

Governance, Risk and Audit Committee



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30 May 2018

A meeting of the **Governance, Risk and Audit Committee** of North Norfolk District Council will be held in **the Council Chamber** at the Council Offices, Holt Road, Cromer on **Tuesday 19 June 2018 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

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 D Baker, Mr V FitzPatrick, Ms V Gay, Mr M Knowles, Mr J Rest 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 1)

To approve as a correct record, the minutes of the meeting of the Governance, Risk & Audit Committee held on 27 March 2018.

6. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

(page 6)

To monitor progress on items requiring action from the meeting of 27 March 2018, including progress on implementation of audit recommendations

7. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

(page 7)

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

8. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY 7 MARCH 2018 to 9 MAY 2018

(page 8)

Summary:

This report examines the progress made between 7 March 2018 and 9 May 2018 in relation to delivery of the Annual Internal Audit Plan for 2017/18.

Conclusions:

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

Recommendations: It is recommended that the Committee notes the outcomes of the assurance audits completed between 7 March 2018 and 9 May 2018.

Cabinet member(s): All
Ward(s) affected: 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

9. FOLLOW UP ON INTERNAL AUDIT RECOMMENDATIONS 1 NOVEMBER 2017 TO 31 MARCH 2018 (page 30)

Summary: This report provides an overview of progress made in implementing agreed audit recommendations due for completion between 1 November 2017 to 31 March 2018.

Conclusions: Good progress continues to be made in addressing audit recommendations with a high percentage of these being actioned by management, the remaining 12 recommendations now need to be addressed by management.

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

Cabinet member(s): All
Ward(s) affected: 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

10. ANNUAL REPORT AND OPINION 2017/18 (page 41)

Summary: This report concludes on the Internal Audit Activity undertaken during 2017/18, 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 2017/18, 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 2018.
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 2017/18.
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, Head of Internal Audit
01508 533791, ehodds@s-norfolk.gov.uk

11. GOVERNANCE, RISK AND AUDIT COMMITTEE SELF ASSESSMENT (page 56)

(Appendix A, page 59)

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, 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 A** to this report.

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

12. MONITORING OFFICER'S REPORT

(page 66)

To receive the Monitoring Officer's Annual Report which summarises the key matters arising from the Monitoring Officer's work for the District Council from 1 April 2017 to 31 March 2018 and comments on other current issues.

Source: Emma Duncan, Monitoring Officer
Tel: 01263 516045

Agenda Note:

This report was received by the Standards Committee on 17 April 2018.

13. LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT 2017/18

(page 74)

(Appendix B, page 78)(Draft Annual Governance Statement, page 110)

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 2017/18 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

14. 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 27 March 2018 in the Council Chamber, Council Offices, Holt Road, Cromer at 2.00 pm.

Members Present:

Committee: Mr D Baker
Mr M Knowles
Mr J Rest (Chairman)
Mr D Young

Other

Members: Mr N Pearce

Officers in

Attendance: The Executive Director, Ernst and Young, the External Audit Manager, the Head of Internal Audit, the Chief Technical Accountant and the Democratic Services Officer.

40. APOLOGIES

Apologies were received from Ms V Gay and Mr V FitzPatrick.

41. PUBLIC QUESTIONS

None received.

42. ITEMS OF URGENT BUSINESS

None

43. DECLARATIONS OF INTEREST

None

44. MINUTES

The Minutes of the meeting of the Governance, Risk & Audit Committee held on 05 December 2017 were approved as a correct record.

45. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

Car Parks: Mr D Young asked if the Service Level Agreement between NNDC and King's Lynn and West Norfolk Borough Council had been signed since the last meeting. The Head of Internal Audit confirmed that this had happened.

46. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

Changes to the Work Programme:

- a) The Annual Audit Letter had been moved to September 2018. This needed to be amended on the Work Programme.
- b) The Committee agreed that the anti-money laundering policy should be moved to September 2018, when there would be a lighter agenda.

47. ERNST & YOUNG AUDIT PLANNING REPORT

The report was presented by the Executive Director, Ernst and Young. He informed the Committee that risks and materiality remained the same as last year and that it was a very static audit from year to year. Since Full Council on 21 February 2018, work had been done on Value for Money to assess savings plans and reserves for adequacy against the budget gap. Paper copies of this work had been produced for Members.

The fees had been set and there was no need to change them.

Questions and Discussion

- a) Mr D Baker asked if it was standard to have a budget gap. The Executive Director, Ernst and Young replied that it was common in other councils. It would be covered by reserves subject to plans to cover the risk (the Medium Term Financial Plan). In the recent case at Northampton, the auditors had warned that arrangements weren't adequate. NNDC was in a better position than the unitary councils regarding cost pressures as significantly unpredictable costs did not arise.
- b) Audit fees: in response to a question from Mr M Knowles, the Executive Director, Ernst and Young explained that there were two Audit Fees for two separate streams of work – £54,000 was the audit fee and £26,000 for audit of the housing benefit claim.
- c) Mr D Young asked if the fee increase was general or specific to NNDC. The Executive Director, Ernst and Young, explained that the housing benefit fee was calculated on the basis of the level of error in previous claims. If it was less, the fee would reduce. It was highly unlikely that there would be no errors. The Head of Internal Audit said that NNDC had joined the National Framework for appointing external auditors. Ernst and Young had been appointed again and she was negotiating with them regarding fees.
- d) In response to a question from Mr N Pearce about the new deadline for preparing the financial statements, the Executive Director, Ernst and Young, said that a tighter deadline was not expected to result in lower quality work and that Members needed to be aware of the pressures on staff. A high level of error meant that more work would need to be done by External Audit. This was a risk that must be managed. The Chief Technical Accountant explained that there had been 2 years notice of the new deadline and that a lot of preparatory work had been done. In 2017 the 2018 deadline had been met short of one day and she was confident. In response to a question from Mr D Young she said that there would be no financial penalty for missing the deadline, but that the Council would be named on a register.

RESOLVED

To receive the Annual Audit Planning Report from the External Auditors, Ernst and Young.

48. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY 23 NOVEMBER 2017 TO 06 MARCH 2018

- a) The Head of Internal Audit reported that the Audit Plan was 96% complete and that we were on track for an earlier close-down.
- b) Three audits had been completed since the last report (Accounts Receivable, Risk Management and C3 Contract Management System) and they demonstrated that risk management was embedded at NNDC.
- c) The cross authority review in HR provided some suggestions that would be picked up when the new manager was in post and could also be revisited as part of the next formal HR audit.
- d) Within the Accounts Receivable audit it was noted that to ensure compliance with the General Data Protection Regulations (GDPR): some data sorting was needed. In response to a question from Mr N Pearce it was explained that part of the discussions with the software supplier were to ensure that this electronic data was securely destroyed.
- e) In response to a question from Mr D Young regarding the assurance levels, the Head of Internal Audit explained that where an urgent (priority one) recommendation was raised it did imply a limited assurance although there did need to be some subjectivity to this assessment, the assurance ratings and supporting reports are subject to quality review to ensure fairness and consistency.
- f) In relation to a query regarding the scorings for the performance measures it was confirmed that the scoring is between one and six and that “adequate” is a score of four and acceptable.

RESOLVED

To note the outcomes of the assurance audits completed between 23 November 2017 and 06 March 2018.

49. STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2018/19

The report was introduced by the Head of Internal Audit. It provided an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2018/19 to 2020/21 and the Annual Internal Audit Plan for 2018/19. 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.

- a) The Audit Charter had been updated administratively, by the Head of Internal Audit and could be provided to Members if required.
- b) The Internal Audit Strategy confirmed the risk-based approach. It was a statement of:
 - How the internal audit service would be delivered;
 - How internal audit services would be developed in accordance with the internal audit charter;
 - How internal audit services linked to the organisational objectives and priorities; and
 - How the internal audit resource requirements had been assessed.
- c) The Strategic Internal Audit Plan was a three year vision ensuring that all areas of the Council were recognised.
- d) The 2018/19 Annual Internal Audit Plan included Digital Transformation (Phase 2) for the first time to ensure that this significant project was realising the intended benefits.

