staff capacity and recruitment issues**

3.1 Members will be aware that the service is experiencing difficulties in recruiting experienced Planners. This is not unique to North Norfolk, as it is now recognised that there is a national shortage of Planners. This has however impacted on our capacity to deliver the service at a time of increasing demand, as it has resulted in a number of repeat recruitment processes. The Council has also responded with the introduction of 'Golden Hello' payments to encourage staff who would need to relocate. A number of the posts within Planning also attract a retention payment, to try to ensure we keep the current team.

3.2 The most recent recruitment exercise was undertaken in February 2017 this was for 5 posts, three within planning policy, one in major projects and one in development management.

3.3 Following an extensive recruitment campaign we have successfully recruited 2 additional Planners, one to Major Projects and one to Development Management, leaving 3 vacancies primarily within Planning Policy. This lack of resource in planning policy is impacting on the time table for the Local Plan Review, and ultimately the allocation of sites in the District for additional development.

3.4 As a result of these recruitment difficulties, Officers have had to seek an alternative and perhaps not ideal solution to resourcing this project.

### **4 Planning Obligations: Improvement Plan**

4.1 There are a number of actions that need to be completed to ensure that we have a comprehensive set of procedures and practices in place to deal with Planning Obligations from end to end, so from initial specification of requirements and drafting, through to monitoring as the development proceeds on site.

- 4.2 These actions are contained within the attached Planning Obligations Improvement Plan owned corporately by Management Team.

## **5 Risk based approach to Monitoring**

- 5.1 Whilst the Improvement Plan represents the ideal solution, it will take time to complete the actions listed. In the meantime, the service has developed a risk based approach to monitoring sites.
- 5.2 Historical information recorded into the Council's planning back office system, Acolaid, is minimal and not sufficient to enable robust or comprehensive monitoring of the agreements
- 5.3 The Major Project Team has identified 92 applications with associated S106 Obligations since 01 January 2012. Recognising that it is predominantly the major sites (including allocated sites) that have associated planning obligations with multiple triggers and on/off site contributions, these have been cross referenced against recently compiled completions data, to produce a list of priorities. This process has so far identified 15 allocated sites where development has commenced. Officers within the Major Projects team will review the legal agreements, capturing details of the contributions and trigger, and identify where further action is required.
- 5.4 Where further action is required, the team will use these to produce standard templates following advice from colleagues in Eastlaw and Finance as appropriate, to take necessary action.
- 5.5 For enforcement action to be effective, it needs to occur prior to the development being completed and the Developer leaving the site.

## **6 Financial Implications and Risks**

- 6.1 The Council's failure to have adequate and robust processes in place to deal with Planning Obligations means the Council is at risk of losing financial contributions required to deliver community infrastructure associated with major developments and the mechanism to secure a satisfactory form of development.
- 6.2 Some limited and ad-hoc monitoring does currently occur, but this is on a piecemeal basis.
- 6.3 The Improvement Plan identified the steps required to address this issue over the longer term, whilst the pragmatic approach put forward by the Major Project team, within Planning reduces our current risk.

## **7 Equality and Diversity**

- 7.1 None

## **8 Section 17 Crime and Disorder considerations**

- 8..1 There are no Section 17 implications arising from this report.

## **9 Conclusions**

**9.1** Members are asked to endorse the approach set out in this paper.

### **Appendices**

1. Extract from the outstanding Internal Recommendations
2. Planning Obligations: Improvement Plan

APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – HISTORIC AUDIT REVIEWS

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Last Update	Latest Response
NN1112 Development Management, Building Control and Land Charge	Written guidance detailing the roles and responsibilities for monitoring the key requirements of Section 106 Planning Agreements should be produced to ensure appropriate action is taken to enforce the conditions contained therein. The guidance should be accompanied by a collated record of all Section 106 Planning Agreements, detailing the trigger points and accompanying obligations. This should include key responsibilities and contacts for the obligation and state action to be taken as and when those trigger points are reached. Where trigger points have been reached, action should be taken in a timely manner to enforce those conditions.	2	Agreed. Results of Follow Ups to Date April 2015 - We are currently out to recruitment now, with interviews scheduled for 30 April 2015. This has probably delayed us by approximately 6 month. Implementation now likely by End of September 2015. Considerable progress has been made on capturing section 106 information on to Acolaid, with a facility to produce to monitoring reports. The responsibility for monitoring S106 needs to be allocated to a post, this will be addressed in the restructure proposals for the service, with implementation planned for September 2014. We were unsuccessful recruiting first time round. This has delayed implementation. We are currently out to recruitment now, with interviews scheduled for 30 April 2015. This has probably delayed us by approximately 6 month. Implementation now likely by End of September 2015. Nov. 2014 - The new structure for Planning (Phase 1) included a new post 'Senior Enforcement Officers' who's roles and responsibilities included monitoring of S106 agreements. We	Planning Legal Manager	30/11/2015	31/12/2017	Outstanding	14/11/2016	This area of work remains outstanding and is a matter of concern as it impact on our ability to determine major planning applications, and to monitoring major developments as they progress. Whilst recognising the importance of this area of work, I have been unable to resource this piece of work due to staff vacancies, turnover and other priorities. In the last two months, an improvement plan has been drafted, and the service along with other teams within the Council will work through this. It is not anticipated that this work will be complete until 31/12/17.  JA: This will continue to be monitored as part of internal audit's cyclical follow up checks.
NN1513 Key Controls and Assurance	The Council's Disposal, Investment and Acquisition Policy should be reviewed and where necessary updated, to reflect current the Council's agreed arrangements for assessing and approving capital acquisitions and disposals.	3	Agreed. The Disposal, Investment and Acquisition Policy will be reviewed and updated where appropriate to reflect the recent changes to the Board structures and arrangements. Results of Follow Ups to Date April 2015 - The update of the policy will be taken through the committee system for approval in July 2015.	Head of Assets & Leisure	31/10/2015	31/03/2017	Outstanding	03/10/2016	Ehods - 3 October - request to extend deadline date for implementation agreed with Head of Service as they are back out to advert the Asset Strategy post, who will be responsible for addressing this. REVISED DEADLINE DATE 31 MARCH 2017

# Planning Obligations: Improvement Plan (updated 16/5/17)

Activity	Priority	Status	Lead Officer	Target Completion date	Recommendation /Progress to date
<b>Practice Guides</b>					
Use of Planning Obligation in decision making Use of Viability Assessment in decision	2		Nicola Baker	September 2017	First draft produced
Developers Guide to use of Planning Obligations – including recovery of costs	2		Nicola Baker	September 2017	First draft produced
Use of Viability Assessment in decision making	2		Nicola Baker	September 2017	
Developers Guide for Viability Assessment – needs to include recovery of costs	2		Nicola Baker	September 2017	
Developers Guide to Open Space requirements, costs and adoption procedures	1		Rob Young	September 2017	
Developers Guide to open space incorporating SUD, costs and adoption procedures	1		Steve Blatch	September 2017	
Affordable housing requirements (need to be updated?)	1		Mark Ashwell/Nicola Turner	December 2017	
<b>Drafting agreements</b>					
Introduction of clear 'instruction sheet' for Planners to instruct Eastlaw at the appropriate stage	1		Eastlaw	September 2017	
Production of the standard template for use internal consultation (affordable housing, SUDs, open space – to speed up the production of the first draft of S106 (may have this, may need updating, check list of information require and standard form of legal undertaking)	1		Eastlaw	September 2017	

<b>Activity</b>	<b>Priority</b>	<b>Status</b>	<b>Lead Officer</b>	<b>Target Completion date</b>	<b>Recommendation /Progress to date</b>
Investigate the Council's ability to recover Officer time in addition to legal costs.	1		Eastlaw	September 2017	
Need clear procedure for dealing with variation to legal agreements	2		Eastlaw/Nicola Baker	December 2017	
<b>Historic S106</b>					
Check historic data already entered into Acolaid. Check to ensure recent S106 agreement recorded on system, and also as Land Charge	1		Geoff Lyon	30 June 2017	Work commenced.
Use Risk based approach to identify priorities to under monitoring of sites under development	1		Geoff Lyon	30 June 2017	Priorities identified.
Put new procedure in place for Case Officers to follow on receipt of signed agreement from Eastlaw	1		Geoff Lyon/Sarah Ashurst	30 June 2017	First Draft produced
Explore use of Acolaid S106 module and reports-	2		Geoff Lyon/Sarah Ashurst	September 2017	
Ensure reports in place, that will list triggers	2		Geoff Lyon/Sarah Ashurst	December 2017	
<b>Monitoring</b>					
Review role of monitoring S106 as part of work of Combined Enforcement team once improvement plan implemented	2		Nicola Baker/Steve Hems	December 2017	
Clear procedure for tracking receipt of payments, to spending department and delivery of infrastructure Need to link to Norfolk County Council monitoring.	2		Nicola Baker / Duncan Ellis/Rob Young	December 2017	



Agenda Item No 10**Annual Report and Opinion 2016/17****Summary:**

This report concludes on the Internal Audit Activity undertaken during 2016/17, it provides an Annual Opinion concerning the organisation's framework of governance, risk management and control and concludes on the Effectiveness of Internal Audit and provides key information for the Annual Governance Statement.

**Conclusions:**

On the basis of Internal Audit work performed during 2016/17, the Head of Internal Audit is able to give a reasonable (positive) opinion on the framework of governance, risk management and control at North Norfolk District Council.

**Recommendations:**

1. Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit.
2. Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2017.
3. Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2016/17.
4. Note the conclusions of the Review of the Effectiveness of Internal Audit.

Cabinet member(s):

All

Contact Officer, telephone number, and e-mail:

Ward(s) affected:

All

Emma Hodds, Internal Audit Consortium Manager  
01508 533791, [ehodds@s-norfolk.gov.uk](mailto:ehodds@s-norfolk.gov.uk)**1. Background**

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

- A summary of the work that supports the opinion should be submitted;

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

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

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

## 2. Overall Position

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

## 3. Conclusion

3.1 On the basis of Internal Audit work performed during 2016/17, the Head of Internal Audit is able to give a **reasonable** opinion on the framework of governance, risk management and control at North Norfolk District Council.

3.2 The outcomes of the Effectiveness Review confirm that Internal Audit:

- Is compliant with the Public Sector Internal Audit Standards;
- Is continually monitoring performance and looking for ways to improve; and,
- Is complaint with CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.

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

## 4. Recommendation

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

4.2 Note that a **reasonable** audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2017.

4.3 Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2016/17.

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

***Appendices attached to this report:***

Annual Report and Opinion 2016/17

# Eastern Internal Audit Services



## NORTH NORFOLK DISTRICT COUNCIL

### Annual Report and Opinion 2016/17

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

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## 1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 Those standards – the Public Sector Internal Audit Standards - require the Chief Audit Executive (known in this context as the Internal Audit Consortium Manager – IACM and providing the Role of the Head of Internal Audit) to provide a written report to those charged with governance (known in this context as the Governance, Risk and Audit Committee) to support the Annual Governance Statement (AGS). This report must set out: -
- The opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control during 2016/17, together with reasons if the opinion is unfavourable;
  - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
  - Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
  - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA’s Statement on the Role of the Head of Internal Audit.
- 1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation’s Annual Governance Statement, but there are also a number of other important sources to which the Governance, Risk and Audit Committee and statutory officers of the Council should be looking to gain assurance.

Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully at **Appendix 3**.

## 2. ANNUAL OPINION OF THE IACM

### 2.1 Roles and responsibilities

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

This is achieved through the delivery of the risk based Annual Internal Audit Plan discussed and approved with the Corporate Leadership Team and key stakeholders and then approved by the Governance, Risk and Audit Committee at its meeting on 15 March 2016.

Any justifiable amendments that are requested during the year are discussed and agreed with senior management, and reported through to Committee. This opinion does not imply that internal audit has reviewed all risks and assurances, but it is one component to be taken into account during the preparation of the AGS.

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

## 2.2 The opinion itself

- The overall opinion in relation to the framework of governance, risk management and control at North Norfolk District Council is reasonable (positive). It is important to recognise that the specific areas of; Key Controls & Assurance, Council Tax & National Non-Domestic Rates, Local Council Tax Support & Housing Benefits, Property Services and Markets received substantial assurance. This is particularly encouraging due to the first four areas accounting for large areas of the Council's accounts.
- In providing the opinion the Council's risk management framework and supporting processes, the relative materiality of the issues arising from the internal audit work during the year and management's progress in addressing any control weaknesses identified therefrom have been taken into account.
- The opinion has been discussed with the Section 151 Officer prior to publication.

## 3. **AUDIT WORK UNDERTAKEN DURING THE YEAR**

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

3.2 Internal audit work is divided into four broad categories;

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

## 3.3 Summary of the internal audit work

The work undertaken by internal audit services in 2016/17 has covered a wide range of services and has resulted in both assurance opinion reports being concluded and suggested improvements made through position statements.

Internal Audit has issued 14 assurance reports, with 13 of these assurances being positive (substantial assurance – five reports and reasonable assurance – eight reports). The review of IT Hardware Asset Disposal concluded with a limited assurance, however the urgent recommendation raised has been appropriately addressed by management within year, thus mitigating the associated risks.

Internal Audit has also provided advice and guidance in the areas of the Senior Information Risk Officer (SIRO) and how this can best be embedded at the Council and also linked to this advice and guidance on SharePoint, the new application which helps manage data

repositories in a consistent manner. Position Statements were provided to management on conclusion, providing suggested actions and improvements.

Finally, North Norfolk has participated in a cross authority review for the second year, with the focus this year on the Accounts Receivable service. The overall objective of the review is to identify where there are opportunities to generate savings in processing of transactions regarding Accounts Receivable and, in addition, to provide information to be analysed for future Accounts Receivable audits. The review evaluates the arrangements at the Council in respect to Creditor Payments and those at three other Councils in the region to identify and share opportunities for good practice.

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

The only change to the internal audit plan was a reduced scope for Environmental Health, so that the focus was specifically on Business Continuity, this was agreed with the Committee and the wider service will be subject to audit review in 2017/18.

#### 3.4 Follow up of management action

In relation to the follow up of management actions to ensure that they have been effectively implemented the position at year end is that of the 32 audit recommendations raised by TIAA Ltd in 2016/17; 17 have been actioned by management (including the only urgent recommendation raised), one was disagreed and seven are not yet due.