- e) Other planned audits would include fundamental financial systems, Environmental Health (because there was so much change in the service) and Cromer Pier (which had the same provider, but a new contract).
- f) The follow-up budget had been reduced by 2 days because responses at NNDC were usually quick and the number of recommendations raised had been consistently low.
- g) The Chairman said the Plan gave a good indication of direction.
- h) Mr M Knowles said that he would have preferred to see car parking in the 2018/2019 Plan. The Head of Internal Audit said that it had been subject to a recent audit in 2017/2018 and that a reasonable assurance had been concluded, however the key controls in this area were reviewed annually due to the large income stream.
- i) In response to a question from Mr D Young regarding a waste management audit, the Head of Internal Audit explained that the Head of Environmental Health had been keen to get the timing right – not in the middle of a major procurement operation. She would revisit this with him next year to ensure that the timing was still correct.
- j) In relation to a question regarding the Elections and Electoral Registration audit, Mr N Pearce asked how much extra work would be caused by the boundary changes. The Head of Internal Audit said that the impact of boundary changes would need to be considered not just in relation to Electoral Services but also on Council Tax and other services. The audit would cover this as appropriate.
- k) Service area audits: in response to a question from the Chairman, the Head of Internal Audit explained that Sports Halls and Leisure were not included because new management was being negotiated by a project board. There were a lot of governance and procurement activities going on in this area. They needed to progress this year and be audited later. The Head of Internal Audit would be kept up to date through the regular meetings with the Section 151 Officer.
- l) Beach huts: the Overview and Scrutiny Committee had set up a task and finish group to look at this area. The Head of Internal Audit would ensure she kept an eye on progress with this.
- m) In response to a question from Mr N Pearce about the Early Help Hub, the Head of Internal Audit explained that NNDC provided a space which was shared. Once this was bedded in, controls would be put in place to mitigate risks. Other councils had similar arrangements and experience had been shared with the relevant managers.

RESOLVED

To note and approve:

- a) **The Internal Audit Strategy for 2018/19;**
- b) **The Strategic Internal Audit Plans 2018/19 to 2020/21; and**
- c) **The Annual Internal Audit Plan 2018/19.**

50. CORPORATE RISK REGISTER

The Chief Technical Accountant reported that the Register had been updated at the beginning of March by the Head of Finance and Asset Management.

- a) Recruitment (inability): the lead officer was to be confirmed. Interviews for the post of HR Manager were currently taking place. There had been a good standard of applicants.
- b) Digital Transformation: another tranche of funding had been agreed for Phase 2.

- c) In response to a question from Mr D Young, the Chief Technical Accountant explained that a downward arrow indicated that a risk had reduced. This symbol would be changed to a “smiley” face for greater clarity.
- d) Mr Young suggested that the register should include dates for completion of targets, as this would assure Members that action was being taken. The Chief Technical Accountant would take this suggestion back to the Risk Management Board.

RESOLVED

To receive the updated Corporate Risk register.

51. RISK MANAGEMENT FRAMEWORK

- a) The Chief Technical Accountant reported that the Head of Finance and Asset Management had updated the Framework. The main change was the addition of references to the Council’s Senior Risk Information Officer (SIRO). The Corporate Director, Nick Baker, was designated to this role. The next review of the Framework would be in March 2019.
- b) In response to a question, the Chief Technical Accountant explained that she believed that the figures in the Corporate Risk Register was correct and that the reason that the figures in the Framework were different was because they were older. She would check and communicate the information to Members.

RESOLVED

To receive the updated Risk Management Policy and Framework

52. GOVERNANCE, RISK and AUDIT COMMITTEE ANNUAL REPORT

The report had been produced by the Democratic Services Officer in response to the CIPFA self-assessment of good practice undertaken in March 2017. It aimed to give all Members a fuller understanding of the role of the Governance, Risk and Audit Committee, to inform Members of the Committee’s work in the year 2017/18 and to highlight some of the key issues it had considered. The report also flagged the new challenge of the earlier deadline for the final accounts and an extra meeting for the committee.

The Democratic Services Officer would amend and update the report to reflect discussion and agenda items considered at today’s meeting and circulate it to Members and Officers for a final check before it went forward to Full Council on 30 May 2018

The meeting ended at 15.02 pm

Chairman

GOVERNANCE, RISK & AUDIT COMMITTEE ON 27 MARCH 2018

ACTIONS ARISING FROM THE MINUTES

Minute No.	Agenda item and action	Action By
50.	Corporate Risk Register	
	<ol style="list-style-type: none"> 1. To replace arrows with emojis 2. Dates for completion of actions on Register: to take back to Risk Management Board 	Lucy Hume (March)
52.	Governance, Risk & Audit Committee Annual Report	
	<ol style="list-style-type: none"> 1. To amend, update and circulate report to Members and officers. 2. To forward report to Full Council. 	Mary Howard (March)

GOVERNANCE, RISK & AUDIT COMMITTEE WORK PROGRAMME JUNE 2018 – MARCH 2019

JUNE 2018	JULY 2018	SEPTEMBER 2018	DECEMBER 2018	MARCH 2019
		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
Follow up on Internal Audit Recommendations (to include update on historical recommendations)		Anti-money laundering policy	Follow Up Report on Internal Audit Recommendations (to include update on historical recommendations)	Undertake self- assessment
Annual Report and Opinion and Review of the Effectiveness of Internal Audit				Strategic and Annual Audit Plans
Monitoring Officer's Report	Statement of Accounts	Corporate Risk Register		Corporate Risk Register
Annual Governance Statement	Letter of Representation			Risk Management Framework
				Annual Report on the work of the Governance, Risk and Audit Committee

Agenda Item No 8**Progress Report on Internal Audit Activity: 7 March 2018 to 9 May 2018**

- Summary:** This report examines the progress made between 7 March 2018 and 9 May 2018 in relation to delivery of the Annual Internal Audit Plan for 2017/18.
- Conclusions:** Progress in relation to delivery of the internal audit plan is line with expectations; and positive assurance has been awarded in the audit reviews finalised in this period.
- Recommendations:** It is recommended that the Committee notes the outcomes of the assurance audits completed between 7 March 2018 and 9 May 2018.

Cabinet member(s): All
Ward(s) affected: 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. This report reflects progress made regarding assignments featuring in the approved Annual Internal Audit Plan for 2017/18 which was endorsed by the Audit Committee on 28 March 2017.

2. Overall Position

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

3. Conclusion

- 3.1. The completion of the Internal Audit Plan is line with expectations; and positive assurances have been awarded in all the audit reviews finalised in this period.

4. Recommendation

- 4.1. It is recommended that the Committee note the outcomes of the assurance audits completed between 7 March 2018 and 9 May 2018.

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: 7th March 2018 to 9 May 2018

Responsible Officer: 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 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 Measure outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 At the meeting on 28 March 2017, the Annual Internal Audit Plan for the year was approved, identifying the specific audits to be delivered. Since then, there have been no significant changes to that plan.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1** and progress to date is in line with expectations.
- 3.2 In summary 193 days of programmed work has been completed, equating to 100% of the Internal Audit Plan for 2017/18.

4. THE OUTCOMES ARISING FROM OUR WORK

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

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

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

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

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

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

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

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

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

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

4.4 During the period covered by the report Internal Audit Services have issued four final reports:

Audit	Assurance	P1	P2	P3
Key Controls and Assurance	Reasonable	0	0	4
Procurement	Reasonable	0	4	3
Waste Management	Reasonable	0	1	1
Development Management	Reasonable	0	3	1

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

4.5 As can be seen in the table above as a result of these audits 17 recommendations have been raised, all of which have been agreed by management. In addition, two Operational Effectiveness Matters have been proposed to management for consideration.

4.6 It is also pleasing to note that all audits 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 contractor will be reviewed on a quarterly basis. There are a total of 11 indicators, over four areas, the results of all performance measures for 2017/18 can be found in the Annual Report and Opinion.

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 Manager to ensure that appropriate action is taken.

- 5.3 All work has been now been completed and a report on the performance measures provided to the Internal Audit Manager, performance is currently at green status with targets having been satisfactorily met for this quarter.
- 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. A review of the most recent update indicates that delivery of the plan is complete as expected and reflected in **Appendix 1** of this report.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 1											
Performance Management, Corporate Policy & Business Planning	NN1801	10	10	10	Final Report issued 13 June 2017	Substantial	0	0	3	0	5th September 2017
Building Control	NN1802	7	7	7	Final Report issued 13 June 2017	Substantial	0	0	0	0	5th September 2017
Land Charges	NN1803	7	7	7	Final Report issued 13 June 2017	Reasonable	0	2	2	0	5th September 2017
TOTAL		24	24	24							
Quarter 2											
Accountancy Services	NN1805	16	16	16	Final Report issued 29 August 2017	Substantial	0	0	0	1	5th December 2017
Cross Authority Review HR & Payroll	NN1806	6	6	6	Final Report issued 18 January 2018						
Environmental Health	NN1807	12	12	12	Final Report issued 4 October 2017	Reasonable	0	2	1	1	5th December 2017
Car Parking	NN1811	10	10	10	Final Report issued 9 November 2017	Reasonable	0	2	3	1	5th December 2017
Income	NN1810	7	7	7	Final Report issued 19 October 2017	Substantial	0	0	1	0	5th December 2017
Beach Huts	NN1812	8	8	8	Final Report issued 9 November 2017	Substantial	0	0	3	1	5th December 2017
TOTAL		59	59	59							
Quarter 3											
Accounts Receivable	NN1809	10	10	10	Final Report issued 18 January 2018	Reasonable	0	0	3	0	27 March 2018
TOTAL		10	10	10							