The remaining seven recommendations relating to 2016/17 are outstanding; four are rated important (priority two) and three are classed as needs attention (priority three).

There are also six recommendations outstanding from the 2015/16 financial year; three important and three needs attention. In addition, there are three recommendations outstanding from prior financial years; one from 2010/11 and two from 2014/15.

In relation to all the 16 outstanding recommendations management have provided updates as to the progress made to date to address the control weaknesses.

The follow up report earlier on the agenda provides the updated management responses and proposed revised deadlines. The Committee has also been proactive in seeking further management explanation as required and have gained assurances as to the underlying reasons for delays in implementation.

It is important that these recommendations are addressed, particularly the prior financial year recommendations, in order to resolve the issues identified and address the associated control and risk weaknesses.

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

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

### 4. **THIRD PARTY ASSURANCES**

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

### 5. **ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**

## 5.1 Quality Assurance and Improvement Programme (QAIP)

### 5.1.1 Internal Assessment

A checklist for conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note has been completed for 2016/17. This covers; the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.

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

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

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

The detailed internal assessment checklist has been forwarded to the Head of Finance and Assets (Section 151 Officer) for independent scrutiny and verification.

### 5.1.2 External Assessment

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

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

The external assessment report has previously been provided to the Head of Finance and Assets and the Governance, Risk and Audit Committee.

## 5.2 Performance Indicator outcomes

5.2.1 The Internal Audit Service is benchmarked against a number of performance indicators as agreed by the Governance, Risk and Audit Committee.

Actual performance against these targets is outlined within the following table:

	Indicator	Frequency	Target	Actual	Comments
1	Audit Committee Satisfaction	Annual	Adequate	Excellent	Exceeded target
2	Chief Finance Officer	Annual	Good	Good	Achieved



	Satisfaction				
3	Annual draft reports issued within 10 working days of the end of the quarter	Quarterly	100%	100%	Achieved - 17 reports issued
4	Quarterly assurance reports to the Contract Manager within 15 working days of the end of the quarter	Quarterly	100%	100%	Achieved - All quarterly reports received with 15 working days of year end. Annual report received 12/04/2017
5	An audit file supporting each review and showing clear evidence of quality control	Quarterly	100%	100%	Achieved
6	Compliance with PSIAS	Annual	Generally Conforms	Generally Conforms	Achieved
7	Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received	Quarterly	100%	100%	No issues to address
8	Average feedback scores from key clients	Quarterly	Adequate	Good	Exceeded, 9 responses received
9	Percentage of recommendations accepted by management	Quarterly	90%	97%	Achieved - One P3 recommendation disagreed
10	Percentage of qualified/experienced staff working on the contract each quarter	Quarterly	60%	85%	Exceeded target
11	Number of training hours per member of staff completed each quarter	Quarterly	1 day	1 day	Achieved

5.2.2 It is encouraging to note that all performance measures have been achieved, with three of these exceeding targets. Client feedback has been provided in the majority of cases which has been extremely positive recognising the professional service provided & also the value that internal audit has brought to the Council. The contractor has also provided the Council with a higher percentage of qualified / experienced staff to undertake the audit reviews, supported by new auditors to ensure continuity and resilience on the contract.

It is also extremely encouraging to note that all 17 internal audit reviews were at draft report stage by 31 March 2017, with all at final report by 7 April 2017. Thus ensuring audits are completed within financial year and ensuring that this annual opinion can be ready in line with the earlier reporting requirements associated with the audit of the accounts.

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

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

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

Completion of the checklist confirms full compliance with the CIPFA guidance on the Role of the Head of Internal Audit in relation to the 5 principles set out within. However, further development is required in the following two areas:

Ensure that the HIA is consulted on all proposed major projects, programmes and policy initiatives.

There have been changes over the preceding financial year in relation to the membership of the Corporate Leadership Team and the Section 151 Officer post holder. Good relationships were already in place with these key officers prior to the changes, and these are now more important to ensure the Head of Internal Audit is consulted and kept up to date on major projects, programmes and policy initiatives. More regular meetings will be scheduled with the Section 151 Officer to enable this, and the appointment of the new Chief Technical Accountant will also assist.

Ensure that comprehensive governance arrangements are in place, with supporting documents covering risk management, corporate planning, anti-fraud and corruption and whistleblowing

The recent self-assessment undertaken by the Governance, Risk and Audit Committee has highlighted that the Whistleblowing Policy and Fraud & Corruption Policy require update by the Head of Internal Audit and then discussion & approval by the Committee. This has already been discussed with the Section 151 Officer and the Monitoring Officer and is work in progress.

The detailed checklist has been forwarded to the Head of Finance and Assets for independent scrutiny and verification.

**APPENDIX1 – AUDIT WORK UNDERTAKEN DURING 2016/17**

<b>Audit Area</b>	<b>Assurance</b>	<b>No of Recs</b>	<b>Implemented</b>	<b>P1 OS</b>	<b>P2 OS</b>	<b>P3 OS</b>	<b>Not yet due</b>
<b>Annual Opinion Audits</b>							
Corporate Governance – DP and FOI	Reasonable	1	1				
Corporate Governance – SIRO	n/a	n/a					
Key Controls and Assurance	Substantial	1				1	
<b>Fundamental Financial Systems</b>							
Cross Authority Review – Accounts Receivable	n/a	n/a					
Council Tax and NNDR	Substantial	0					
Housing Benefit and Council Tax Support	Substantial	1	1				
Payroll and Human Resources	Reasonable	4	3		1		
Accounts Payable	Reasonable	2			1		1
<b>Service area audits</b>							
Democratic Services	Reasonable	2	2				
Property Services	Substantial	0					
Disabled Facilities Grants	Reasonable	4	4				
Markets	Substantial	1	1				
Business Continuity	Reasonable	2					2
<b>IT audits</b>							
Social Media	Reasonable	3	1		1	1	
E-Financials Application	Reasonable	6	2				4
SharePoint	n/a	n/a					
IT Hardware Asset Disposal	Limited	4(5*)	2		1	1	
<b>Total</b>		<b>31 (32)</b>	<b>17</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>7</b>

\*one recommendation not agreed (priority three)

<b>Assurance level definitions</b>		<b>Number</b>
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our audit review were being consistently applied.	5
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisations management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.	8
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.	1
No Assurance	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.	0

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

## APPENDIX 2 ASSURANCE CHART

	Previous Contract		Current Contract		
	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Annual Opinion Audits</b>					
Corporate Governance and Risk Management			Reasonable		
Corporate Governance				Reasonable	
Risk Management					x
Key Controls and Assurance	Reasonable	Reasonable	Reasonable	Substantial	x
<b>Fundamental Financial Systems</b>					
Accounts Receivable	Reasonable		Reasonable		x
Income	Main reception - Reasonable TIC - Limited		Reasonable		x
Accountancy Services	Reasonable		Reasonable		x
Local Council Tax Support and Housing Benefits		Reasonable		Substantial	
Council Tax / NNDR		Substantial		Substantial	
Accounts Payable		Reasonable		Reasonable	
Payroll / HR		Reasonable		Reasonable	
Cross Authority Review - Accounts Payable			n/a		
Cross Authority Review - Accounts Receivable				n/a	
Cross Authority Review - Payroll and HR					x
<b>Service Area Audits</b>					
Procurement		Reasonable			x
Economic Growth	Reasonable				
Coastal Management		Reasonable			
Housing Strategy and Affordable Housing			Reasonable		
Private Sector Housing and Disabled Facilities Grants	Reasonable			Reasonable	
Localism and Communities		Reasonable			
Homelessness and Housing Options			Reasonable		
Development Management, Planning, s106 Agreements, Community Infrastructure Levy and Land Charges	Postponed to 2014/15	Reasonable			
Building Control					x
Land Charges					x
Development Management					x
Waste Management	Reasonable		Reasonable		x
Environmental Health	Reasonable			Postponed to 2017-18	x
Business Continuity				Reasonable	
Sports Halls/Centres		Reasonable			
Leisure and Pier Pavilion			Reasonable		
Property Services				Substantial	
Parks and Open Spaces			Reasonable		
Car Parking and Markets	Reasonable				
Car Parking			Reasonable		x
Markets				Substantial	
Beach Huts					x
Elections / Electoral Registration		Substantial			
Performance Management, Corporate Policy and Business Planning, inc Annual Action Plans		Substantial			x
Democratic Services				Reasonable	
Legal Services, Data Protection, Freedom of Information	Substantial			See CG	

	Previous Contract		Current Contract		
	2013-14	2014-15	2015-16	2016-17	2017-18
<b>IT Audits</b>					
Document Imaging and Workflow Application - Civica - Revenues and Benefits	Reasonable				
IT Security, Procurement and End User Controls	Reasonable				
Revenues and Benefits Application	Reasonable				x
Network Infrastructure		Limited			
Network Security		Reasonable			
Virus Protection / Spyware		Reasonable			
Firewalls		Reasonable			
Disaster Recovery			Reasonable		x
Software Licensing			Reasonable		
Register of Electors			Reasonable		
Cash Receipting Application			Reasonable		
Social Media				Reasonable	
e-financials Application				Reasonable	
Share Point				n/a	
IT Hardware Asset Disposal				Limited	
Contact Management System					x

## **APPENDIX 3 – LIMITATIONS AND RESPONSIBILITIES**

### **Limitations inherent to the Internal Auditor's work**

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

### **Opinions**

The opinions expressed are based solely on the work undertaken in delivering the approved 2016/17 Annual Internal Audit Plan. The work addressed the risks and control objectives agreed for each individual planned assignment as set out in the corresponding audit planning memorandums (terms of reference) and reports.

### **Internal Control**

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

### **Future Periods**

Internal Audit's assessment of controls relating to North Norfolk District Council is for the year ended 31 March 2017. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in the operating environment, law, regulation or other matters; or,
- The degree of compliance with policies and procedures may deteriorate.

### **Responsibilities of Management and Internal Auditors**

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

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





Agenda Item No 11**Governance, Risk and Audit Committee Self-Assessment**

**Summary:** The Chartered Institute for Public Finance and Accountancy (CIPFA) document on “audit committees - practical guidance for local authorities and police” sets out the guidance on the function and operation of audit committees. It represents CIPFA’s view of best practice and incorporates the position statement previously issued.

It is good practice for audit committees to complete a regular self-assessment exercise against a checklist, to be satisfied that the Committee is performing effectively.

**Conclusion:** Undertaking a review of its performance against best practice ensures that the Committee has properly assessed the way in which it discharges its duties.

**Recommendation:** That Members note the attached checklist at **Appendix 1** to this report, and the resulting action point.

Cabinet member(s):

All

Contact Officer, telephone number, and e-mail:

Ward(s) affected:

All

Emma Hodds, Head of Internal Audit for North Norfolk DC  
01508 533791, ehodds@s-norfolk.gov.uk

**1. Background**

1.1. The Chartered Institute for Public Finance and Accountancy (CIPFA) document on “audit committees - practical guidance for local authorities and police” sets out the guidance on the function and operation of audit committees. It represents CIPFA’s view of best practice and incorporates the position statement previously issued. The guidance states “the purpose of an audit committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes”.

1.2. The Section 151 Officer has overarching responsibility for discharging the requirement for sound financial management, and to be truly effective requires an audit committee to provide support and challenge.

- 1.3. Good audit committees are characterized by; balanced, objective, independent knowledgeable and properly trained members, a membership that is supportive of good governance principles, a strong independently minded chair, an unbiased attitude and the ability to challenge when required.
- 1.4. It is therefore good practice for audit committees to complete a regular self-assessment exercise against a checklist, to be satisfied that the Committee is performing effectively.
- 1.5. In addition, the Public Sector Internal Audit Standards also call for the audit committee to assess their remit and effectiveness, in relation to Purpose, Authority and Responsibility, to facilitate the work of this Committee.
- 1.6. The audit committee has regularly carried out the self-assessment exercise in the past and has taken action where necessary to ensure full compliance with best practice.
- 1.7. The updated guidance provides two tools against which the Committee can assess itself, the first (self-assessment of good practice) supports an assessment against recommended practice to inform and support the Committee. The second assessment tool (evaluating the effectiveness of the audit Committee) helps audit Committee members to consider where it is most effective and where there may be scope to do more. To be effective the Committee should be able to identify evidence of its impact or influence lined to specific improvements.
- 1.8. At a meeting on the 6 March 2017, Committee members reviewed and completed the two assessment tools.

## **2. Issues for discussion**

- 2.1. The results of the assessment are attached at **Appendix 1** to this report, which reflects members position on adherence to best practice.
- 2.2. The assessment has highlighted the good performance of the Committee, with the only action being a review and update of the Whistleblowing Policy and the Fraud and Corruption Policy, with possible subsequent training being delivered to the Committee.

## **3. Conclusion**

- 3.1 Undertaking a review of its performance against best practice ensures that the Committee has properly assessed the way in which it discharges its duties.

## **4. Recommendation**

- 4.1 That Members note the attached checklist at **Appendix 1** to this report, and the resulting action point.

## **Attachment**

Appendix 1 – Self Assessment Checklist

## Self-assessment of good practice

This evaluation will support an assessment against recommended practice to inform and support the Audit Committee. This is a high-level review that incorporates the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police. Where an Audit Committee has a high degree of performance against the good practice principles then it is an indicator that the Committee is soundly based and has in place knowledgeable membership. These are essential factors in developing an effective Audit Committee.

	<b>Good Practice Questions</b>	<b>Yes</b>	<b>Partly</b>	<b>No</b>
	<b>Audit Committee purpose and governance</b>			
1	Does the authority have a dedicated audit Committee?	√		
2	Does the audit Committee report directly to full council?	√		
3	Do the terms of reference clearly set out the purpose of the Committee in accordance with CIPFA's position statement?	√		
4	Is the role and purpose of the audit Committee understood and accepted across the authority?		√	
5	Does the audit Committee provide support to the authority in meeting the requirements of good governance?	√		
6	Are the arrangements to hold the Committee to accounts for its performance operating satisfactorily?	√		
	<b>Functions of the Committee</b>			
7	Do the Committee's terms of reference explicitly address all the core areas identified in CIPFA's position statement? <ul style="list-style-type: none"> <li>- Good governance</li> <li>- Assurance framework</li> <li>- Internal audit</li> <li>- External audit</li> <li>- Financial reporting</li> <li>- Risk management</li> <li>- Value for money or best value</li> <li>- Counter fraud and corruption</li> </ul>	√		
8	Is an annual evaluation undertaken to assess whether the Committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	√		
9	Has the audit Committee considered the wider areas identified in CIPFA's position statement and whether it would be appropriate for the Committee to undertake them?	√		
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	N/a		

11	Has the Committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	√		
	<b>Membership and support</b>			
12	Has an effective audit Committee structure and composition of the board been selected? This should include: - Separation from the executive - An appropriate mix of knowledge and skills among the membership - A size of Committee that is not unwieldy - Where independent members are used, that they have been appointed using appropriate process	√		
13	Does the chair of the Committee have appropriate knowledge and skills?	√		
14	Are arrangements in place to support the Committee with briefings and training?	√		
15	Has the membership of the Committee been assessed against the core knowledge and skills framework and found to be satisfactory?		√	
16	Does the Committee have good working relationships with key people and organisations, including external audit, internal audit and the chief finance officer?	√		
17	Is adequate secretariat and administrative support to the Committee provided?	√		
	<b>Effectiveness of the Committee</b>			
18	Has the Committee obtained feedback on its performance from those interacting with the Committee or relying on its work?	√		
19	Has the Committee evaluated whether and how it is adding value to the organisation?	√		
20	Does the Committee have an action plan to improve any areas of weakness?	√		

Notes:

Question 4 has been recorded as partly because the understanding of the role and purpose of the Committee is improving, but generally Councillors aren't interested in what the Committee does or realise its purpose. Renaming the Committee has been a positive step. Question 15 has been recorded as partly because this could be more formally recorded.

## Evaluating the Effectiveness of the Audit Committee

This assessment tool helps Audit Committee members to consider where it is most effective and where there may be scope to do more. To be considered effective, the Audit Committee should be able to identify evidence of its impact or influence linked to specific improvements.

Assessment Key:

- 5 Clear evidence is available from a number of sources that the Committee is actively supporting the improvement across all aspects of this area. The improvements made are clearly identifiable.
- 4 Clear evidence from some sources that the Committee is actively and effectively supporting improvement across some aspects of this area.
- 3 The Committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
- 2 There is some evidence that the Committee has supported improvements, but the impact of this support is limited.
- 1 No evidence can be found that the audit Committee has supported improvements in this area.

Areas where the audit Committee can add value by supporting improvement	Examples of how the audit Committee can add value and provide evidence of effectiveness	Self evaluation examples, areas of strength & weakness	Assessment 1-5
1. Promoting the principles of good governance and their application to decision making	<p>Providing robust review of the AGS and the assurances underpinning it</p> <p>Working with key members to improve their understanding of the AGS and their contribution</p>	<p>Annual Governance Report from the External Auditors – questions and queries raised – shows a robust review and not just receiving the report.</p> <p>Performance of the authority – officer / member partnerships – crystallises through Governance and Audit Committee.</p>	4

	<p>to it</p> <p>Supporting reviews / audits of governance arrangements</p> <p>Participating in self-assessments of governance arrangements</p> <p>Working with partner's audit Committees to review governance arrangements in partnerships</p>	<p>Effective scrutiny through receipt of internal audit reports regularly – these give detail needed to enable questioning, therefore know what is good and what is bad and how things work.</p> <p>Regular completion of self-assessment.</p> <p>The Committee's independence strengthens their effectiveness.</p> <p>Knowledge sharing across the internal audit consortium.</p> <p>Recent training provided by CIPFA, also enabled working with members from other councils.</p> <p>Cross party working displayed at meetings.</p>	
2. Contributing to the development of an effective control environment	<p>Monitoring of the implementation of recommendations from auditors</p> <p>Encouraging ownership of the internal control framework by appropriate managers</p> <p>Raising significant concerns over controls with appropriate senior managers</p>	<p>Half yearly follow up on audit recommendations – look at responses from management and assess, e.g. recent planning update requested from Manager.</p> <p>The Committee drill down into the recommendation responses and question thoroughly.</p> <p>The reports provide the tools needed to enable the right questions to be asked.</p>	4
3. Supporting the	Reviewing risk management	Corporate risk register regularly reviewed.	4

<p>establishment of arrangements for the governance of risk and for effective arrangements to manage risks</p>	<p>arrangements and their effectiveness e.g. risk management benchmarking</p> <p>Monitoring improvements</p> <p>Holding risk owners to account for major / strategic risks</p>	<p>Business Continuity updates received.</p> <p>Risk management framework reviewed.</p> <p>Examine financial accounts and risks associated therein.</p> <p>Every report received by the Committee has a commentary regarding risks.</p> <p>Reliance is placed on the work of the Performance and Risk Management Board and these minute are available for all – the Chair has also recently attended a meeting.</p>	
<p>4. Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively</p>	<p>Specifying its assurance needs, identifying gaps or overlaps in assurance</p> <p>Seeking to streamline assurance gathering and reporting</p> <p>Reviewing the effectiveness of assurance providers e.g. internal audit, risk management, external audit</p>	<p>Specifically – follow up, progress on internal audit plan, corporate risk register, business continuity, audit plans and identify assurances.</p> <p>Through external assessment report of internal audit, provides assurance over the work provided.</p> <p>Assurance mapping recognised as an area to explore – Head of Internal Audit to progress this.</p>	<p>4</p>
<p>5. Supporting the quality of the internal audit activity, particularly by underpinning its</p>	<p>Reviewing the audit charter and functional reporting arrangements</p>	<p>Internal audit plans report includes the audit charter and audit strategy which covers these areas robustly.</p>	<p>5</p>

organisational independence	Assessing the effectiveness of internal audit arrangements and supporting improvements	Through regular reports received from the Head of Internal Audit and robust questioning thereof.  Through external assessment report of internal audit and the annual report of the Head of Internal Audit.	
6. Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place  Reviewing the effectiveness of performance management arrangements	Through the reports received by the Committee across the board – the Committee is effective because nothing is ignored. The Committee recognise the issues and take appropriate action.  Comprehensive, far reaching reports are considered by the Committee.  Intensive scrutiny is displayed.  Assurance reviews received by Committee e.g. progress reports and corporate risk register identify key risks and where focus is needed.	4
7. Supporting the development of robust arrangements for ensuring value for money	Ensuring that assurance on value for money arrangements is included in the assurances received by the audit Committee  Considering how performance in value for money is evaluated as part of the AGS	External Audit plan of value for money and the auditing thereof and then review annual governance report on conclusion.  Key role in reviewing statement of accounts and ensuring value for money through this report.  Key role in reviewing the annual governance statement and the assurances provided therein.	4
8. Helping the authority to	Reviewing arrangements in	Fraud risk are highlighted on reports received by	2



<p>implement the values of good governance, including effective arrangements for countering fraud and corruption risks</p>	<p>place for countering fraud and corruption</p> <p>Reviewing fraud risks and the effectiveness of the organisations strategy to address those risks</p> <p>Assessing the effectiveness of ethical governance arrangements for both staff and members</p>	<p>the Committee.</p> <p>Policies have not been received by the Committee for some time.</p> <p><b>ACTION – Officers to update the Whistleblowing Policy and the Fraud and Corruption Policy and bring to Committee for approval – also consider specific training item.</b></p>	
<p>9. Promoting effective public reporting to the authority’s stakeholders and local community and measures to improve transparency and accountability</p>	<p>Improving how the authority discharges its responsibilities for public reporting, e.g. better targeting the audience, use of plain English</p> <p>Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency</p>	<p>Minutes and agenda available of the website.</p> <p>Open and transparent reporting is displayed.</p> <p>Officer support is provided to the Committee in terms of democratic services officers and report authors.</p> <p>Decisions made by the Committee are within their remit and as part of t terms of reference.</p>	<p>4</p>

**LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT 2016/17**

**Summary:** The Corporate Governance framework is made up of the systems and processes, culture and values by which an organisation is directed and controlled. For local authorities this includes how a Council relates to the community it serves. The Local Code of Corporate Governance is a public statement of the ways in which the Council will achieve good corporate governance. This has been updated for the 2016/17 financial year based on the development of the new *'Delivering Good Governance in Local Government: Framework'* (2016) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) and is based around the seven core principles and sub-principles of good governance. The Annual Governance Statement is prepared following a review of all the evidence available to the Council in seeking compliance with its Local Code.

**Conclusions:** The arrangements set out in the Local Code of Corporate Governance and the Annual Governance Statement will allow the Council to move ahead with its corporate planning processes confident that it can address the issues of governance and risk.

**Recommendations:** Members are asked to review and approve the Annual Governance Statement along with the updated Local Code of Corporate Governance.

Cabinet Member(s)	Ward(s) affected
All	All
Contact Officer, telephone number and email: Duncan Ellis, 01263 516330, Duncan.ellis@north-norfolk.gov.uk	

**1. Introduction**

1.1 Attached to this report are two documents for consideration by the Governance, Risk and Audit Committee. These are;

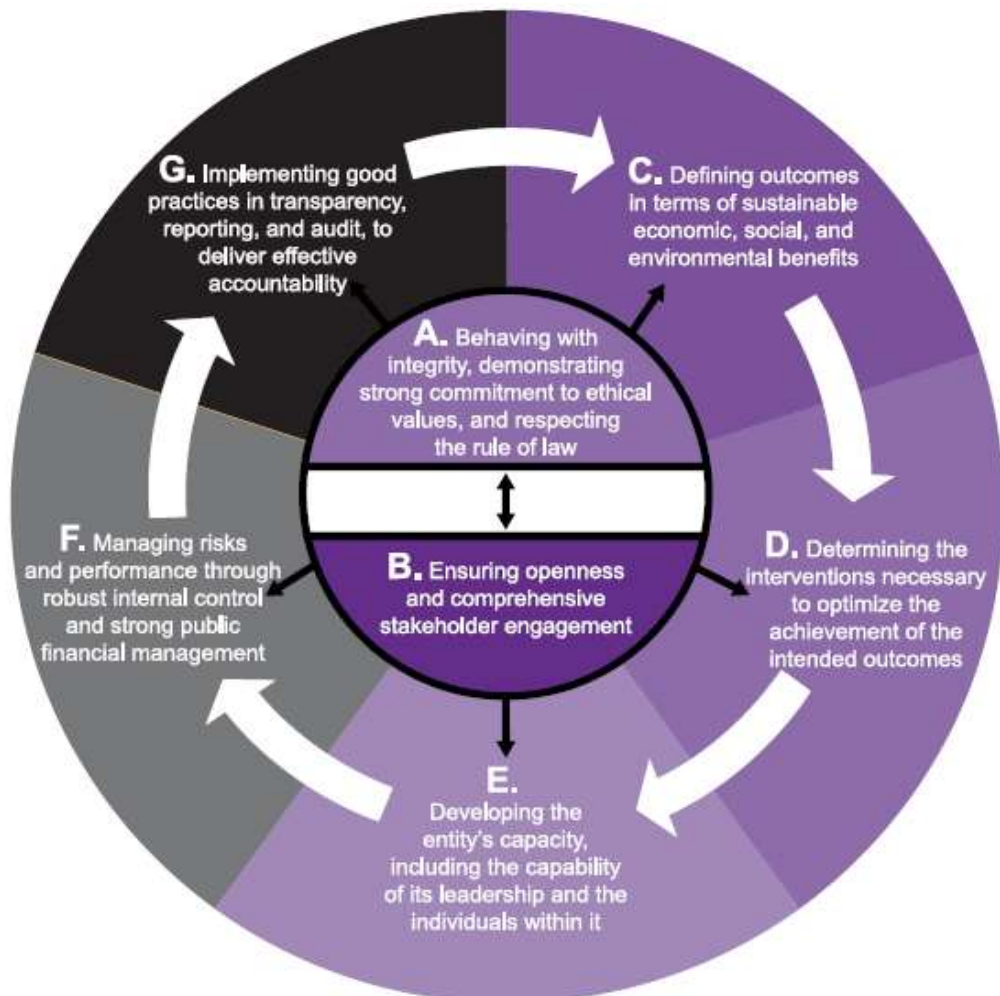
- The Annual Governance Statement
- The Local Code of Corporate Governance (Appendix A)

**2. The Local Code of Corporate Governance**

2.1 The Local Code of Corporate Governance (the Local Code) is a public statement of how the Council seeks to achieve good corporate governance. It is best practice for each authority to adopt a Local Code of Corporate

Governance which demonstrates how the Council will achieve good governance.

- 2.2 The Local Code has been updated for the 2016/17 financial year based on the development of the new *'Delivering Good Governance in Local Government: Framework'* (CIPFA/Solace, 2016) ('the Framework').
- 2.3 The main principle underpinning the development of the new Framework continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 2.4 The Framework follows the seven core principles and sub-principles of good governance as identified by CIPFA/SOLACE as shown below with principles A and B permeating the implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review. The updated Local Code can be found within Appendix A.



- 2.5 There are some key requirements that need to be met to demonstrate compliance with the core principles and these are listed along with 'evidences' and source documents. These evidences that must be reviewed regularly to ensure that they are up to date and remain sufficiently current. Any gaps in compliance are identified and form an action plan which is monitored throughout the year.

### **3. Annual Governance Statement**

- 3.1 Also attached is the draft Annual Governance Statement (AGS) for 2016/17 which should be read and considered in conjunction with Appendix A (the Local Code). This statement provides assurances as to the in-year operation of the risk and governance arrangements adopted by the Council. It is prepared after reviewing all of the evidences available to the Governance, Risk and Audit Committee, Risk Management Board, the Council's Corporate Management Team, Head of Internal Audit, external audit and the statutory officers of the Council.
- 3.2 The Annual Governance Statement (AGS) sets out how the Council ensures that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, effectively and efficiently in the delivery of its services.
- 3.3 North Norfolk District Council has adopted its own Local Code of Corporate Governance which supports this AGS. The Local Code is compliant with the recommendations of the CIPFA/SOLACE *'Delivering Good Governance in Local Government: Framework'* as updated for 2016.
- 3.4 The AGS is signed by the Leader of the Council and the Corporate Directors and Joint Heads of Paid Service. The Governance, Risk and Audit Committee are asked to consider the draft report as attached and to make recommendations to Full Council as required.