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 4											
Risk Management	NN1814	6	6	6	Final Report issued 2 March 2018	Substantial	0	0	2	0	27 March 2018
Key Controls & Assurance	NN1815	15	15	15	Final Report issued 4 April 2018	Reasonable	0	0	4	0	5 June 2018
Procurement	NN1816	10	10	10	Final Report issued 18 April 2018	Reasonable	0	4	3	0	5 June 2018
Waste Management	NN1817	15	15	15	Final Report 9 May 2018	Reasonable	0	1	1	0	5 June 2018
Development Management	NN1818	12	12	12	Final Report Issued 8 May 2018	Reasonable	0	3	1	2	5 June 2018
TOTAL		58	58	58							
IT Audits											
Disaster Recovery inc Fakenham Site	NN1804	10	10	10	Final Report issued 5 June 2017	Reasonable	0	3	2	1	5th September 2017
Revenues & Benefits Application	NN1808	10	10	10	Final Report issued 10 October 2017	Substantial	0	0	1	0	5th December 2017
Contact Management System	NN1813	10	10	10	Final Report issued 15 January 2018	Reasonable	0	1	2	2	27 March 2018
TOTAL		30	30	30							
Follow Up											
Follow Up	NA	12	12	12							
TOTAL		12	12	12							
TOTAL		193	193	193			0	18	32	9	
Percentage of plan completed				100%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Assurance Review of the Key Controls Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Housing Benefit and Council Tax Support	0	0	1	0
Accounts Payable	0	0	1	0
Treasury Management & Cash Income	0	0	1	0
Budgetary Control	0	0	1	0
Total	0	0	4	0

No new recommendations were made as part of this Key Controls audit in respect of Accounts Receivable, Payroll, Asset Management, General Ledger, Controls Accounts, Council Tax, National Non-Domestic Rates, Car Parking or Assurance Framework.

SCOPE

The objective of the audit was to review the systems and controls in place within Key Controls to support the Annual Governance Statement, 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 Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of four 'needs attention' recommendations being raised upon the conclusion of our work.

KEY FINDINGS

Key Controls Testing

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

Under the agreed internal audit plan for 2017/18 a number of these material systems have been reported on in detail and those key controls have been addressed in each system reviewed. Recommendations have been raised in these individual audit reports with top up testing completed where necessary in this key controls review. The areas this applies to are:

- Accountancy Services (Asset Management, General Ledger, Control Accounts, Treasury Management and Budgetary Control) (NN1805)
- Accounts Receivable (NN1809)
- Cash Income and Receipt (Remittances) (NN1810)
- Car Parking (NN1811)

In addition, the key controls in the material systems that were not covered as part of the agreed internal audit plan for 2017/18 have been reviewed as part of this audit. The areas to which this applies are:

- Accounts Payable;
- Payroll;
- Housing Benefit and Council Tax Support;
- Council Tax and National Non-Domestic Rates (NNDR);
- Assurance Framework.

The audit has highlighted the following areas where four 'needs attention' recommendations have been made.

Housing Benefit and CTS

- Local procedures to be reviewed and updated to reflect the correct arrangements for processing and approving backdates and these are complied with, thereby reducing the risk of incorrect or unauthorised backdates being processed.

Accounts Payable

- Purchase order (PO) is to be raised for goods and services not on the non-purchase order exception list. This will reduce the risk of having queries and disputes with supplier invoices where the PO is not raised for goods and services ordered by Council staff.

Treasury Management and Cash Income and Receipt (Remittances)

- Treasury Management reconciliations to the general ledger and the bank reconciliations to be completed and reviewed on a timely basis. This will reduce the risk of having reconciling differences or errors on the general ledger and undetected fraudulent transactions on the Council's bank accounts for a longer period.

Budgetary Control

- Capital budget statement is to be sent out to budget holders monthly as per the budget monitoring timetable. This will reduce the risk of having undetected cumulative error on the financial system for a longer period if budget statements are not regularly reviewed by budget holders.

Assurance Framework

A review of the assurance framework within the Council was also undertaken as part of the internal audit review. This focused on the structure of the assurance statements, responsibility for completion, evidence retained, the mechanism for incorporating information into the Annual Governance Statement (AGS), senior officer and member review of the AGS and subsequent review and monitoring of action plans.

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Self-Assessment Assurance Statement are completed by senior managers with outcomes used to inform the AGS.
- Supporting documents were provided on a sample basis to evidence that information in support of the Assurance Statements completed is documented and retained.
- The AGS for 2016/17 was reviewed by the Audit Committee in June 2017.

Outstanding Previous Recommendations

There are no recommendations outstanding from previous financial years relating to key controls. During 2017/18 key controls were also tested as part of the full reviews of Accounts Receivable, Income, Accountancy Services and Car Parking.

No recommendations relating to key controls were raised in the Income, Accountancy Services and Car Parking audits.

Two recommendations in relation to key controls were made in the Accounts Receivable report in respect of authoring refunds in accordance with delegated levels of authority. This was confirmed as implemented prior to issue of the final report. The second recommendation was to review aged debtor reports. Progress with implementing this will be monitored through our cyclical follow up checks.

The previous report on the Work to Support the Annual Governance Statement (NN/17/10), was issued in March 2017, with a 'Substantial' opinion. The audit raised one needs attention recommendation relating to income, which has been implemented and verified as part of our separate follow up process.

Other points to note

The audit identified that manual journals with a value of less than £100k are not authorised. This is in line with Council policy and the Council is happy to accept the associated risk so no recommendation has been made.

The asset register is presently being maintained on a spreadsheet which is saved on the Accountancy shared drive accessible to the Head of Finance and the six Accountancy staff. A system error occurred during the migration of the data on the asset database to the spreadsheet. The Chief Technical Accountant is undertaking a reconciliation to rectify the error system error. The Council aims to move from the asset register spreadsheet to a database on completion of the reconciliation exercise.

Assurance Review of the Procurement Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Strategies, policies and procedures	0	1	3	0
Maintenance of the contracts register	0	2	0	0
Compliance with Contract Procedure Rules	0	1	0	0
Total	0	4	3	0

No recommendations have been raised in relation to exemptions.

SCOPE

This audit focussed on the recent procurement exercises and awards of contracts, to ensure these have been carried out in line with relevant legislation and the financial procedure rules. As it is also a requirement of the Public Contract Regulations 2015 (Regulations 22 and 53) that local authorities are required to offer e-procurement by April 2017, this was also focused on.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of four 'important' and three 'needs attention' recommendations being raised upon the conclusion of our work.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Contract Procedure Rules are set out in the Council's Constitution, which was updated in November 2017.
- The Council utilises the Delta e-sourcing system to enable it to meet requirements for e-procurement as per the Public Contracts Regulations 2015.
- Formal contracts have been signed and dated by all interested parties and retained by the Council.
- Contract Procedure Rules are complied with in respect of exemptions, retaining documentation to demonstrate the process followed, the reason why quotes were not sought and the authorisation in place.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where four 'important' recommendations have been made.

Strategies, policies and procedures

- A new procurement strategy is to be produced, to minimise the risk that officers responsible for procuring goods and services do not have the most up to date guidance and fail to meet procurement rules.

Maintenance of the contracts register

- The contracts register to be updated, to reduce the risk of outdated information being provided to management and members of the public.
- The contracts register to be presented to the Corporate Leadership Team on a six-monthly basis, to minimise the risk of contracts being managed at an inappropriate level within the Council.

Compliance with the standing orders at each threshold

- The cumulative spend per supplier exceeding £10,000 analysis to be reviewed, to reduce the risk of breaches of the contract procedure rules.

The audit has also highlighted the following areas where three 'needs attention' recommendations have been made.

Strategies, policies and procedures

- Contract Procedure Rules in the Constitution are to be updated to include the electronic processes and to make clear the requirement to advertise tenders in the EU journal when the limits are exceeded, to minimise the risk of non-compliance with EU procurement rules.
- Users of the Delta eSourcing system be asked to change their system passwords on a periodic basis, to reduce the risk of inappropriate access to the procurement system.
- Access to the Delta eSourcing system is restricted to only those staff who require it for their current role, to reduce the risk of access by unauthorised members of staff.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous report on Procurement (NN/15/02) was issued in October 2014, with a Reasonable assurance opinion. Two medium priority recommendations were raised, both of which have been verified as implemented as part of our separate follow up process

Assurance Review of Waste Management

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
System access	0	1	0	0
Kier systems and controls	0	0	1	0
Total	0	1	1	0

No recommendations have been raised in respect of Contract and Service Monitoring or Contract and Payments.

SCOPE

The review focused on the service delivery by the contractor to ensure this is fit for purpose and provides the Council with high quality outputs and outcomes.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. 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 assurance opinion also takes in to account contractor performance issues which are explained below in more detail under the heading 'Other points noted'.
- The previous audit of waste management in 2015/16 also concluded in a 'Reasonable' assurance opinion. This indicates that the level of assurance is unchanged since the previous audit.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Contract monitoring KPIs are reviewed and updated to ensure that they provide useful data to the Council.
- Partnership Board meetings have been replaced by quarterly contract review meetings since September 2017. This provides for more of a strategic overview of the service, as opposed to the operational issues discussed at the contract operations meetings and covers contract performance, supervision, administration and contract payments issues.
- The Council follows up on poor performance by the contractor and imposes penalties where necessary, to ensure a high standard of service delivery.