### **4. Review of Effectiveness**

- 4.1 The Council is committed to a sound system of Governance that reflects:
- openness, accountability and integrity
  - compliance with laws, policies and regulations
  - the identification and monitoring of all strategic and operational risks
- 4.2 The key document for the Council is the Corporate Plan. The risks to its achievement are outlined in the comprehensive risk registers maintained by the Authority.
- 4.3 The review of the Governance arrangements is undertaken through a number of mechanisms including the report from the Head of Internal Audit and the Heads of Service annual assurance certificates as well as the various inspection regimes undertaken by the External Auditors, all of which feed into and support the overall review.

**5. Conclusion**

- 5.1 The arrangements set out within the updated Local Code of Corporate Governance and the Annual Governance Statement will allow the Council to move forward with its corporate planning processes and remain confident that it can address the issues of governance and risk.

**6. Recommendations**

- 6.1 Members are asked to review and approve the Annual Governance Statement along with the updated Local Code of Corporate Governance.

## Annual Governance Statement 2016/17

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### 1. SCOPE OF RESPONSIBILITY

- 1.1. North Norfolk District Council (NNDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. NNDC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2. In discharging this overall responsibility, NNDC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3. NNDC has approved and adopted a Local Code of Corporate Governance, and this has been updated for the 2016/17 financial year based on the development of the new '*Delivering Good Governance in Local Government: Framework*' (CIPFA/Solace, 2016) ('the Framework'). A copy of the Council's current Local Code is on our website at [www.northnorfolk.org](http://www.northnorfolk.org) or can be obtained from the Head of Finance and Assets at the Council Offices, Holt Road, Cromer. This statement demonstrates how NNDC has complied with the Framework and also supports the requirement of the Accounts and Audit (England) Regulations 2015 in relation to the approval (Part 2 regulation 6) and publication (Part 3 regulation 10) of an Annual Governance Statement (AGS), prepared in accordance with proper practises in relation to internal control and is reviewed annually or more frequently as required. In addition NNDC's framework for delivering good Corporate Governance is embedded within its Constitution, policies and procedures.

### 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1. The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to appropriate, cost-effective service delivery.
- 2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact should those risks be realised and to manage those risks efficiently, effectively and economically.

## Annual Governance Statement 2016/17

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- 2.3. The governance framework has been in place at NNDC for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

### **3. THE GOVERNANCE FRAMEWORK – THE SEVEN CORE PRINCIPLES**

- 3.1. The Council's governance framework is derived from the following core principles as per the new CIPFA/SOLACE 2016 Framework which is based upon the 7 core principles of the International Framework for Corporate Governance in the Public Sector as follows;
- A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law
  - B – Ensuring openness and comprehensive stakeholder engagement
  - C – Defining outcomes in terms of sustainable economic, social and environmental benefits
  - D – Determining the interventions necessary to optimise the achievement of the intended outcomes
  - E – Developing the entity's capacity, including the capability of its leadership and the individuals within it
  - F – Managing risks and performance through robust internal control and strong public financial management
  - G – Implementing good practices in transparency, reporting and audit to deliver effective accountability
- 3.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of not fully achieving policies, aims and objectives and therefore provides a reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of NNDC policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

## Annual Governance Statement 2016/17

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- 3.3. Revisions were required to the Council's Local Code of Corporate Governance to ensure it reflected the changing context of the Council and that it was consistent with the principles and recommendations of the new CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and the supporting guidance notes for English authorities. This Annual Governance Statement explains how the Council has complied with the terms of the new CIPFA/SOLACE Framework (2016) for the year ended 31 March 2017 and should be read in conjunction with the Council's Local Code of Corporate Governance (2016/17) which is attached to this document as Appendix 1 which sets out the framework and key principles, which are required to be complied with, to demonstrate effective governance.
- 3.4. The Local Code of Corporate Governance highlights how good governance supports the Council and demonstrates what we aim to achieve by following the seven core principles, along with the tools we use to support our compliance. It goes further to identify the behaviours and actions that can demonstrate our compliance with the code, how we put this into practice and the source documents, policies, procedures and frameworks that enable us to evidence compliance.
- 3.5. If there are any areas which require strengthening, these are highlighted within the Annual Governance Statement as part of the Action Plan within Section 5.

### **4. REVIEW OF EFFECTIVENESS**

- 4.1. NNDC annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and from comments made by the external auditors and other inspection agencies.
- 4.2. Both during the year and at year end, reviews have taken place. In year review mechanisms include:
- 4.2.1. The Cabinet is responsible for considering overall financial and performance management and receives comprehensive reports on a quarterly basis. It is also responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
- 4.2.2. The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. In addition the Constitution Working Party is in place to review the constitution and make recommendations to Full Council as appropriate.



## Annual Governance Statement 2016/17

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- 4.2.3. The Council has a Scrutiny Committee which can establish 'task and finish' groups, to look at particular issues in depth, taking evidence from internal and external sources, before making recommendations to the Cabinet. Scrutiny can "call-in" a decisions of the Cabinet which are yet to be implemented, to enable it to consider whether the decision is appropriate. In addition the Scrutiny Committee can exercise its scrutiny role in respect of any Cabinet function, regardless of service area or functional responsibility, and will conduct regular performance monitoring of all services, with particular attention to areas identified as under-performing.
- 4.2.4. The Local Government and Public Involvement in Health Act 2007 include powers to enable Councillors to formally champion local issues where problems have arisen in their ward. North Norfolk has embedded the "Councillor Call for Action". This allows Councillors to ask for discussion at Overview and Scrutiny Committee on issues where other methods of resolution by the District Member have been exhausted.
- 4.2.5. The development of the procurement function across the public sector has led to the establishment of a number of framework agreements for purchasing where the detailed work on price and quantity with suppliers has already been carried out. Contracts for supply are only established when goods works or services are called off under the agreement.
- 4.2.6. The Council has introduced a new electronic procurement system (Delta) this year to help improve the transparency of the Council's procurement process and to further support the audit trail for decision making. Further work will be undertaken in relation to the Contract Standing Orders within the Constitution to ensure this system becomes thoroughly embedded within the Council's procurement practices.
- 4.2.7. The Equality Framework builds on the work already undertaken in this area. It is based on three levels of "developing, achieving and excellent".
- 4.2.8. The Standards and Conduct provisions of the Localism Act 2011 came into force on 1st July 2012. The authority has appointed an Independent Person pursuant to the Act and has decided to have a Standards Committee (which is now not mandatory). The Committee has received a number of items during the year including reports detailing complaints received by the Monitoring Officer and the status of such complaints. It has held one full hearing in relation to a parish complaint.
- 4.2.9. The Governance, Risk and Audit Committee met four times during the year to provide independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. The Committee received regular reports on,

## Annual Governance Statement 2016/17

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internal control and governance matters in accordance with its agreed work programme. During the year 15 (16 in 2015/16) internal audit assignments were completed delivered over 170 days (210 days in 2015/16), a reasonable audit opinion was given for the year. All reviews were completed as planned in the year.

- 4.2.10. Internal Audit is an independent and objective assurance service to the management of the District Council. It completes a programme of reviews throughout the year to provide an opinion on the internal control, risk management and governance arrangements. In addition, Internal Audit undertakes fraud investigation and proactive fraud detection work which includes reviewing the control environment in areas where fraud or irregularity has occurred. All significant weaknesses in the control environment identified by Internal Audit are reported to senior management and the Governance, Risk and Audit Committee. There were no high risk recommendations raised in the year and no outstanding no high priority recommendations. Internal Audit also carries out bi-annual reviews of the status of implementation of Internal Audit recommendations. During the year there has been a slight drop in the number of recommendations being completed compared to the previous year. At 31 March 2017 there were 19 recommendations outstanding (11 priority two and 8 priority three) compared to 10 outstanding at 31 March 2016 (7 medium and 3 low, note change of classification in 2015/16). Where applicable revised implementation dates have been agreed between Audit and Officers and will be followed up during 2017/18.
- 4.2.11. It should also be noted that, not only did the internal audit contract consortium either meet or exceed all of its performance indicators for the year, but of the 14 audits undertaken where an opinion was issued, 5 were given the highest assurance level possible (substantial assurance) representing 36% of the audits undertaken, indicating a very positive direction of travel.
- 4.2.12. As part of the 2016/17 audit work plan a high level advisory review was undertaken in relation to the implementation of a Senior Information Risk Officer (SIRO) role. The objective of the review was to help provide support and advice regarding the implementation of an appropriate SIRO framework. The audit suggested actions to implement the role of the Senior Information Risk Officer and relevant supporting roles, including training and the action plan will continue to be progressed during the new financial year. This role has been allocated to the Corporate Director and joint Head of Paid Service (Nick Baker).
- 4.2.13. The External Auditor's Annual Audit Letter is considered by the Governance, Risk and Audit Committee and the Risk Management Board.

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- 4.2.14. The Risk Management Board monitor and also continually review corporate risks and ensure that actions are being taken to effectively manage the Council's highest risks.
  - 4.2.15. The Council continues to review its treasury management arrangements in line with best practice and in response to regular updates and advice from the Council's Treasury advisors, Arlingclose. During the year training was provided to Members on treasury management by the council's advisors.
  - 4.2.16. Management Team (Heads of Service and CLT) complete an annual Self-Assessment Assurance Statement which identifies non-compliance in a number of areas including procedures, risk and control, financial management and procurement. Any significant areas of non-compliance will either be taken account of in service plans or if corporate included in the AGS action plan.
- 4.3. The year-end review of the governance and the control environment arrangements by the Risk Management Board included:
- 4.3.1. Obtaining assurances from Directors and Heads of Service that key elements of the control framework were in place during the year in their departments.
  - 4.3.2. The statement itself was considered by CLT and is supported by them as an accurate reflection of the governance arrangements in place for the year.
  - 4.3.3. Obtaining assurances from other senior management, including the Monitoring Officer that internal control and corporate governance arrangements in these essential areas were in place throughout the year.
  - 4.3.4. Reviewing any high level audit recommendations that remained outstanding at the year end and taking appropriate action if necessary.
  - 4.3.5. Reviewing external inspection reports received by the Council during the year, the opinion of the Head of Internal Audit in her annual report to management and an evaluation of management information in key areas to identify any indications that the control environment may not be sound.
  - 4.3.6. Reviewing the updated Local Code of Corporate Governance.
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## Annual Governance Statement 2016/17

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- 4.4. The Governance, Risk and Audit Committee received assurances from the Head of Internal Audit that standards of internal control, corporate governance arrangements and systems of risk management were all operating to an adequate standard, with a reasonable assurance being concluded.
- 4.5. The Governance, Risk and Audit Committee review the effectiveness of the governance framework as part of an annual review of the Local Code of Corporate Governance, and an improvement plan to address weaknesses and ensure continuous improvement of the system is in place.
- 4.6. In terms of gaining assurance on risks associated with delivering services through third parties, at the start of the financial year the Council entered into a formal partnership known as Coastal Partnership East between NNDC, Great Yarmouth Borough Council and East Suffolk (Waveney and Suffolk Coastal District Council partnership). This new approach is considered the best way for these Councils to address the challenges that are common to the whole coastline of Norfolk and Suffolk. By collaborating, rather than competing with one another for resources, we will be far better able to:
- Retain and recruit staff
  - Broaden the scope of works that we can undertake
  - Share experiences, lessons and new techniques
  - Prepare joint schemes and projects (achieving economies of scale)
  - Explore new and innovative approaches to adaptation as well as coast protection
- 5.7 Coastal Partnership East formed by bringing together the coastal management resources and expertise from North Norfolk District Council, Gt. Yarmouth Borough Council, Suffolk Coastal District Council and Waveney District Council. The Partnership works along the 220km of coastline across Norfolk and Suffolk. Our coastal team has a reputation that is the envy of many local authorities and this new approach is seen an appropriate way of capitalising on our strengths and building resilience for the future.
- 5.8 A Section 113 Agreement was made between each authority which means that staff remain employed through their respective authorities and the management of each frontage remains with each Council, however, the shared resources of the Partnership are able to flex across local authority boundaries to enable all to benefit from a more resilient resource and skills base. The partnership is overseen by a Board comprising of
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## Annual Governance Statement 2016/17

relevant Member Portfolio holders/Committee Chairs which is supported by an Operational (senior) Officer Group, both of which meet on a quarterly basis.

- 5.9 The manager for Coastal Partnership East was included as part of the Council's annual Self Assurance process and there are some recommended improvements identified below as a result of this.

### 5. GOVERNANCE ISSUES

- 5.1. Following from the review of the Annual Governance Statement for 2016/17 and the Self-Assessment Assurance Statements the following actions have been identified. There are still some Internal Audit recommendations not being implemented in accordance with the original timescales, this is an action that will continue to be monitored and the implementation of the SIRO role will further help to strengthen governance arrangements. The Partnership framework requires review as do a number of the current partnerships operating within the Council. Resource issues have been raised by a number of teams, some of which relate to national shortages of suitably qualified professional staff but additional funding has been provided recently for staffing resources in a number of key areas to try and help support service areas, this will continue to be monitored by CLT but there are no further specific actions arising from this. A Business Process Review (BPR) is currently being undertaken within the Planning service area and once completed this will require an update to various procedures and protocols along with additional staff training.

Action	Officer	Target Date
Implementation of Internal Audit Recommendations	Management Team (All Heads of Service and CLT)	31 March 2018
Complete the implementation of the recommendations from the high level audit review in relation to the Senior Information Risk Officer (SIRO) role	CLT	31 March 2018
Review of Partnership framework and specific partnerships identified as part of the self-assessment process, including Coastal Partnership East	Management Team (All Heads of Service and CLT)	31 March 2018

## Annual Governance Statement 2016/17

<p>Following completion of the BPR process within Planning undertake;</p> <ul style="list-style-type: none"> <li>• Update of protocols for planning and pre-application planning advice</li> <li>• Update to working procedures, including risk assessments</li> <li>• Management training to cover Freedom of information (FOI) requests and Business Continuity</li> </ul>	<p>Head of Planning</p>	<p>31 March 2018</p>
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### 6. CERTIFICATION

6.1. To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year with the exception of those areas identified above. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangement. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Leader of the Council:**

**Cllr Tom FitzPatrick**

Corporate Directors and Heads of Paid Service:

**Mr Nick Baker**

**Mr Steve Blatch**

**North Norfolk District Council  
Local Code of Corporate Governance 2016/17**

North Norfolk District Council works to improve the lives of its residents while retaining and improving the quality of life and prosperity of the district for future generations – working with and for you. As a Local Authority, we are entrusted with public funds, and aim to spend these wisely to improve outcomes in our District. Our Local Code of Corporate Governance is the framework of policies, procedures, behaviours and values which determine how we work to achieve our priorities, and is based upon the 7 core principles of the International Framework for Corporate Governance in the Public Sector which are as follows;

- Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entities capacity, including the capacity of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

Good governance supports the Council through:

- Enabling the Council to achieve its objectives in an open and accountable way
- Ensuring decisions are sound and lawful, upholding the Council's reputation and minimising the risk of financial loss
- Ensuring decisions take into account local people's needs and priorities
- Giving the public confidence in the work we do
- Underpinning our Code with our four corporate values which are as follows;
  - We respect people and treat everyone fairly
  - We are open and honest and listen
  - We strive to offer the best value for money service
  - We welcome new challenges and embrace change
- Each year, the Council reviews its governance arrangements through the Annual Governance Statement, ensuring these arrangements are adequate and operating effectively. Where reviews identify any gaps in corporate governance, or areas for improvement, recommendations for improvements are made

## North Norfolk District Council – Local Code of Corporate Governance

<b>Principle</b>	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law	Ensuring openness and comprehensive stakeholder engagement	Defining outcomes in terms of sustainable economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of intended outcomes	Developing the entity's capacity, including the capability of its leadership and the individuals within it	Managing risks and performance through robust internal control and strong public financial management	Implementing good practices in transparency, reporting and audit, to deliver effective accountability
<b>What we aim to achieve</b>	We are accountable for the money entrusted to us. We can demonstrate decisions we take are appropriate and there are strong processes in place to encourage and enforce compliance with the Council's values and the law	Local Government is accountable to its public. We use clear channels of communication to engage with our residents and stakeholders, understanding their needs. We manage expectations and model Service delivery to respond to demand	We form clear, long term priorities in line with our long term ambitions. We balance the competing demands and priorities we face and allocate resources accordingly.	We have robust decision making processes to ensure defined outcomes can be achieved given the varying demands we face. We monitor our performance and delivery on an ongoing basis to ensure intended outcomes are achieved	We are a recognized investor in our people and work to develop our talent to maximize the potential of the resources we hold. We remain at the forefront of national developments to support our commitment to retaining viability.	We have robust management information procedures to ensure that outcomes are accurately reported and monitored. We welcome challenge to the way we operate, and actively learn in order to improve the way we deliver	We pro-actively make information available to give Stakeholders confidence in our decision making. We have strong systems of oversight, including audit and scrutiny, to maintain accountability for our delivery
<b>The key tools we use to support our compliance</b>	Codes of Conduct Constitution Corporate Values Financial Standing Orders Contract Standing Orders Staff/Member induction/training/appraisal Performance Framework Counter-Fraud and Fraud and Corruption Policy Whistleblowing Policy Register of Interests/Gifts Compliments and Complaints Systems and Policy Procurement Policy Partnership Framework	Customer Charter and Management Strategy Publication of minutes and decision notices Compliments and Complaints Systems and Policy Consultation Exercises Communications Strategy Annual Report FOI scheme Council website Corporate Plan Committee timetables Constitution Performance Framework Statutory provisions Partnership Framework Staff/Member Bulletin	Corporate Plan Annual Action Plan Annual Service Planning Budget and Capital Programme Medium Term Financial Plan Asset Management Plan Risk Management Framework/Business Continuity Plan/Policy Programme Management approaches Equality Assessments Performance Framework Communications Strategy Committee reports	Committee work Programmes/timetables Consultation exercises Risk Assessments/Framework Procurement Strategy Reviews of core services Medium Term Financial Strategy Communications Strategy Performance Management Framework Partnership Framework Budget framework Medium Term Financial Plan Committee reports Annual Governance Statement	Digital Transformation Programme Service Reviews Investors in People (Gold) Scheme of Delegation Performance Management Framework Peer Reviews Appraisal and development systems Agile Working Policy Attendance & Absence Policy Employee Code of Conduct Equality & Diversity Policy Asset Management Plan Partnership Framework Job descriptions	Risk Management Framework/Business Continuity Plan/Policy Business Plans Scrutiny Committee GRAG Committee Internal/external audit Budget Management procedures Health and Safety Policies Information Management Strategy Performance Management Framework SIRO Officer Information Management Strategy Data Protection Policy Data Quality Policy Risk Assessments Corporate Risk Register	Internal/external audit External inspection of internal audit Corporate Governance Frameworks Annual Governance Statement Pay Policy Statement Transparency agenda Council website Annual Report Financial Statements Scrutiny Committee Annual Report Local Code of Corporate Governance Audit protocols Medium Term Financial Plan



Principles of Good Governance	Behaviours and actions that can demonstrate this	How we put this in practice	Source Documents
<p><b><i>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</i></b></p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p>Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</p>	<p>The Council has approved Codes of Conduct which are included within induction packs. All officers are part of the Council’s performance management framework and expected to perform in line with designated competencies appropriate to their role and job description. The authority’s leadership style is underpinned by the Constitution, Policies, Protocols and Codes of Conduct. The values of the organisation are documented within the Corporate Plan. The Council has introduced and encourages public speaking at Committees and has invested in upgrading its website, actively managing its content to ensure easy access to information.</p>	<p>Constitution, Articles in Staff / Members Bulletin, Head of Paid Service update emails, Corporate briefings held during the year to update staff of key issues and items, Appraisal and Development Scheme, Member/Officer Codes of Conduct, Member/Officer Protocol, Whistle blowing policy, Anti-Fraud and Corruption Policy, Freedom of Information (statement and publication scheme), Planning Protocol, Standards Committee, Officer Register of Gifts and Hospitality, Member / Officer Registers of Interests, Annual Governance Statement, Local Code of Corporate Governance.</p>
	<p>Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)</p>	<p>The Corporate Plan sets out our clear vision for the District, and our ambition. This is further supported by our Annual Action Plan which is monitored through the Council’s Performance Management Framework.</p>	<p>Corporate Plan, Annual Action Plan, Performance Management Framework, Standards Committee Annual Report, Member/Officer Codes of Conduct, Member/Officer Protocol, Whistle blowing policy, Anti-Fraud and Corruption Policy, Member / Officer Register of Gifts and Hospitality.</p>

	<p>Leading by example and using these standard operating principles or values as a framework for decision making and other actions</p>	<p>The values of the organization are documented within the Corporate Plan. Our decision making processes are embedded into the Council's constitution which is periodically reviewed and endorsed by Councillors. Members are required to make any 'Declarations of Interest' where appropriate.</p>	<p>Corporate Plan, Constitution, Member/Officer Codes of Conduct, Whistle blowing policy, Anti-Fraud and Corruption Policy, Planning Protocol, Member/Officer Register of Gifts and Hospitality, Member/Officer Registers of Interests, Financial Regulations, Contract Procedure Rules, Combined Equalities Scheme, Member / Officer Induction and Training Audit Committee terms of reference</p>
	<p>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</p>	<p>The Council has a number of documents which reinforce its commitment to best practice, including Whistleblowing policies, Counter-fraud and Corruption policies, Registers of Interests and Gifts and Hospitality and Complaints policies. These are all subject to periodic review. New staff are required to review the Council's key polices as part of the induction process and to sign to confirm this has been completed.</p>	<p>Member/Officer Codes of Conduct, Whistle blowing policy, Anti-Fraud and Corruption Policy, Planning Protocol, Member / Officer Register of Gifts and Hospitality, Member / Officer Registers of Interests, Financial Regulations, Contract Procedure Rules, Combined Equalities Scheme, Member / Officer Induction and Training Audit Committee terms of reference Constitution</p>

	<p>Seeking to establish, monitor and maintain the organisation's ethical standards and performance</p>	<p>The Nolan principles are embedded into Codes of Conduct. The Monitoring Officer produces an Annual Report on the activity of the Standards Committee and its activity to maintain the organisation's standards. The Council has achieved Investors in People Gold status, demonstrating its commitment to monitoring our organisation standards and performance. Shared values have been developed and are documented within the Corporate Plan. Leadership training is undertaken between the Corporate Leadership Team and the Cabinet to reinforce these values. Internal Audit provides assurance that policies built on ethical standards are being complied with. Ongoing monitoring of the application and effectiveness of the local standard regime is undertaken.</p>	<p>Staff and Member Briefings, Corporate Plan, Internal &amp; External Audit Reports, Monitoring Officer's Annual Report.</p>
	<p>Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation</p>	<p>New members and staff are provided inductions, which emphasises areas such as codes of conduct and appropriate behaviours. Ongoing training is then provided, for example through member training sessions</p>	<p>Internal Audit Reports, Competency framework, Constitution, Staff &amp; Member training and development.</p>

	<p>Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</p>	<p>In addition to policies identified above, the Constitution includes specific rules and procedures with respect procurement; financial governance, and members sitting in a regulatory capacity. These are reviewed and updated on a regular basis.</p>	<p>Constitution, Member/Officer Codes of Conduct, Whistle blowing Policy, Counter-Fraud and Fraud and Corruption Policy, Procurement Strategy.</p>
	<p>Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation</p>	<p>As part of Council procurement exercises, service providers are required to provide statements confirming compliance with ethical standards and, for example, anti-money laundering statements. The Partnership Framework also further supports this.</p>	<p>Council's Website, Constitution, Procurement Strategy, Individual Partnership / Service Level Agreements, Partnership framework.</p>
	<p>Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</p>	<p>The Constitution is regularly updated to include new specific laws and regulations. Staff are required to hold relevant professional qualifications and comply with the law and codes of conduct. The Council has an appointed Monitoring Officer responsible for the maintenance of the Constitution and for guiding members on the information contained therein. The Council has appropriate legal advice both on the specific requirements of legislation and the general responsibilities placed on local authorities by public law. Induction training for new staff includes review of the Council's policies, which include provisions from legislation.</p>	<p>Constitution, Report Template requiring input from Monitoring Officer and S151 Officer (information quality for decision taking) / Positive Sign Off, Legal advice to Licensing and Planning Committees, Statutory Provisions, Whistle blowing policy, Anti-Fraud and Corruption Policy, Data Protection Policy, IT Policy.</p>

	<p>Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</p>	<p>Staff are provided with key legal changes where relevant in addition to the Council holding a number of subscriptions to services to ensure staff are provided with appropriate professional support. Members making regulatory decisions are provided with training to ensure they are sufficiently aware of the legal requirements of their role. Areas for focus are highlighted as part of the appraisal process and provided as part of the corporate training plan.</p>	<p>Constitution Monitoring Officer Provisions / Protocol, Report Template requiring input from Monitoring Officer and S151 Officer (information quality for decision taking) / Positive Sign Off, Availability of legal advice to Licensing and Planning Committees Appraisal framework Job descriptions Terms of Reference</p>
	<p>Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders</p>	<p>There are clear, defined decision making processes within the Council to ensure that all appropriate options are considered prior to any decisions being made.</p>	<p>Monitoring Officer Provisions / Protocol, Report Template, Standing Orders, Complaints and Compliments Procedures, Investigations, Records of Delegated Authority decisions, Planning protocol.</p>
	<p>Dealing with breaches of legal and regulatory provisions effectively</p>	<p>The Monitoring Officer and Section 151 Officers are informed of all key decisions to be made and any such occurrences are reported as required.</p>	<p>Monitoring Officer Provisions / Protocol, Records of Delegated Authority decisions, Constitution, Standing Orders.</p>
	<p>Ensuring corruption and misuse of power are dealt with effectively</p>	<p>The Council has a well-established Anti-fraud and Corruption policy, access to which is available on the intranet.</p>	<p>Anti-Fraud and Corruption Policy, Constitution</p>

<p><b>Ensuring openness and comprehensive stakeholder engagement</b></p> <p>Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p>	<p>Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</p>	<p>The Council has a clear vision, demonstrated through its Corporate Plan. The website has undergone a number of improvements for 2016/17 and provides a large amount of information to the public, including a section dedicated to the requirements of the Transparency Code. The Council has an FOI policy in place and produces an Annual Report to highlight progress against the Annual Action Plan.</p>	<p>Constitution, Stakeholder Identification, Performance Management Framework, Communications Strategy Satisfaction Surveys, Councillor Call to Action, Council Tax online information Norfolk Crime and Disorder Partnership, Council's Website</p>
	<p>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</p>	<p>All Committee reports are prepared using pre-agreed templates. If a Cabinet meeting has to consider anything under Part 2 business the press/public will be excluded for that item but the reasons for this need to be justified and is often on the basis of commercial sensitivity.</p>	<p>Meeting minutes, Communications and Consultation Strategy, Statutory Provisions, Council's Website, Forums and Partnerships, Direct communication with Parish &amp; Town Councils (121 newsletter)</p>
	<p>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</p>	<p>The Committee schedule is prepared in advance of the year and is then subject to negotiation with key officers to ensure timely decisions can be made. All Committee reports are subject to pre-approval procedures, including pre-meetings with key members and consultation with portfolio holders to ensure relevant matters have been taken into account. Reports are based on agreed templates and must record key considerations and decisions.</p>	<p>Committee timetable, Council's Website, Constitution, Report template, Meeting minutes, Input from Monitoring Officer/S151 Officer.</p>

	<p>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</p>	<p>The Council adapts its consultation procedures according to the relevant decision being made with the public on planning decisions. Decisions are considered on a case by case basis and in line with legal requirements.</p>	<p>Planning protocols, Communication Strategy, Legal requirements, Consultation workshops (West prom/Deep History), Direct communication with Parish &amp; Town Councils (121 newsletter).</p>
	<p>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</p>	<p>Engagement practices are adapted to the environment rather than operating to a pre-defined strategy. Where appropriate, particularly where major change occurs that is likely to have a significant impact on the public, communication plans are developed to tailor engagement and to plan for responding to particular circumstances.</p>	<p>Communications Strategy, Consultation workshops (West prom/Deep History), Local Development Framework consultation, Council's website.</p>
	<p>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</p>	<p>This is an inherent part of the Council's operation. Partnerships are developed to support service delivery, with each partnership having a link to core activities within the Corporate Plan and Service Plans. Partnerships are subject to periodic review to ensure they remain effective and deliver Council</p>	<p>Partnership Framework and Principles Guidance.</p>
	<p>Ensuring that partnerships are based on:</p> <ul style="list-style-type: none"> <li>• trust</li> <li>• a shared commitment to change</li> <li>• a culture that promotes and accepts challenge among partners</li> </ul> <p>and that the added value of partnership working is explicit</p>	<p>Partnerships are based on the Partnership Framework and Principles Guidance and include a Service Level Agreement (SLA) where appropriate. Each Partnership will normally have a defined agreement (SLA etc), which will detail the nature of the working relationship and how it operates, including any governance arrangements. Service Managers are accountable for ensuring the successful operation and monitoring or partnerships.</p>	<p>Partnership Framework and Principles Guidance, Service Plans.</p>