ISSUES TO BE ADDRESSED

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

System access

- Staff who have left the Council and had access to the IT system (M3) need to be promptly deactivated, to reduce the risk of inappropriate access being gained to the system.

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

Kier systems and controls

- An up to date contract risk register is to be produced and regularly reviewed to ensure that all risks have been identified and reduced where possible.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous audit report on Waste Management was issued in July 2015 with a 'Reasonable' assurance opinion, having raised two 'Important' and one 'Needs attention' recommendations. All three of these recommendations have been confirmed as implemented through cyclical follow up checks.

Other points noted

The Council issued 872 rectifications and 879 defaults in the period April 2017 to January 2018. However, the distribution of these is not even: 67% of rectifications and 91% of defaults were issued in the six month period from April to September 2017. The decrease in defaults in recent months is attributable to an improvement in service standards from Kier, more effective response to rectifications, and a more constructive working relationship between the Council and contractor.

Operational meetings are held on a monthly basis between representatives of Kier and the Council. As a minimum, this includes the Environmental Services Manager, Senior Contract Monitoring Officer and Kier's Operations Manager. No meetings were held between February and June 2017 as Kier did not have an Operations Manager in place. It was further noted that there are historical issues in that the current Operations Manager is the seventeenth person to hold that role since the contract commenced.

The Council receives payments from Kier for garden waste and bulky waste collections, as Kier administers these on behalf of the Council. Kier should send a monthly summary of income taken for garden and bulky waste, which the Council uses to raise an invoice. However, no information was received about this between July 2017 and February 2018, resulting in Kier owing the Council over £400k. The data for the period July to December 2017 was received during the audit, on 21/02/2018, so the Council is now in a position to invoice for this money. The administration of garden waste collections will be taken back in house from 2018/19, which will reduce this issue as the bulk of this money relates to garden waste. Therefore no recommendation is raised in relation to this.

Since September 2017, a member of staff at the Council who used to work for Kier, has been scheduling new trade waste collections on Kier's system as Kier do not have staff with the necessary experience to do this. A new member of staff at Kier is receiving training and will take this over in March 2018. Although a recommendation has not been raised in relation to this the Council needs to ensure that this is monitored and progressed as expected.

Assurance Review of the Development Management Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Planning applications	0	3	1	2
Total	0	3	1	2

SCOPE

The audit review focussed on the performance of the planning service in determining planning applications within the statutory timeframes.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important and one 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised two 'operational effectiveness matters', which sets 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.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- In addition to the procedures and guidelines, the steps for reviewing the planning applications is documented on the Council's website. This allows applicants to understand the process for submitting a planning application and the steps required.
- The Council has a Planning portal which is accessible via the website. This allows the applicants to view their applications on the portal and to obtain required information from the interactive guide on planning permission, building application control, links to relevant legislation, national policy, and guidance which are available on the portal.
- The Council encourages the use of pre-planning applications, using the web-based form to submit or for download to manually complete. The scale of charges is shown on the Council's website.
- A review of the Development Management performance update for quarter three of 2017/18 notes that the team has exceeded the national target on speed of processing both major and non-major applications on a cumulative monthly basis and performance against targets has been steadily increasing since September 2016. This enhances the Council's reputation for processing planning applications.
- The Council has a validation process in place and all planning applications received and processed are validated by the Planning Processing Unit. This will ensure that the required documents are provided and the applications be processed on a timely basis.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where three 'important' recommendations have been made.

Planning application

- Where an extension of time is applied, the application is to be processed in accordance with this extension with the applicant notified prior to expiration of the statutory timeline. This reduces the risk of non-compliance with laid down requirements and reputational damage from poor performance.
- In order for Finance to identify planning application fees, a unique identifier needs to be present on both efinancials and Acolaid. This will help to mitigate the risk that payments may not be easily matched to the application or applied incorrectly to accounts.
- Fee reconciliations are to be undertaken by Finance on a timely, monthly basis between Accolaid and efinancials, with reconciling items from both sides to be resolved and cleared. There is a risk that delays could result in payments not being easily matched to the application or applications being processed without payment being collected.

The audit has highlighted the following areas where one 'needs attention' recommendations have been made.

Planning application

- Up to date progress updates to be provided on all overdue Condition Discharges (CD), to provide evidence that the CDs are being regularly reviewed by the case workers and the relevant managers, thereby avoiding the risk of overlooking pending applications.

Operational Effectiveness Matters (OEM)

The operational effectiveness matters, for management to consider relate to the following:

- The Planning protocol for North Norfolk District Council dated 20/02/2008 is available on the Council's website however, Audit was informed by the Head of Planning that the document was updated in 2015 although not up loaded to the website. Having outdated protocols on the website could result in reputational damage through misconstrued information to the public.

- The Council is currently undergoing a change from paper based filing to paperless system filing and are embedding digital processes for minor and high volume applications. Where paperless planning applications are held, national and local checklists forms are still to be completed, to minimise the risk of files being incomplete for all necessary information.

Previous audit recommendations

All recommendations from the 2014/15 audit have been followed up and implemented.

Other points noted

- Sample testing of 23 applications (20 approved and three rejected) noted that consultees were contacted on a timely basis for 19 of the 23 applications tested. However in four instances, initial contact with consultees were overwritten by the Accolaid system as the system is unable to maintain an audit trail. Details of consultees noted for these applications on the system are those selected after the initial consultees were found unsuitable. Audit was informed by the Head of Planning that the Council is in the process of moving to 'Uniform' a system which is able to retain all audit trails.
- The Council is currently undergoing a change from paper based filing to paperless system filing and are embedding a digital process for minor and high volume applications. Some of the minor applications have been fully moved to the paperless system. Four of the applications tested in the audit sample of 23 applications are minor applications fully processed using the new system. Testing noted that all documents supporting the applications are on the system. The system was found to be working effectively, however, an OEM has been raised to address the absence of completed national and local checklists on the systems based files.
- Timescales for completing pre-applications are part of the Council's internal KPIs, with no statutory requirement and no monitoring by government. It was noted that information requirements to support the applications are set out on the website. Testing of a sample of six pre-applications confirmed that timescales were generally met, with two exceeding the deadline by two days. As they are internal timescales and not excessive, no recommendation is to be made. Applications were completed and correct fees were paid for the sample tested.

Agenda Item No 9**Follow Up on Internal Audit Recommendations 1 November 2017 to 31 March 2018**

- Summary:** This report provides an overview of progress made in implementing agreed audit recommendations due for completion between 1 November 2017 to 31 March 2018.
- Conclusions:** Good progress continues to be made in addressing audit recommendations with a high percentage of these being actioned by management, the remaining 12 recommendations now need to be addressed by management.
- 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 2017.
- 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 2017 and 31 March 2018.

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 Good progress continues to be made in addressing audit recommendations with a high percentage of these being actioned by management, the remaining 12 recommendations now need to be addressed by management.

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 2017 to 31 March 2018

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:

Status of Recommendations as at 31 October 2017					
	P1	P2	P3	Total	%
Complete	0	11	11	22	65%
Outstanding	0	6	6	12	35%

Status of Recommendations as at 31 March 2018					
	P1	P2	P3	Total	%
Complete	0	6	13	19	61%
Outstanding	0	5	7	12	39%

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 2016/17 financial year), there is one priority two recommendation from a 2010/11 review on Development Management. The most recent management response can be seen at **Appendix 2**.

As a result of action implementations during this period, we are pleased to report that there are no outstanding recommendations for either 2014/15 or 2015/16.

- 2.5 In 2016/17 internal audit raised 32 recommendations; 28 of which have been implemented by the agreed date, three of which are outstanding (no urgent, one important and two needs attention). One recommendation was disagreed and previously reported to Committee.

Number raised	32	
Complete	28	88%
Outstanding	3	9%
Disagreed	1	3%

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

- 2.7 In 2017/18 internal audit has raised 50 recommendations; 21 of which have been implemented by the agreed date, 8 of which are outstanding (no urgent, three important and give needs attention) and 20 of which are not yet due for implementation.

One priority three recommendation has been removed relating to the Contact Management System audit. Since the audit was finalised management have reviewed the following recommendation:

In the event that the application vendor is not planning on an enhancement of the existing password controls in the future application release, there is a need to implement a policy requiring all users of the application to change their passwords manually on a periodic basis. Management have decided to tolerate the risk associated with not implementing this recommendation.