	<p>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</p>	<p>The Council has a clear Communications Strategy that details how we will engage, consult and listen to our community and stakeholders.</p>	<p>Communications Strategy.</p>
	<p>Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</p>	<p>Communications come through various forms. Communication Plans are developed for more significant changes that will have an impact on the public. Members receive a monthly bulletin informing them of key events ongoing in the Council of which they need to be aware. Staff receive a weekly Bulletin and Town and Parish Council's receive the 'One to One' monthly newsletter.</p>	<p>Communications Strategy, Members Bulletin Staff Bulletin One to One newsletter</p>
	<p>Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs</p>	<p>As above, engagement comes through a variety of forms and is covered by the Council's Communications Strategy. Specific decisions will be subject to consultation – for example, the Local Plan Process has various forms of communication and engagement to ensure the public and wider stakeholders are fully consulted.</p>	<p>Communications Strategy, Planning Local Plan Review process/protocols, Consultation workshops (West prom/Deep History).</p>



	<p>Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account</p>	<p>The Council welcomes customers to raise concern or compliments with any aspect of service provision. All complaints and compliments are recorded on a corporate database. A summary of complaints and compliments is published on a quarterly basis with decisions fed back to stakeholders.</p>	<p>Communications Strategy, Customer Charter, Customer Complaints, Compliments &amp; Contacts Policy, Customer Management Strategy.</p>
	<p>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</p>	<p>This seeks to primarily address how the council can deal with competing demands in a community. The primary competing demand for the Council is the decreasing level of Council resources versus demands from customers for a high level of service.</p>	<p>Communications Strategy, Equality and Diversity Policy, Equality Impact Assessments (EQIA's).</p>
	<p>Taking account of the interests of future generations of tax payers and service users</p>	<p>This is considered on a case by case basis and balancing the various needs within the Council.</p>	<p>Committee reports, Budget setting process, Equality Impact Assessments (EQIA's).</p>

<p><b><i>Defining outcomes in terms of sustainable economic, social, and environmental benefits</i></b></p> <p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions</p>	<p>The Council's Corporate Plan clearly identifies the organisation's vision and purpose. This is supplemented by the Annual Action Plan which identifies specific annual objectives and is reported upon regularly throughout the year. The Service Planning process is directly linked to these plans, and set out specific activities to achieve outcomes in the Plan. Each activity is linked to defined corporate plan themes which then cascades into individual performance and service plan objectives.</p>	<p>Corporate Plan, Annual Action Plan, Service Plans, Performance system.</p>
	<p>Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</p>	<p>The Corporate Plan, Annual Action Plan and subsequent Service Plans seek to identify specified performance measures to evaluate how the organisation will deliver its priorities and benefit its local environment and this is reported on regularly throughout the year.</p>	<p>Corporate Plan, Annual Action Plan, Service Plans, Performance system.</p>
	<p>Delivering defined outcomes on a sustainable basis within the resources that will be available</p>	<p>The Service Plans feed into the budget setting process which identifies the level of cost and resources required to deliver the activity. There are frequent updates to committees in terms of budget monitoring and also performance against the targets and objectives contained within the Annual Action Plan to demonstrate how the Council is delivering against its objectives.</p>	<p>Corporate Plan, Annual Action Plan, Service Plans, Performance system, Budget monitoring protocols and reports, Committee reports, Medium Term Financial Plan.</p>

	<p>Identifying and managing risks to the achievement of outcomes</p>	<p>The Council has an agreed Risk Management Framework, and has embedded reporting of risk (to the Risk management Board) alongside its performance and financial reporting to ensure these are reviewed on an ongoing basis. Individual business plans and key decisions are subject to risk assessment at the time to ensure that issues have been raised and mitigation plans developed.</p>	<p>Risk Management Framework, Risk Management Board reports, Committee reports, Performance system.</p>
	<p>Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available</p>	<p>The Annual Action Plan and Service Plans define established performance measures to monitor how services are provided and the outcomes achieved. Service Planning helps to determine how resources should be allocated to defined activities, as well as the core 'business as usual' service delivery. The Communications Strategy and plans help to set expectations to service users on their potential user experience.</p>	<p>Corporate Plan, Annual Action Plan, Service Plans, Performance system, Communications Strategy, Budget process, Medium Term Financial Plan.</p>
	<p>Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision</p>	<p>The Council takes into account a wide range of factors when considering the impact of policies and plans when making decisions about service delivery. For example, the capital bidding process requires managers to complete a capital budget template which details not only the cost of their proposals but also any wider benefits in terms of service delivery, environmental enhancements etc. This is supported by the Capital Strategy and the budget framework and monitoring processes.</p>	<p>Medium Term Financial Plan, Capital bidding process, Budget framework, Capital Strategy.</p>

	<p>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</p>	<p>All decision making should be linked to the Council's longer term Corporate Plan and Medium Term Financial Strategy. The Service Planning process helps to support this in that all activities should be identified in the Service Plan and any additional activities would have to be subject to appropriate consideration, taking into account the ability to deliver already identified priorities. This can be evidenced through decisions taken at Cabinet.</p>	<p>Corporate Plan, Medium Term Financial Plan, Budget setting process, Annual Outturn report, Committee reports.</p>
	<p>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</p>	<p>Decisions made have to necessarily balance the public interest and achievement of outcomes, as can be evidenced through various committee reports.</p>	<p>Communications Strategy, Committee reports and minutes, Annual Governance Statement.</p>
	<p>Ensuring fair access to services</p>	<p>The Council evaluates equality impacts as appropriate within its decision making, ensuring due regard is given to enabling groups to access services. Our Customer Strategy seeks to support this through identifying how customers access services and ensuring that the Council's service provision responds to this.</p>	<p>Equality Impact Assessments (EQIA's), Statutory guidance, Customer Strategy.</p>

<p><b><i>Determining the interventions necessary to optimise the achievement of the intended outcomes</i></b></p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.</p>	<p>Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided</p>	<p>This can be evidenced through papers presented to Cabinet and to the Council's Scrutiny Committee which helps to ensure this is put into practice by engaging with members at the earliest possible stage in the development of plans and strategies, enabling their input into the potential options and ensuring these have been considered before key decisions are made. A recent example is with the update of the Communications Strategy.</p>	<p>Committee reports and minutes, Communications Strategy.</p>
	<p>Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</p>	<p>This is covered within the Council's Communications Strategy and can be further evidenced through the consultation processes involved with the update of the Local Plan. The Council's Medium Term Financial Plan also enables the Council to prioritise competing demands with limited resources.</p>	<p>Communications Strategy, Medium Term Financial Plan, Local Plan protocols.</p>
	<p>Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</p>	<p>The annual committee programme is developed in advance of the calendar year. Pre-Committee meetings discuss forthcoming reports with key officers and members to ensure these are programmed, with each Committee having its own specified work programme. There are clear programmes in place for the business planning and financial planning cycle, which are complementary to each other.</p>	<p>Committee timetable, Committee reports, Budget setting framework.</p>

	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	This is a necessary part of our planning, and can be evidenced through the ongoing work on the development of the new Local Plan.	Communications Strategy, Local Plan protocols.
	Considering and monitoring risks facing each partner when working collaboratively including shared risks	This is a necessary part of planning for partnership working. Each partnership has associated protocols or agreements (SLA's) to outline how it will operate, which would be subject to agreement with each partner to ensure their risks and challenges have been taken into account.	Partnership Framework, Risk Management Framework.

	<p>Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances</p>	<p>Change procedures, poor performance and termination is embedded into agreements and contracts to ensure that the Council is not locked into arrangements which are not effective. Performance targets for individuals and partnerships are reviewed regularly and incorporated within service plans.</p>	<p>Partnership Framework, Performance system.</p>
	<p>Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured</p>	<p>This is firmly embedded into the Annual Action Plan and Service Planning process. Each year, and then as part of quarterly reporting, key performance indicators are subject to review to ensure to introduce new / amendments to the indicators, and ensure they remain</p>	<p>Annual Action Plan, Service Plans, Annual Report, Quarterly performance reports.</p>
	<p>Ensuring capacity exists to generate the information required to review service quality regularly</p>	<p>The Council has a Policy &amp; Performance Management Officer who works with officers and Members to monitor and track performance cascading down from the Corporate Plan, Annual Action Plan and into the Service Plans. There are quarterly performance reports to Committee to monitor performance, highlighting any corrective action that might be required where appropriate.</p>	<p>Corporate Plan, Annual Action Plan, Service Plans, Annual report.</p>
	<p>Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan</p>	<p>The Budget and Service Planning process is fully integrated, with priorities cascading down from the Corporate Plan and Annual Action Plan into Service Plans. Managers develop their budgets and resource requirements with the finance team to ensure these objectives are deliverable.</p>	<p>Corporate Plan, Annual Action Plan, Service Plans, Budget setting process, Committee reports, Medium Term Financial Plan.</p>

	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	The service planning and budget cycles are fully integrated and informed by the production of the Medium term Financial Plan, which sets out how the Council will address the future funding challenges.	Corporate Plan, Annual Action Plan, Service Plans, Budget setting process, Committee reports, Medium Term Financial Plan.
	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	The Medium Term Financial Plan is updated ahead of the Service Planning and budget setting process to ensure it remains deliverable. Budgets and Service Plans are then based on this work to take account of any potential issues as required.	Service Plans, Budget setting process, Committee reports, Medium Term Financial Plan.
	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	As above, the budget and Service Planning process comprehensively links service demands and activities to the projected cost of service delivery.	Service Plans, Budget setting process, Committee reports, Medium Term Financial Plan.
	Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	This is covered within the Council's Medium Term Financial Strategy which considers issues ongoing service delivery costs and issues in the context of the ever changing external environment to ensure resources are optimized and that efficiency plans are developed where appropriate.	Service Plans, Budget setting process, Committee reports, Medium Term Financial Plan.
	Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes"	The Council has committed, through its Procurement Strategy, to supporting social value. The current procurement for the new Cromer Pier contract helps to demonstrate this with some of the scoring being allocated to Social Value.	Procurement Strategy, Pier tender documents.



<p><b><i>Developing the entity's capacity, including the capability of its leadership and the individuals within it</i></b></p> <p>Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfill its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<p>Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness</p>	<p>There are currently two Business Process Reviews (BPR) reviews being undertaken within the Planning and Environmental Health service areas to increase efficiency and improve performance. All changes in staffing are subject to robust procedures to ensure that resources are right for the relevant service.</p> <p>The Council has defined Asset Management Plan supported by the Disposal, Investment and Acquisitions Policy (both of which are being reviewed and updated for 2017/18). This is complimented by the Community Asset Transfer Policy; all of these policies combine to help ensure that property assets are effectively utilized while supporting the Council's Asset Commercialisation agenda which is a key theme within the Council's efficiency plans.</p>	<p>Asset Management Plan, Disposal, Investment and Acquisitions Policy, Community Asset Transfer Policy.</p>
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	<p>Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently</p>	<p>The Council is currently undertaking a Digital Transformation Programme, to enable the most efficient forms of service access. There are two BPR reviews being undertaken in Planning and Environmental Health service areas to increase efficiency and improve performance. These are facilitated by an external company who are helping to redesign services based on best practice and benchmarking from other external high performing Councils. The Council also participates in peer reviews to support further improvements.</p>	<p>Peer reviews, Digital Transformation initiative, Business planning Reviews.</p>
	<p>Recognising the benefits of partnerships and collaborative working where added value can be achieved</p>	<p>Partnership agreements are subject to a robust review to ensure they deliver against Council priorities. Services are required to identify within business planning processes the financial resources required to deliver through partnership means as opposed to internal service delivery</p>	<p>Partnership framework, Service Plans, Budget protocols.</p>
	<p>Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</p>	<p>The Council currently holds IIP Gold and is now due to start the next assessment. There are numerous Organisational Development plans, strategies and policies in place to help support the Council's staff, ranging from the Agile Working Policy, which supports staff to work more flexibly, through to the Employee Code of Conduct which outlines the Council's expectations from staff. The Appraisal and Development scheme is fully integrated into the Council's planning processes.</p>	<p>Appraisal and Development scheme, IIP Gold award, Agile Working Policy, Employee Code of Conduct.</p>

	<p>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</p>	<p>The Leader has served in place for a number of years and while there have been changes to the senior management team during the 2016/17 financial year the Council's operational effectiveness has remained strong. The Corporate Directors and joint Heads of Paid Service have regular meetings with the Leader and have introduced Business Planning meetings which follow on from Cabinet to discuss forthcoming issues and reports. These meetings help to clarify objectives and outcomes at an early stage and are supported by the various Cabinet and Portfolio Members. They are strongly empowered to support Portfolio Holders and Heads of Service in developing their roles and relationships.</p>	<p>Job descriptions.</p>
	<p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</p>	<p>The Council has a Scheme of Delegation which is periodically reviewed to ensure it remains current. Standing Orders and Financial Regulations are also periodically reviewed. This process is undertaken by the Constitution Working Party.</p>	<p>Constitution, Constitution Working Party.</p>

	<p>Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</p>	<p>As outlined above, the relationship between the Corporate Directors and joint Heads of Paid Service and Leader is strong and their respective roles and responsibilities are clearly defined'</p>	<p>Job descriptions.</p>
	<p>Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <p>ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</p> <p>ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</p> <p>ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</p>	<p>The Council has been well recognised for developing the leadership of staff at all levels in the organisation. The Council has already secured IIP Gold status, and is about to embark on a further review. A robust performance programme is in place to encourage open and honest communication with staff, enable effective performance management discussions and identify future development needs. This is fully supported by the Appraisal Framework which is fully embedded within the Council's processes. Training requirements flowing from the appraisal process feed into the corporate training needs assessment undertaken by the Organisational Development team.</p> <p>Members are provided induction training on commencing their roles at the Council, and encouraged to identify training needs. Ongoing training is held on a knowledge and competency basis, enabling members to develop their skills at all levels. An annual member training programme is produced to support their development.</p>	<p>Appraisal framework, Corporate Training programme, Service specific training requirements, Training update courses/briefings, IIP Gold, Staff/Member induction protocols.</p>

	Ensuring that there are structures in place to encourage public participation	The Council welcomes members of the public to engage in decision making, with meetings being held in public where possible and consultations undertaken on relevant decisions.	Committee minutes.
	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	The Council periodically has peer reviews and takes part in benchmarking and other relevant processes to evaluate leadership effectiveness. Feedback is welcomed and considered to ensure that it can be implemented.	Peer review, 360 Degree Appraisal, Appraisal framework.
	Holding staff to account through regular performance reviews which take account of training or development needs	The Council has a clearly defined performance management framework and appraisal system. All staff undertake an annual appraisal which is further supported by a 6 monthly review. Objectives and personal development plans are established for staff at all levels.	Appraisal framework.
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	The Council places strong emphasis on employee health and wellbeing. The Council's Staff Focus Group and the Health and Wellbeing team help senior leadership implement health and wellbeing initiatives, such as active workplace events which staff are encouraged to take part in at all levels. There is a section dedicated to Health and Wellbeing on the Council's intranet which staff and Members can access.	Health and Wellbeing Team, Staff Focus Group, Various Organisational Development policies and strategies, Intranet.

<p><b>Managing risks and performance through robust internal control and strong public financial management</b> Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.</p>	<p>Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</p>	<p>The Council has an agreed Risk Management Framework and operates a Risk Management Board along with the Governance, Risk and Audit Committee (GRAC). The Committee report templates which must be used for all Committee reports include a specific section on risk and staff and managers are encouraged to raise risks, and how these should be managed / mitigated as part of key decision making processes. At an operational level, staff are encouraged to take personal accountability for risks. The Council has a Business Continuity Framework with Business Continuity Plans in place for key service areas which are subject to annual review.</p>	<p>GRAC reports/minutes, Committee report template, Health and Safety Policy, Risk assessments, Business Continuity Framework, Business Continuity Plans, Risk Management Board.</p>
<p>A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.</p>	<p>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</p>	<p>The Risk Management Framework has been agreed through the relevant decision making processes and is subject to regular review and updating. On a quarterly basis, key risks are formally evaluated and monitored by the Risk Management Board, however services are expected to maintain a watching brief on all operational level risks on a daily basis. Health and Safety risks are also monitored as part of this process.</p>	<p>GRAC reports/minutes, Health and Safety Policy, Risk assessments, Business Continuity Framework, Business Continuity Plans, Risk Management Board, Corporate Risk Register.</p>

<p>It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>	<p>Ensuring that responsibilities for managing individual risks are clearly allocated</p>	<p>Each risk within the Risk Register has been formally allocated to individual responsible owners.</p>	<p>Corporate Risk Register.</p>
	<p>Monitoring service delivery effectively including planning, specification, execution and independent post implementation review</p>	<p>The Annual Action Plan and Service Planning process identifies performance measures for services. Services are subject to periodic review to ensure delivery remains efficient and effective. The Major Projects Board considers and monitors key corporate projects in terms of key project aims, targets/benefits, milestones, progress, risks, financial position etc. At the end of projects there is a formal review process to consider 'lessons learnt' that can be fed back into future projects.</p>	<p>Annual Action Plan, Annual Report, Service Plans, Performance framework, Major Projects Board, Project Management framework, Project Initiation Documents (PIDs), Project review documents.</p>

	<p>Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</p>	<p>Quarterly reporting of risks at a strategic level highlights core risk factors that may influence the council's ability to deliver objectives over the longer term. Significant decisions are subject to robust challenge and clear processes to ensure that all relevant factors have been considered.</p>	<p>Risk Management Board, GRAC reports/minutes, Committee report template.</p>
	<p>Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible</p>	<p>The Council's Overview and Scrutiny Committee operates to scrutinize, challenge and debate policies and objectives, a recent example being the Communications Strategy. The Committee also has its own work programme and will often review previous initiatives to ensure that decisions have been implemented as intended and clear benefits have resulted.</p>	<p>Overview and Scrutiny Committee reports and minutes, Overview and Scrutiny Committee terms of reference, Member training.</p>
	<p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p>	<p>Quarterly reports are presented to Cabinet containing updates on finance, performance and risks for the Council's agreed plans.</p>	<p>Cabinet reports and minutes, Committee timetable.</p>
	<p>Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements )</p>	<p>The quarterly reports evaluate budgetary positions, seeking approval to significant variances and highlighting major changes to agreed programmes. The final quarter reports then seek to align to financial reporting with the outturn position.</p>	<p>Budget reports, Outturn report, Financial Statements, Financial Standing Orders.</p>



	Aligning the risk management strategy and policies on internal control with achieving the objectives	The Risk Management Framework seeks to establish how organisational risk is managed. Risks form the basis of internal control evaluation through the annual audit programme, and will be subject to ongoing evaluation through each programmed internal audit.	Risk Management framework, Internal Audit Plan, Audit reports, External review of effectiveness, Annual Governance Statement, Internal Audit Annual Report and Opinion, Local Code of Corporate Governance.
	Evaluating and monitoring the authority's risk management and internal control on a regular basis	Risks are subject to quarterly reviews, and the Risk Management framework is periodically reviewed to ensure it remains current. The internal audit programme is subject to an annual review and formal review, with planning over the longer term, balancing the Council's priorities and risks. The GRAC undertake regular self- assessments of their performance, regular updates on progress towards the audit plan and implementation of recommendations are provided to the Committee on a quarterly basis along with and Annual Report and Opinion. The internal audit contract is also subject to an external quality control review.	GRAC self-assessment, Risk Management framework, Internal Audit Plan, Audit reports, External review of effectiveness, Head of Internal Audit Statement of Compliance, Annual Governance Statement, Internal Audit Annual Report and Opinion, Local Code of Corporate Governance.
	Ensuring effective counter fraud and anti-corruption arrangements are in place	The Council has an agreed Fraud and Corruption Policy which is in the process of being updated. The Council takes part in national initiatives to reduce the potential for fraud and to identify fraud that may have occurred.	Fraud and Corruption Policy, National Fraud Initiatives.

	<p>Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p>	<p>The Council is part of the South Norfolk Internal Audit Consortium. The Consortium is currently subject to External Review to ensure it is delivering in accordance with best. Internal Audit plans are developed and the Internal Audit Service is resourced according to these plans.</p>	<p>External review of effectiveness, Annual Governance Statement, Internal Audit Annual Report and Opinion, Head of Internal Audit Statement of Compliance, Local Code of Corporate Governance.</p>
	<p>Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon</p>	<p>The Council has elected to develop the Governance, Risk and Audit Committee (GRAC) to have oversight of internal control while taking responsibility for good governance practice. The Committee has strong oversight and is empowered to hold the organisation to account.</p>	<p>GRAC terms of reference, GRAC reports and minutes, Member training, GRAC self-assessment.</p>
	<p>Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</p>	<p>The Council has a Data Protection Policy and a Data Quality Policy and is also PSN Compliant to ensure the most sensitive data it holds is held securely. This is further supported by the Council's IT Security Policy. The Council has also taken the decision to introduce a Senior Information Risk Officer (SIRO) with the Corporate Director and Joint Head of Paid Service being assigned to this role. The audit position statement highlighted some recommendations in relation to this new role which are due to be implemented during 2017/18.</p>	<p>Data Protection Policy, Data Quality Policy, IT Security Policy, PSN compliance, SIRO audit position statement.</p>
	<p>Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</p>	<p>Information sharing is subject to defined information sharing protocols.</p>	<p>Data Protection Policy, Data Quality Policy, IT Security Policy, PSN compliance.</p>

	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	The Council does not have formal data validation programmes, however data validity and quality is evaluated through internal audit assessment and during the BPR service review work.	BPR protocols, Audit reports.
	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	This is embedded into the Medium Term Financial Plan, which has been developed alongside the Service Plans and budget planning processes. Financial reporting is strongly linked to performance and risk reporting to ensure it correlates to service delivery.	Medium Term Financial Plan, Service Plans, Budget monitoring reports and protocol.
	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Management accounts are produced on a monthly basis for service analysis, and to ensure budgets remain on track to those established within business planning. Significant variances are reported to key decision making.	
<b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b> Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.	Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate  Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	Report templates have been designed to help highlight key information quickly and easily. Reports undertake review processes to ensure they remain succinct and effective in imparting their messages. All reports are available for the public to review from the Council directly or on the Council's website with contact details for key officers prominently placed. The Council's Annual Report also provides a high level review of the Council's achievements during the year in an easy to understand high level format.	Council website, Annual Report, Committee template, Committee reports.
	Reporting at least annually on performance, value for money and the stewardship of its resources	The Council's statement of accounts includes a "narrative" report which outlines how the Council has delivered against its objectives and financial targets during the year. The	Statement of accounts, Annual Report, Annual Governance Statement.

		report makes extensive use of charts to aid users to quickly understanding the information. The Annual Governance Statement provides a key oversight of the Council's governance arrangements and how these can be developed.	
	Ensuring members and senior management own the results	On a quarterly basis, Cabinet receives performance and finance reports outlining how the Council has performed against corporate objectives. Significant areas of concern are highlighted with recommendations for corrective action where appropriate.	Performance reports/framework, Annual Report, Budget monitoring reports, Minutes highlighting appropriate approvals, Outturn report.
	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	The CIPFA Code of Corporate Governance principles have been benchmarked, and this will be subject to evaluation by both the Risk Management Board and also the Governance, Risk and Audit Committee. Necessary actions will then be reviewed and incorporated into the Annual Governance Framework as required.	Annual Governance Statement, Local Code of Corporate Governance.
	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	The Council is not presently involved with any shared service arrangements. The Council is however part of Coastal Partnership East and this framework has been applied to the partnership. The annual review process has highlighted some areas for consideration in respect of this partnership and these will be included within the Annual Governance Statement.	Annual Governance Statement, Local Code of Corporate Governance, Terms of Reference.

	<p>Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations</p>	<p>The Council's financial statements are prepared in accordance with best practice to help support comparison with similar organisations. The Council has accelerated timeframes for evaluated finance and performance outcomes, with the Outturn Report now being produced within 6 weeks of the year end to ensure decisions can be made on a timely basis with insight to the performance and so that this information can then support the production of the Statement of Accounts.</p>	<p>Statement of accounts, Outturn Report.</p>
	<p>Ensuring that recommendations for corrective action made by external audit are acted upon</p> <p>Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon</p>	<p>Recommendations made by external and internal auditors are reported to the GRAC as part of the Statement of Accounts approval process. The Internal Audit Consortium Manager has access to report directly to the GRAC with outcomes from her work and any key concerns she may have.</p>	<p>Statement of accounts, External audit opinion, GRAC reports/minutes, Internal Audit Opinion.</p>
	<p>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</p>	<p>Peer challenge is undertaken periodically to evaluate how the Council is performing. Regulators will undertake periodic inspections and the outcomes of their reports escalated as appropriate.</p>	<p>Peer review, Regulatory review.</p>
	<p>Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</p>	<p>The Annual Governance Statement includes a section on the "Review of Effectiveness" which includes consideration of governance arrangements for service delivery through third parties.</p>	<p>Annual Governance Statement, NNDS Self-assessment Assurance Statement.</p>

	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	Partnerships are subject to relevant agreements to ensure the nature of the partnership and reporting frameworks / objectives are clear.	Communication Strategy, Partnership Framework, Terms of Reference, Service Level Agreements (SLA's).
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# **Monitoring Officer Annual Report 2016/17**

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# Monitoring Officer Annual Report 2016/17

## 1. Introduction

- 1.1 The Monitoring Officer's Annual Report summarises the more important matters arising from the Monitoring Officer's work for the Council from 1 April 2016 to 31 March 2017 and comments on other current issues.
- 1.2 Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the fundamental principles of openness, integrity and accountability together with the overarching concept of leadership. In this respect, North Norfolk District Council recognises the need for sound corporate governance arrangements and has put in place policies, systems and procedures designed to achieve this.
- 1.3 The Monitoring Officer is appointed under Section 5 of the Local Government and Housing Act 1989 and has a number of statutory functions in addition to those conferred under the Local Government Act 2000 and subsequent regulations governing local investigations into Member conduct. These are outlined in the next section of the report.

## 2. The Monitoring Officer's Work April 2016 – March 2017

The appointment of the current Monitoring Officer was confirmed by Council on 21 September 2016 and has carried out the statutory functions since that time.

<b>Duties</b>	<b>Work undertaken</b>
(a) Report on contraventions or likely contraventions of any enactment or rule of law including fraud.	The Monitoring Officer and her staff attend meetings and provide advice to officers and Members at an early stage, including seeing reports to committee. The Monitoring Officer also requires appropriate recording of delegated authority.  No contraventions have been identified or reported.
(b) Report any findings of maladministration causing injustice where the Ombudsman has carried out an investigation.	The Monitoring Officer reviews any complaints where the LGO has upheld the complaint.  £90 has been paid this year as a goodwill gesture.