Number raised to date	50	
Complete	21	42%
Outstanding	8	16%
Not yet due	20	40%
Removed/Disagreed	1	2%

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

- 2.8 Good progress continues to be made in addressing audit recommendations and it is encouraging to see that actions relating to some historic audits have now been closed. As requested the Committee continue to observe the progress made against completion of the one remaining priority two recommendation made during the 2010/11 review of Development Management, Building Control and Land Charges, in particular the Section 106 Arrangements.

APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

Audit Ref	Audit Area	Assurance Level	Completed bt 01/11/2017 and 31/03/2018			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
2010/11 Internal Audit Reviews															
NN1112	Development Management, Building Control and Land Charges	Adequate					1					1			
2014/15 Internal Audit Reviews															
NN1513	Key Controls and Assurance	N/A			1							0			
2015/16 Internal Audit Reviews															
NN1615	Cash Receipting Application	Reasonable		1								0			
2016/17 Internal Audit Reviews															
NN1714	Efinancials Application	Reasonable						1				1			
NN1716	IT Hardware Asset Disposal	Limited					1	1				2			
2017/18 Internal Audit Reviews															
NN1801	Performance Management	Substantial			1							0			
NN1803	Land Charges	Reasonable			1					1		1			
NN1804	Disaster Recovery	Reasonable		3	2							0			
NN1807	Environmental Health	Reasonable								1	1	2		1	
NN1809	Accounts Receivable	Reasonable			3							0			
NN1810	Income	Substantial									1	1			
NN1811	Car Parking	Reasonable		1	2						1	1			
NN1812	Beach Huts	Substantial			1							2			
NN1813	Contact Management System	Reasonable		1	2							0			
NN1814	Risk Management	Substantial										0			2
NN1815	Key Controls and Assurance	Reasonable										0			4
NN1816	Procurement	Reasonable										0		4	3
NN1817	Waste Management	Reasonable										0		1	1
NN1818	Development Management	Reasonable										0		3	1
TOTALS			0	6	13	0	2	2	0	3	5	12	0	9	11

APPENDIX 2 - OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2010/2011

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	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	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	Head of Planning	30/03/2011	30/09/2018	Outstanding	A further update was provided to the Governance, Audit and Risk Committee in December 2017. The long term plan is still that once S106 monitoring is up to date this will be passed to the Corporate Enforcement Team, but progress has been slower than hoped for due to lack of resources.

APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2016/17 AUDIT REVIEWS

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN1714 e-financials application	Recommendation 5 - The Council to look into the feasibility of implementing a solution to resolve the Planning Portal payment entry issue where these entries are rejected if not intercepted and amended manually prior to running the interface process.	3	Agreed.	Head of Business Transformation & IT	28/04/2017	31/07/2018	Outstanding	This work is more complex than originally identified and the Council is actively working with the payment provider to correct the output file.
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	30/06/2018	Outstanding	The Council has still not disposed of any hardware assets since the audit, so it is not possible to evidence the implementation of this recommendation. The Council is in the process of replacing some equipment but it could be the end of June before there is a load big enough to be collected.
NN1716 IT Asset Disposal	Recommendation 5 - Council management to ensure that all sign off records demonstrating the "chain of custody" when transferring IT Hardware assets for disposal to the chosen WEEE contractor are filed for future reference. Such records to include Hard Drive serial numbers, where appropriate.	3	Agreed.	Network Manager.	31/03/2017	30/06/2018	Outstanding	The Council has still not disposed of any hardware assets since the audit, so it is not possible to evidence the implementation of this recommendation. The Council is in the process of replacing some equipment but it could be the end of June before there is a load big enough to be collected.

APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2017/18 AUDIT REVIEWS

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN1803 Land Charges	Recommendation 1: Procedure notes be produced for all aspects of the local land charge service. These notes to be version controlled and reviewed on a regular basis.	2	The service accept that the current procedural manual is incomplete and could be improved to include version control and recent changes that have occurred within the service.	Property Information Team Leader	31/12/2017	31/07/2018	Outstanding	The Council has committed to the purchase of a new back office system (covering Land Charges, Building Control, Planning and Street naming and numbering) and therefore this will be delayed until the new software is in place. The project plan has not yet been signed off so the exact date for this is unknown. The Head of Planning stated that this should be complete by March 2019, but agreed to provide an update in six months.
NN1807 Environmental Health	Recommendation 2: A process for sharing data relevant to the Environmental Health Team which can be used for identifying businesses requiring licences be agreed with other Council departments including Planning and Revenues (CTAX/NNDR).	2	Agreed.	Head of EH	31/01/2018	31/07/2018	Outstanding	The legal team have been consulted. As part of the requirements of GDPR we are looking at how data sharing will be achieved, both externally and internally in accordance with the legislation. This will enable the Authority to decide how we share information between departments where businesses need a licence. Additionally, it is likely to form part of the overall agreement of the Better Business for All initiative.

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN1807 Environmental Health	Recommendation 3: Access to the M3 system should be granted on receipt of documented approval from a senior designated manager of the relevant department. Access to the system should also be removed on receipt of notice from a senior designated manager or Human Resources when staff change roles or leave the Council.	3	Agreed.	Environmental Protection Manager	31/12/2017	30/09/2018	Outstanding	A formal process for granting user access is still being developed. In the meantime, all new users and changes to access are requested by email to the Environmental Protection Manager.
NN1810 Income	Recommendation 1: Links on the payment portal are updated to ensure that they are either directed to the correct pages or the Council's website is updated to advise where the popups are now located.	3	Agreed, the Head of IT is working with the Media service to rectify the issue.	Head of IT	31/12/2017	30/06/2018	Outstanding	The resolution of this will be a reconfiguration of the payment portal website which is currently being tested.
NN1811 Car Parking	Recommendation 1: KLWNBC to provide a statement showing the total / breakdown of income received for PCNs; to be reconciled to PCN's 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 to ensure that KLWNBC provide necessary information and insert a standing item for this work to be on the regular client meeting agenda.	Leisure and Locality Services Manager	02/01/2018	31/07/2018	Outstanding	Emails have been sent to BCKLWN asking them to provide this information. Awaiting a response.

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NN1811 Car Parking	Recommendation 3: The Off-Street Car Parking Operating Guidelines be updated to reflect current practices.	3	Agreed to review and update Off-Street Car Parking Guidelines.	Leisure and Locality Services Manager	31/03/2018	31/07/2018	Outstanding	In hand to complete by the end date
NN1812 Beach Huts	Recommendation 1: Procedure notes are written to provide guidance on key processes relating to beach huts.	3	Agreed to write written procedure document.	Leisure and Locality Services Manager	31/03/2018	31/07/2018	Outstanding	In hand to complete by the end date
NN1812 Beach Huts	Recommendation 2: All licences are signed by an authorised signatory of the Council.	3	Agreed to provide documented evidence of licences being signed.	Beach Huts Administration Officer	31/03/2018	30/04/2018	Outstanding	A signature stamp has been ordered for use when all the licences have been returned. The licences should have all been returned and stamped by the end of next month.

Agenda Item No _____ 10 _____

Annual Report and Opinion 2017/18**Summary:**

This report concludes on the Internal Audit Activity undertaken during 2017/18, 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 2017/18, 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 2018.
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 2017/18.
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, Head of Internal Audit
01508 533791, 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 2017/18, 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 compliant 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 2018.
- 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 2017/18.
- 4.4 Note the conclusions of the Review of the Effectiveness of Internal Audit.

Appendices attached to this report:

Annual Report and Opinion 2017/18

Eastern Internal Audit Services



NORTH NORFOLK DISTRICT COUNCIL

Annual Report and Opinion 2017/18

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 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 2017/18, 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 HEAD OF INTERNAL AUDIT

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 28th March 2017. 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**.

It is encouraging to note that of the 17 assurance audits completed within the year, all resulted in a positive assurance grading with no urgent priority recommendations raised.

It is also important to note that substantial assurance was concluded in the area of:

- Performance Management, Corporate Policy and Business Planning;
- Building Control;
- Accountancy Services;
- Income;
- Beach Huts;
- Risk Management; and
- Revenues and Benefits IT Application.

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 4 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 Eastern Internal Audit Services (TIAA Ltd) in 2017/18 has covered a wide range of services and has resulted in 17 assurance opinion reports being concluded and suggested improvements made through one cross authority review relating to HR processes.

All 17 originally agreed audits from the 2017/18 plan took place. All the reports issued have been given a positive assurance grading.

The Executive Summary of all reports has 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.

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 50 recommendations raised by TIAA Ltd in 2017/18; 21 have been implemented. Eight remain outstanding and 20 are not yet due. One needs attention recommendation has been reviewed as not appropriate to implement. Management are willing to tolerate the risk relating to stronger password controls within the Contact Management application.

Of the eight outstanding recommendations, three are important and five are needs attention.

Three recommendations also remain outstanding from 2016/17, one important and two needs attention. These relate to the E-financials application and IT Hardware Asset Disposal.