<p>(c) Establish and maintain the Register of Member's interests and gifts and hospitality.</p>	<p>All Members of both the District and Parish Councils completed new returns following the elections in May 2015. These are being kept up to date.</p> <p>Members have been issued with Guidance.</p> <p>Members making nil returns have been reminded of their obligations under the Code.</p> <p>The Register of Members' Interests is publicised on the Council's website. The Registers are available for inspection at the Council's offices.</p>
<p>(d) Maintain Register of Employees gifts and hospitality.</p>	<p>The Registers have been updated regularly and are open to inspection.</p>
<p>(e) Investigate misconduct in respect of District, Parish and Town Councillors under the Code of Conduct.</p>	<p>During the year between April 2016 and March 2017 a total of 22 complaints have been received. This compares to last year's figure of 10 complaints.</p> <p>The majority of these complaints (18 of 22) relate to parish and town councils.</p> <p>The most common source of complaints were unclear governance procedures and also alleged disrespect to others.</p> <p>In a significant proportion of these cases there was either no breach identified or the members concerned were offered guidance and assistance.</p> <p>In some cases the parish councils were offered assistance through mediation and conciliation to resolve the issues themselves rather than having solutions imposed upon them.</p> <p>3 cases were referred for investigation.</p> <p>To address the rise in the number of complaints, monthly advice is being offered to parishes through 121, the Council's e-briefing to help parishes avoid complaints.</p>

	<p>Members have regularly sought advice in order to comply with the Code of Conduct, particularly in relation to declaring interests under the Code.</p> <p>Members have been provided with guidance through the provision of briefing notes through the Member's Bulletin.</p>
(f) Investigate breaches of the Council's own protocols.	There have been no alleged breaches of the Council's own protocols.
(g) Provide advice to Town and Parish Councils on the interpretation of the Code of Conduct.	<p>The Monitoring Officer has provided advice to Parish Councils on the Standards and Conduct Arrangements during 2016/17 face to face, by letter, telephone and email.</p> <p>The Monitoring Officer has provided advice and assistance to a number of parishes through interventions to raise standards and deal with complaints. Further advice is being provided to parishes/towns to help them comply with their obligations under the Code through 121, the Council's e-briefing for parishes/towns.</p>
(h) Promote and support high standards of conduct through support to the Standards Committee.	<p>The Committee has met to hear cases.</p> <p>A new Independent Person has been selected and appointed by the Council.</p>
(i) Compensation for maladministration.	None.
(j) Maintenance and review of the Constitution.	The Constitution has been revised and updated during the year through the input of the Constitution Working Party.
(k) Responsibility for complaints made under the Council's Whistleblowing and Anti-Fraud policies.	None
(l) Breaches of the Employee Code of Conduct.	There have no formal allegation of breaches under the Employee Code of Conduct.

<p>(m) Advice on vires issues, maladministration, financial impropriety, probity and policy framework.</p>	<p>The Monitoring Officer has been consulted on new policy proposals and on matters, which have potentially significant legal implications.</p> <p>The Monitoring Officer and her staff have attended Council and other Committees as necessary.</p> <p>Officers consult the Monitoring Officer regularly on vires and probity issues.</p> <p>The Monitoring Officer works closely with the Chief Financial Officer and the Heads of Paid Service to ensure probity in the organisation.</p> <p>The Monitoring Officer regularly advises on the legality and/or appropriateness of administrative procedures, in conjunction with the Democratic Services Team.</p>
<p>(n) Exemptions to contract standing orders</p>	<p>4 exemptions have been allowed this year, mainly relating to emergency works for the storm surge.</p>
<p>(o) actual or potential litigation or claims that would have a significant effect on the entity or a material impact on the financial statements</p>	<p>None identified.</p>

### 3. Key Messages

3.1 The key messages to note from the year are:

- (i) The systems of internal control administered by the Monitoring Officer including compliance with the Council's Constitution were adequate and effective during the period for the purposes of the latest Regulations. However, it is important that Members and Officers are regularly reminded of their obligations and updated on any changes to ensure there is no complacency.
- (ii) The Constitution continues to be regularly updated.
- (iii) There has been a rise in complaints particularly regarding parishes, and this will be addressed through the provision of further advice to parishes as well as training.

## **4. Looking Forward**

4.1 The key issues for 2016/17 are as follows;

- Further work with the parishes would be beneficial in reducing the number of complaints and raising the standards of governance.

### **4.2 Code of Conduct**

4.2.2 To undertake Member training.

### **4.3 Corporate Governance Framework**

4.3.1 The Council will keep the Code of Corporate Governance under review, taking into account any revisions to associated guidance and any recommendations arising from audit reports.

4.3.2 The Monitoring Officer will continue to provide an assurance in respect of the Code and the Annual Governance Statement by way of this Annual Report.

### **4.4 Constitution and Regulations**

4.4.1 The Constitution will be continue to be kept under review by the Monitoring Officer working closely with the Democratic Services Team.

4.4.2 It will be appropriate to continue to remind Members and staff of the importance of compliance with the Council's regulations, as set out in the Constitution and other policy framework documents, and the Monitoring Officer and other staff will give advice accordingly.

## **5. Overall opinion on the adequacy and effectiveness of the Governance framework**

That the systems of internal control administered by the Monitoring Officer including the Code of Conduct and the Council's Constitution, were adequate and effective during the year between April 2016 and March 2017 for the purposes of the latest regulations (subject to the areas outlined above).

Emma Duncan  
Monitoring Officer  
31/3/17

## Civil Contingencies Update

### Business Continuity

An internal flood was discovered in the Revenues and Benefits' (R&B) service area on Wednesday 14<sup>th</sup> December. Investigation found that the leak was from the upstairs shower next to the canteen, it seems as if this had been running for some time, property services have now isolated the shower.

A rapid response from Property Services, IT and R&B team ensured that the damage was limited. The implementation of good business continuity and recovery plan allowed the displaced staff to be re-housed elsewhere within the Cromer main building for the two days the area was out of use.

All learning points have now been incorporated in to the relevant team BC plans.

The Civil Contingencies Team will be working, as part of the elections project team, to ensure that there is a robust contingency plan in place to ensure the smooth running of the Parliamentary elections process.

The internal Audit of NNDC Business Continuity processes took place on 20 March 2017, below is an overview of the findings of the audit findings taken from the final report.

### **RATIONALE**

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with Business Continuity Planning. The assurance opinion has been derived as a result of one 'important' and one 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be an opportunity for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services

### **KEY FINDINGS**

#### Positive Findings

##### **Procedural guidance – both for internal and external parties**

- There is a Business Continuity Policy in place which reflects statutory and corporate requirements.

##### **Assignment of roles and responsibilities**

- There are clear roles and responsibilities for carrying out Business Continuity functions, including at strategic, tactical and operational level.
- Staff are made aware of Business Continuity and how they can help support the processes.

##### **Local business plans/planning**

- Business Continuity Plans are in place to reflect the corporate and critical services of the Council.
- Business Impact Analysis/Assessment has been undertaken within Business Continuity Plans.
- Critical activities and resources needed to deliver the plans are identified in the Business Continuity Plans.
- Business Continuity Plans contain all relevant elements and requirements.

#### **Liaison with local businesses and other bodies e.g. County Council**

- Businesses / stakeholders are made aware of Business Continuity and how they can help support the processes.

#### **Arrangements for testing plans and reporting outcomes**

- The Council has focused on testing Business Continuity Plans against live incidents/events. There is also a process in place for introducing formal testing after a period where no live incidents/events take place.
- Outcomes of live events/incidents are recorded and reviewed with action points/lessons learnt raised, reported through to the Council's Risk Management Board.

#### **Links through to Disaster Recovery**

- There are links between the Business Continuity Plans to Disaster Recovery, with regular communication/teamwork undertaken between IT (for Disaster Recovery) and Civil Contingencies (for Business Continuity) teams.

#### **Issues to be addressed**

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

#### **Local business plans/planning**

- Senior Management Team to ensure that all Business Continuity Plans for critical services are kept up-to-date, thereby reducing the risk of the Council being unable to coordinate an effective return to business as usual when an incident occurs.

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

#### **Local business plans/planning**

- The Council to make a decision as to whether there is a requirement for all non-critical services to complete Business Continuity Plans, thereby reducing the risk of required plans not being completed or being out-of-date.

#### **Operational Effectiveness Matters**

- The operational effectiveness matter, for management to consider relates to the addition of a Business Continuity training presentation/module to the staff e-learning portal, to further raise staff awareness and knowledge in relation to business continuity.

Rec.	Risk Area	Finding	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	<p><u>Local business plans/planning</u> – During testing, one out of three departmental Business Continuity Plans deemed to be a critical service was out-of-date (Property Services) having been due for review and update, where applicable, in December 2016.</p> <p>As a result of this, the Property services plan does not reflect the actions points / lessons learnt arising from the department's incident experienced in July 2016.</p> <p>Audit confirmed that the outstanding plan has been through a formal chase up and escalation process, however, this plan remains outstanding.</p>	<p><b>Recommendation 1</b> – Senior Management Team to ensure that Business Continuity Plans for all critical services are kept up-to-date.</p> <p>The Civil Contingencies Team are to confirm that lessons learnt / action points are incorporated within the revised Property Services Business Continuity Plan, where applicable.</p> <p><b>Rationale &amp; risk:</b> Ensuring that Business Continuity Plans are kept up-to-date will provide assurance to management that the Council is sufficiently prepared were a disaster / incident to occur, in order to maintain business continuity.</p> <p>Where plans are not up-to-date and kept up-to-date, there is a risk that the Council will be unable to co-ordinate an effective return to business as usual when a disaster / incident occurs which may lead to reputational damage and financial loss for the Council.</p>	2	<p>Agreed in principal with the Civil Contingencies Manager at the debrief meeting on 24<sup>th</sup> March 2017.</p> <p>Formal responses to be provided on receipt of the draft report.</p> <p><i>Civil Contingencies Manager (CCM) response:</i></p> <p><i>Despite continued support and chasing up by the Civil Contingencies Team (CCT), some teams have still not updated their BC plans in a timely manner. It is suggested that this requirement is allotted to each service head via the TEN performance system. This will ensure that senior Management and CLT will be able to see teams that have not kept plans updated.</i></p> <p><i>CCT do peer review all submitted BC plans and the Property services and Revenues and Benefits plans will be checked through to ensure that they have been updated after the new procedure introduction and incident respectively. CCM to contact performance manager and ensure that the TEN system is update to reflect this need.</i></p>	<p>30 Apr 2017</p> <p><i>Completed – All Service BC update dates have been added to the Performance Management System (TEN)</i></p> <p><i>Property Services Plan is now....</i></p>	Civil Contingencies Manager and Performance manager
2	<p><u>Local business plans/planning</u> – Business Continuity Plans are not in place for two of the three non-critical services tested (Building</p>	<p><b>Recommendation 2</b> – The Council to make a decision as to whether there is a requirement for all non-critical services to</p>		<p>The Civil Contingencies Manager was notified via email on 31<sup>st</sup> March 2017.</p> <p>Formal responses to be provided upon receipt of the draft report.</p>	<p><i>Completed- All Service BC update dates have been added to the Performance</i></p>	

	<p>Control and Economic Development).</p> <p>Although there is no requirement for Business Continuity Plans to be completed for non-critical services, this is deemed good practice and is actively encouraged by the Civil Contingencies Team.</p> <p>The Technical Administrator confirmed that arrangements are in place to draft a plan for Building Control, however, an Economic Development plan has not been produced for three years despite regular recommendations from the Civil Contingencies Team.</p>	<p>complete Business Continuity Plans, in line with good practice, and to ensure that this decision is formally complied with thereafter.</p> <p><b>Rationale &amp; risk:</b> Ensuring that a decision is made and formally complied with, on the completion of Business Continuity Plans for non-critical services, will provide assurance to management that Council departments are aware of necessary business continuity requirements and that these have been adhered to.</p> <p>Where this decision is not made and complied with, there is a risk that required plans are not completed or out-of-date, leading to reputational damage and financial loss for the Council.</p>	<p><i>Civil Contingencies Manager response:</i></p> <p><i>It has been accepted within the Authority that all teams should prepare and produce a team BC Plan as this make good business sense. If it is agreed that all teams should produce teams plans the BC policy will be updated to reflect this confirmation and as above the service head will have this requirement placed in their TEN performance schedule.</i></p>	<p><i>Management System (TEN)</i></p>	<p>31 May 2017</p>
		<p>Consideration be given to the Civil Contingencies adding a business continuity training presentation / module to the Council's staff e-learning portal to raise awareness for business continuity planning.</p> <p>The HR Manager stated that conversations have taken place with the Civil Contingencies Manager to include a business continuity presentation / learning exercise within the e-learning portal which is available to all staff, however, there is currently no exercise published. This will further raise staff awareness and knowledge in relation to business continuity and will help facilitate</p>	<p><i>Agreed in principle with the Civil Contingencies Manager at the debrief meeting on 24<sup>th</sup> March 2017.</i></p> <p><i>Formal responses to be provided upon receipt of the draft report.</i></p> <p><i>Civil Contingencies Manager response:</i></p> <p><i>I have looked through the Skillgate training package and found two BC related courses are available "Contingencies Plan B" and "Risk Analysis". However, I will still consult with the HR manager and discuss the merits of adding the training presentation that we have created locally.</i></p>	<p><i>10 May 17- I have met with HR manager and in addition to the generic courses already available on the skillgate system, skillgate will be requested to convert and add the NNDC Business Continuity presentation into an interactive course available through the system. This will be available to all staff and will form part of the induction process.</i></p>	



		future business continuity exercises.				
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The table below sets out the latest position of the authority's team business continuity process

<b>Team</b>	<b>Plan Owner</b>	<b>Service Manager</b>	<b>Review date</b>	<b>Completed</b>
Building Control	Stuart Tate	Nicola Baker	Apr-18	
Civil Contingencies	Richard Cook	Steve Hems	Jan-18	
CLT	Nick Baker	Nick Baker/Steve Blatch	May-17	
Coastal Management	Rob Goodliffe	Rob Young	Dec-17	
Commercial	Alan Dixon	Steve Hems	Jul-17	
Communications/ Web	Sue Lawson	Nick Baker	Dec-17	
Customer Services	Jane Wisson	Sean Kelly	Jul-17	
Democratic Services	Emma Denny	Emma Duncan	Nov-17	
Economic Development	Rob Young	Rob Young	Jun-14	never received
Electoral Services	Tracey Watts	Steve Blatch	Dec-17	
Environmental Protection	James Wilson	Steve Hems	Oct-14	Draft
Environmental Services	Scott Martin	Steve Hems	May-18	
Finance	Tony Brown	Duncan Ellis	Dec-16	Draft
Housing Options	Lisa Grice	Sean Kelly	Dec-17	
Human Resources/Payroll	Alex Triplow	Nick Baker/Steve Blatch	Jul-17	
IT	Kate Wilson	Sean Kelly	Dec-17	
Legal	Emma Duncan	Nick Baker/Steve Blatch	Jul-17	
Planning	Nicola Baker	Steve Blatch	Apr-17	Draft
Policy & Performance	Helen Thomas	Sue Lawson?	Sep-17	
Property Information	Rachel Parkin	Nicola Baker	Apr-17	Draft
Property Services	Russell Tanner	Duncan Ellis	Jan-18	
Public Protection	Gemma Faircloth	Steve Hems	Feb-18	
Reprographics	Paul turner	Sean Kelly	Jul-17	
Revenues and Benefits	Liz Codling/Sean Knight	Sean Kelly	May-18	
Sports and Leisure	Karl Read	Rob Young	Jun-17	