The important recommendation from 2010/11 Development Management, Building Control and Land Charges remains outstanding. Due to the historic nature of this recommendation, we recommend that progress is monitored offline in future progress reports as we are satisfied that management are taking the necessary steps to mitigate the original risk identified.

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

- 3.5.1 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 2017/18. 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 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.

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 Section 151 Officer and the Committee.

Two improvement points were raised in relation to the assessment. The first relates to updating and documenting current risks relating to the delivery of the TIAA contract. The second relates to the Internal Audit Manager carrying out yearly deep dive assurance exercises on a sample of TIAA audit files to give assurance that audit procedures are being followed in line with the PSIAS. We will complete these actions as recommended by the assessors over the next financial year.

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 Audit and Risk Committee. Actual performance against these targets is outlined below and within the table overleaf:

5.2.2 It is encouraging to note that all performance measures have been achieved, with four of these exceeding targets. Client feedback has been provided, which has been positive recognising the professional service provided and 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 18 April 2018 with all at final report by 9 May 2018. Thus ensuring audits are completed within financial year and ensuring that this annual opinion can be completed in line with earlier reporting requirements associated with the audit of the accounts.

Area / Indicator	Frequency	Target	Actual	Comments
<u>Audit Committee / Senior Management</u>				
1. Audit Committee Satisfaction – measured annually	Annual	Adequate	Excellent	Exceeds
2. Chief Finance Officer Satisfaction – measured quarterly	Annual	Good	Good	Achieved

<u>Internal Audit Process</u>				
3. Each quarters audits completed to draft report within 10 working days of the end of the quarter	Quarterly	100%	100%	Achieved – 17 assurance reports. 1 Cross Authority review issued.
4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter	Quarterly	100%	100%	Achieved - All quarterly reports received with 15 working days of year end.
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)		100%	100%	Achieved
6. Compliance with Public Sector Internal Audit Standards		Generally conforms	Generally conforms	Achieved
7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.		100%	n/a	No issues to address.
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)		Adequate	Good	Exceeded, 9 responses received.
9. Percentage of recommendations accepted by management		90%	99%	Exceeds – 1 recommendation rejected.
<u>Innovations and Capabilities</u>				
10. Percentage of qualified (including experienced) staff working on the contract each quarter		60%	90%	Exceeds
11. Number of training hours per member of staff completed per quarter		1 day	1 day	Achieved

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.

The detailed checklist has been forwarded to Section 151 Officer for independent scrutiny and verification.

APPENDIX1 – AUDIT WORK UNDERTAKEN DURING 2017/18

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
Performance Management, Corporate Policy & Business Planning	Substantial	3	3	0	0	0	0
Building Control	Substantial	0	0	0	0	0	0
Land Charges	Reasonable	4	3	0	1	0	0
Accountancy Services	Substantial	0	0	0	0	0	0
Cross Authority Review HR							
Environmental Health	Reasonable	3	0	0	1	1	1
Car Parking	Reasonable	5	3	0	1	1	0
Income	Substantial	1	0	0	0	1	0
Beach Huts	Substantial	3	1	0	0	2	0
Accounts Receivable	Reasonable	3	3	0	0	0	0
Risk Management	Substantial	2	0	0	0	0	2
Key Controls & Assurance	Reasonable	4	0	0	0	0	4
Procurement	Reasonable	7	0	0	0	0	7
Waste Management	Reasonable	2	0	0	0	0	2
Development Management	Reasonable	6	0	0	0	0	4
IT audits							
Disaster Recovery including Fakenham Site	Reasonable	5	5	0	0	0	0
Revenues & Benefits Application	Substantial	1	1	0	0	0	0
Contact Management System	Reasonable	3	3	0	0	0	0
Totals		50	22	0	3	5	20

Assurance level definitions	Number
Substantial Assurance	7
Reasonable Assurance	10

	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.	
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.	0
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

	Current Contract			
	2015-16	2016-17	2017-18	2018-19
Annual Opinion and Governance Audits				
Corporate Governance and Risk Management	Reasonable			
Corporate Governance		Reasonable		X
Risk Management			Substantial	
Digital Transformation				X
Key Controls and Assurance	Reasonable	Substantial	Reasonable	X
Fundamental Financial Systems				
Accounts Receivable	Reasonable		Reasonable	
Income	Reasonable		Substantial	
Accountancy Services	Reasonable		Substantial	
Local Council Tax Support and Housing Benefits		Substantial		X
Council Tax / NNDR		Substantial		X
Accounts Payable		Reasonable		X
Payroll / HR		Reasonable		X
Cross Authority Review - Accounts Payable	n/a			
Cross Authority Review - Accounts Receivable		n/a		
Cross Authority Review - Payroll and HR			n/a	
Service Area Audits				
Procurement			Reasonable	
Economic Growth				
Coastal Management				
Housing Strategy and Affordable Housing	Reasonable			X
Private Sector Housing and Disabled Facilities Grants		Reasonable		
Localism and Communities				
Homelessness and Housing Options	Reasonable			X
Development Management, Planning, s106 Agreements, Community Infrastructure Levy and Land Charges				

Building Control			Substantial	
Land Charges			Reasonable	
Development Management			Reasonable	
Waste Management	Reasonable		Reasonable	
Environmental Health		Postponed to 2017-18	Reasonable	X
Business Continuity		Reasonable		
Sports Halls/Centres				
Leisure and Pier Pavilion	Reasonable			
Property Services		Substantial		
Parks and Open Spaces	Reasonable			
Car Parking and Markets				
Car Parking	Reasonable		Reasonable	
Markets		Substantial		
Beach Huts			Substantial	
Elections / Electoral Registration				X
Performance Management, Corporate Policy and Business Planning, inc Annual Action Plans			Substantial	
Democratic Services		Reasonable		
Pier Pavillion				X
Legal Services, Data Protection, Freedom of Information		See CG		
IT Audits				
Document Imaging and Workflow Application - Civica - Revenues and Benefits				
IT Security, Procurement and End User Controls				
Revenues and Benefits Application			Substantial	
Network Infrastructure				X
Network Security				X
Virus Protection / Spyware				
Firewalls				
Disaster Recovery	Reasonable		Reasonable	
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		
Business Support Arrangements				X
Contact Management System			Reasonable	

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 2017/18 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 North Norfolk District Council is for the year ended 31 March 2018. 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 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, 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.

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, 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 Governance, Risk and 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 28 March 2018, Committee members reviewed and completed the two assessment tools.

2. Issues for discussion

- 2.1. The results of the assessment from the previous year were reviewed with a particular focus on the two areas whereby a “partly” answer had been provided in 2017.
- 2.2. In relation to question 4; is the role and purpose of the Audit Committee understood and accepted across the Authority?

This question had been answered as “partly” in 2017. It was hoped it would be addressed by the Annual Report which would go to Full Council in May, and annually thereafter but, at present, the answer was still “partly”. The change of name from “Audit” to “Governance, Risk and Audit” had also helped to raise awareness and better understanding of the Committee’s work.

- 2.3. In relation to question 15; has the membership of the Committee been assessed against the core knowledge and skills framework and found to be satisfactory?

In 2017, this had scored “partly”, because it wasn’t formally recorded or assessed in a formal way. The Head of Internal Audit suggested that it might be advantageous to have a formal record of Members’ background and experience. This would aid the design of bespoke training. She could circulate a version of a CIPFA core knowledge document for Members to assess themselves against.

- 2.4. **Appendix 1** is attached to this report, which reflects members position on adherence to best practice.
- 2.5. The assessment has highlighted the good performance of the Committee, with areas for improvement noted as appropriate.

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.

Attachment

Appendix A – 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 principle's 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.

	Good Practice Questions	Yes	Partly	No
	Audit Committee purpose and governance			
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?	√		
	Functions of the Committee			
7	Do the Committee's terms of reference explicitly address all the core area identified in CIPFA's position statement? <ul style="list-style-type: none"> - Good governance - Assurance framework - Internal audit - External audit - Financial reporting - Risk management - Value for money or best value - Counter fraud and corruption 	√		
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?	√		
	Membership and support			
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?	√		
	Effectiveness of the Committee			
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, Risk 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>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 establishment of	<p>Reviewing risk management arrangements and their</p>	<p>Corporate risk register regularly reviewed.</p>	4

<p>arrangements for the governance of risk and for effective arrangements to manage risks</p>	<p>effectiveness e.g. risk management benchmarking</p> <p>Monitoring improvements</p> <p>Holding risk owners to account for major / strategic risks</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 can also attend these.</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 organisational independence</p>	<p>Reviewing the audit charter and functional reporting arrangements</p> <p>Assessing the effectiveness of internal audit arrangements and supporting improvements</p>	<p>Internal audit plans report includes the audit charter and audit strategy which covers these areas robustly.</p> <p>Through regular reports received from the Head of Internal Audit and robust questioning thereof.</p> <p>Through external assessment report of internal</p>	<p>5</p>

		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	<p>Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place</p> <p>Reviewing the effectiveness of performance management arrangements</p>	<p>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.</p> <p>Comprehensive, far reaching reports are considered by the Committee.</p> <p>Intensive scrutiny is displayed.</p> <p>Assurance reviews received by Committee e.g. progress reports and corporate risk register identify key risks and where focus is needed.</p>	4
7. Supporting the development of robust arrangements for ensuring value for money	<p>Ensuring that assurance on value for money arrangements is included in the assurances received by the audit Committee</p> <p>Considering how performance in value for money is evaluated as part of the AGS</p>	<p>External Audit plan of value for money and the auditing thereof and then review annual governance report on conclusion.</p> <p>Key role in reviewing statement of accounts and ensuring value for money through this report.</p> <p>Key role in reviewing the annual governance statement and the assurances provided therein.</p> <p>Authorisation to sign of the final accounts has now been incorporated in the Committee's terms of reference.</p>	4
8. Helping the authority to implement the values of good governance, including effective	Reviewing arrangements in place for countering fraud and corruption	<p>Fraud risk are highlighted on reports received by the Committee.</p> <p>Whistleblowing Policy and Anti-Fraud and</p>	4

<p>arrangements for countering fraud and corruption risks</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>Corruption Policy have now been brought to the Committee and approved.</p> <p>ACTION – Money Laundering Policy to be drafted and presented to the Committee.</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>

Monitoring Officer Annual Report 2017/18

Section Contents

1 Introduction

2 The Monitoring Officer's Work April 2017 – March 2018

3 Key Messages

4 Looking Forward

5 Overall opinion on the adequacy and effectiveness of the Governance framework

Monitoring Officer Annual Report 2017/18

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 2017 to 31 March 2018 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 2017 – March 2018

The appointment of the current Monitoring Officer was confirmed by Council on 21 September 2017 and has carried out the statutory functions since that time.

Duties	Work undertaken
(a) Maintaining a lawful position for the Council and reporting on contraventions or likely contraventions of any enactment or rule of law including fraud.	<p>The Monitoring Officer is a member of the Council's Corporate Leadership Team, together with the Heads of Paid Service and the Chief Financial Officer and is able to comment on issues discussed there. The Monitoring Officer attends the Risk Management Board as required.</p> <p>The Council's inhouse legal team, Eastlaw, provide advice and assistance to officers throughout the Council and report to the Monitoring Officer on any areas of concern in relation to lawfulness and compliance with the Council's protocols and processes.</p> <p>The Monitoring Officer and her staff attend meetings and provide advice to officers and</p>

	<p>Members at an early stage, including seeing reports to committee.</p> <p>Qualified solicitors or barristers sit on all of the Council's Project Boards.</p> <p>The Monitoring Officer also requires appropriate recording of delegated authority to evidence compliance with the Constitution.</p> <p>eastlaw assess and respond to either changes in the legal framework and in particular this year have led on the implementation of GDPR.</p> <p>No contraventions have been identified or reported.</p>
(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. There has been one finding (see below).
(c) Establish and maintain the Register of Member's interests and gifts and hospitality.	<p>All Members of both the District and Parish Councils completed new returns following the elections in May 2015. Members are reminded to keep these up to date.</p> <p>Members have been issued with Guidance on the Code.</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>
(d) Maintain Register of Employees gifts and hospitality.	The Registers have been updated regularly and are open to inspection.
(e) Investigate misconduct in respect of District, Parish and Town Councillors under	During the year between April 2017 and March 2018 a total of 20 complaints have

<p>the Code of Conduct.</p>	<p>been received. This compares to last year's figure of 22 complaints.</p> <p>13 complaints 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>Where appropriate political Group Leaders have been asked to underline the importance of Member respecting the provisions of the Code and other Protocols.</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>No cases were referred for investigation.</p> <p>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>
<p>(f) Investigate breaches of the Council's own protocols.</p>	<p>There have been no alleged breaches of the Council's own protocols.</p>
<p>(g) Provide advice to Town and Parish Councils on the interpretation of the Code of Conduct.</p>	<p>The Monitoring Officer has provided advice to Parish Councils on the Standards and Conduct Arrangements during 2016/17 face</p>

	<p>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 consider issues and hear cases.</p> <p>The Member Officer Protocol and Constitution has been updated.</p> <p>The Independent Person arrangements are working well.</p>
(i) Compensation for maladministration.	<p>The Council has made one payment of £1700 to a complainant in relation to a housing allocation issue.</p>
(j) Maintenance and review of the Constitution.	<p>The Constitution has been revised and updated during the year through the input of the Constitution Working Party and the Standards Committee.</p> <p>A Working Arrangements Protocol has been developed and is in place to deal with the changes to political control.</p>
(k) Responsibility for complaints made under the Council's Whistleblowing and Anti-Fraud policies.	<p>The risks of fraud are managed through the Council's anti fraud and corruption policies and underpinned by the financial and contract procedure rules. These are monitored for compliance by the legal and finance teams.</p> <p>Employees are made aware of the anti fraud policies and their ability to report through the Council's intranet and the Briefing.</p> <p>There have been no reports of fraud or financial impropriety.</p>
(l) Breaches of the Employee Code of	<p>Employees are reminded through the</p>

<p>Conduct.</p>	<p>Council’s internal communications regarding business practice and ethical behaviour.</p> <p>There have no formal allegation of breaches under the Employee Code of Conduct.</p>
<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, the budget and accounts and on matters, which have potentially significant legal implications.</p> <p>The Monitoring Officer meets regularly with the Chief Financial Officer.</p> <p>The financial statements are subject to a robust governance process through the Committee cycle.</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>The Monitoring Officer meets regularly with the Group Leaders to share issues.</p> <p>This year has seen the implementation of GDPR and the introduction of an Information Risk Framework.</p>
<p>(n) Exemptions to contract standing orders</p>	<p>23 exemptions have been allowed this year, mainly in relation to specialist services and the applicable provisions under the Constitution have been followed.</p>
<p>(o) actual or potential litigation or claims that would have a significant effect on the entity</p>	<p>None identified. A full list of litigation matters has been provided to the Council’s</p>

or a material impact on the financial statements	external auditors.
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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.

4. Looking Forward

4.1 The key issues for 2017/18 are as follows;

- During the current year the Council has changed control from a Conservative administration to no overall control. The Monitoring Officer and Democratic Services Team Leader have been working with officers and Members to reflect this change within the Council's Protocols and processes and this will continue.
- Further work with all Members is planned to embed good practice in respect of the Overview and Scrutiny Committee which should add to the robustness of the Council's governance processes.
- Training has been taken place on debating in the Chamber and more training for Members is planned during the course of the spring.
- Further implementation of the Information Risk Management Framework is planned.

4.2 Code of Conduct

- 4.2.2 A change of political control has meant that there have been issues in relation to some Member conduct, this appears to have stabilised recently.

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

The Monitoring Officer confirms that she is not aware of;

- Any breaches of, or deficiencies in, internal control in respect of fraud or compliance with relevant legal provisions that could have a significant effect on the entity or a material impact on the financial statements;
- Any actual, suspected or alleged frauds or breaches of legislative requirements during 2017/18;
- Any excessive or undue pressure to meet financial or operating targets that may unduly influence the actions of either those charged with governance or Management;
- Any actual or potential litigation or claims that would have a significant effect on the entity or a material impact on the financial statements;
- Any circumstances that would call into question the preparation of the financial statements on an ongoing basis.

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 2017 and March 2018 for the purposes of the latest regulations (subject to the areas outlined above).

Emma Duncan
Monitoring Officer
31/3/18

LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT 2017/18

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 2017/18 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

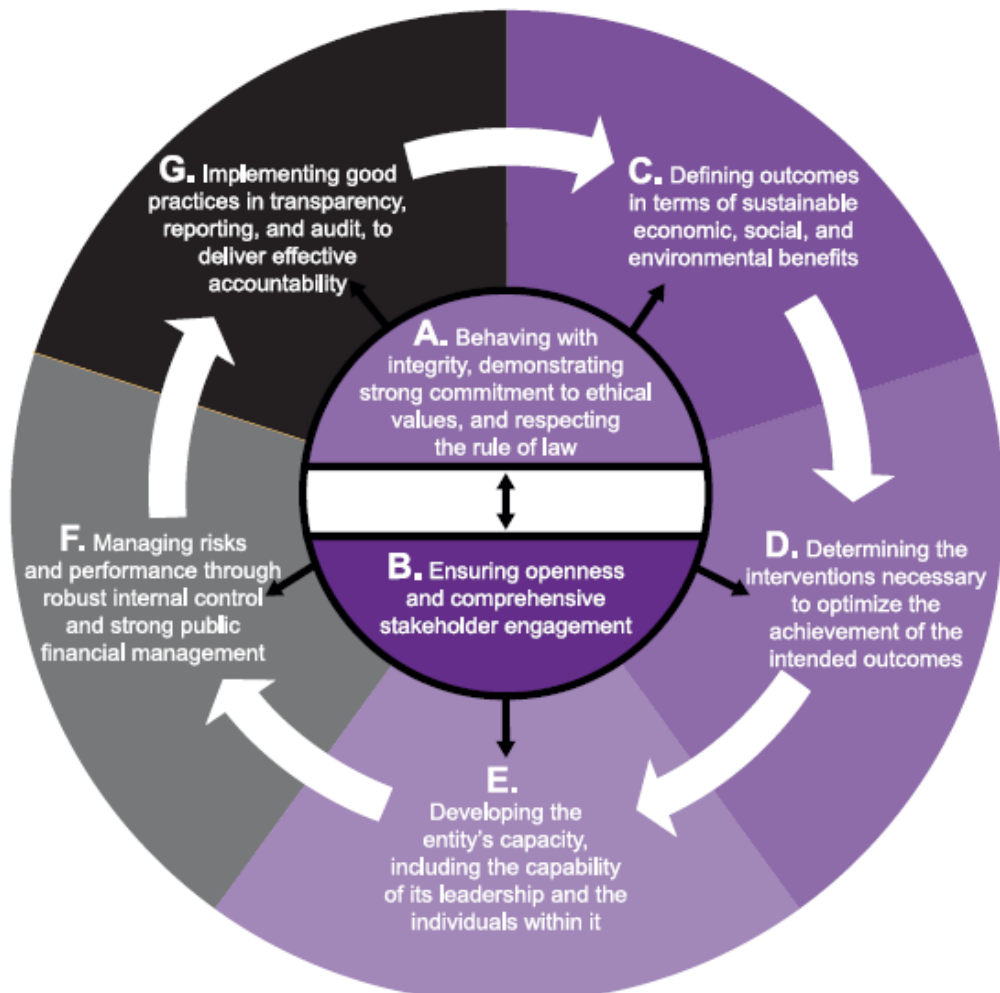
- 1.1 Attached to this report are two documents for consideration by the Governance, Risk and Audit Committee. These are;
- The Annual Governance Statement
 - The Local Code of Corporate Governance (Appendix B)

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 Last year (2016/17) saw the introduction of the Local Code and was based on the development of the new '*Delivering Good Governance in Local Government: Framework*' (CIPFA/Solace, 2016) ('the Framework').
- 2.3 The Local Code has been updated for the 2017/18 financial year and an updated draft is included as part of this report for comment and consideration.
- 2.4 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.
- 2.5 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 B.



- 2.6 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 2017/18 which should be read and considered in conjunction with Appendix B (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.

**North Norfolk District Council
Local Code of Corporate Governance 2017/18**

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, helping to make the District ‘A Better Place’. 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

Principle	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
What we aim to achieve	We are accountable for the money entrusted to us. We can show 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
The key tools we use to support our compliance	Codes of Conduct Constitution Corporate Values Financial Standing Orders Contract Standing Orders Staff/Member induction/training/appraisal Performance Management Framework Counter-Fraud, Corruption and Bribery Strategy Whistleblowing Policy Register of Interests/Gifts Compliments and Complaints Systems and Policy Procurement Policy Partnership Framework & Principles Guidance	Customer Service Strategy Publication of minutes and decision notices Customer Complaints, Compliments and Contacts Policy Consultation Exercises Communications Strategy Annual Report FOI scheme Council website Corporate Plan Committee timetables Constitution Performance Management Framework Statutory provisions Partnership Framework and Principles Guidance Staff/Member Bulletin	Corporate Plan Annual Action Plan Annual Service Planning Budget and Capital Programme Medium Term Financial Strategy Asset Management Plan Risk Management Framework/Business Continuity Plan/Policy Programme Management approaches Equality Assessments Performance Management 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 and Principles Guidance Budget framework 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 Diversity & Equality Policy Asset Management Plan Partnership Framework and Principles Guidance Job descriptions Benchmarking exercises	Risk Management Framework/Business Continuity Plan/Policy Business Plans Overview & Scrutiny Committee Governance, Risk & Audit Committee (GRAC) 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 Strategy

Principles of Good Governance	Behaviours and actions that can demonstrate this	How we put this in practice	Source Documents
<p><i>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</i></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 and Intranet, 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, Whistleblowing policy, Counter Fraud, Corruption and Bribery Strategy, 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, Whistleblowing policy, Counter Fraud, Corruption and Bribery Strategy, 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, Whistleblowing policy, Counter Fraud, Corruption and Bribery Strategy, Planning Protocol, Member/Officer Register of Gifts and Hospitality, Member/Officer Registers of Interests, Financial Regulations, Contract Procedure Rules, Diversity and Equality Policy, Member / Officer Induction and Training Governance, Risk & Audit Committee (GRAC) 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 policies as part of the induction process and to sign to confirm this has been completed.</p>	<p>Member/Officer Codes of Conduct, Whistleblowing policy, Counter Fraud, Corruption and Bribery Strategy, 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, Governance, Risk & Audit Committee (GRAC) 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 & 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 & 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 to 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, Whistleblowing Policy, Counter Fraud, Corruption and Bribery Strategy, 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 and Principles Guidance also further support this.</p>	<p>Council's Website, Constitution, Procurement Strategy, Individual Partnership / Service Level Agreements, Partnership Framework and Principles Guidance.</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, Whistleblowing policy, Counter Fraud, Corruption and Bribery Strategy, 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 Officer 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 Counter Fraud, Corruption and Bribery Strategy, access to which is available on the intranet.</p>	<p>Counter Fraud, Corruption and Bribery Strategy, Whistleblowing Policy, Constitution.</p>

<p><i>Ensuring openness and comprehensive stakeholder engagement</i> 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 2017/18 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 including consultations page.</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 Strategy, Statutory Provisions, Council's Website, Forums and Partnerships, Direct communication with Parish & 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 (Cromer Sports Hub/Deep History Coast/Splash), Direct communication with Parish & 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 (Cromer Sports Hub/Deep History Coast/Splash), 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 and link to activities within the Corporate Plan and Service Plans. Partnerships are subject to periodic review to ensure they remain effective and deliver Council outcomes.</p>	<p>Partnership Framework and Principles Guidance.</p>
	<p>Ensuring that partnerships are based on:</p> <ul style="list-style-type: none"> • trust • a shared commitment to change • a culture that promotes and accepts challenge among partners <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, Website, Head of Paid Service briefings Intranet.</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 (Cromer Sports Hub/Deep History Coast/Splash), Website consultations page.</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 Complaints, Compliments & Contacts Policy, Customer Service 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, Diversity & Equality 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><i>Defining outcomes in terms of sustainable economic, social, and environmental benefits</i></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 objectives which then cascades into individual performance and service plan objectives.</p>	<p>Corporate Plan, Annual Action Plan, Service Plans, Performance and Risk system, Appraisal framework.</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 and Risk 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 and Risk system, Budget monitoring protocols and reports, Committee reports, Medium Term Financial Strategy.</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 service 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 and Risk system, Risk registers for major projects (waste procurement/leisure procurement/Splash/Cromer Hub).</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 and Risk system, Communications Strategy, Budget process, Medium Term Financial Strategy.</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 Strategy, Capital bidding process, Budget framework, Capital Strategy, Diversity and Equality Policy.</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 Strategy, 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>Diversity and Equality Policy, Equality Impact Assessments (EQIA's), Statutory guidance, Customer Strategy.</p>

<p><i>Determining the interventions necessary to optimise the achievement of the intended outcomes</i></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, report template, 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 Strategy also enables the Council to prioritise competing demands with limited resources.</p>	<p>Communications Strategy, Medium Term Financial Strategy, 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, Corporate Plan process.</p>

	<p>Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</p>	<p>This is a necessary part of our planning, and can be evidenced through the ongoing work on the development of the new Local Plan.</p>	<p>Communications Strategy, Local Plan protocols.</p>
	<p>Considering and monitoring risks facing each partner when working collaboratively including shared risks</p>	<p>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.</p>	<p>Partnership Framework and Principles Guidance, Risk Management Framework.</p>
	<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 and Principles Guidance, Performance and Risk 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 SMART.</p>	<p>Annual Action Plan, Service Plans, Annual Report, Quarterly and monthly performance reports.</p>

	<p>Ensuring capacity exists to generate the information required to review service quality regularly</p>	<p>The Council has a Policy & 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, quarterly and monthly reports.</p>
	<p>Preparing budgets in accordance with organisational objectives, strategies and the Medium Term Financial Strategy</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 Strategy.</p>
	<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</p>	<p>The service planning and budget cycles are fully integrated and informed by the production of the Medium Term Financial Strategy, which sets out how the Council will address the future funding challenges.</p>	<p>Corporate Plan, Annual Action Plan, Service Plans, Budget setting process, Committee reports, Medium Term Financial Strategy.</p>
	<p>Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints</p>	<p>The Medium Term Financial Strategy 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.</p>	<p>Service Plans, Budget setting process, Committee reports, Medium Term Financial Strategy.</p>

	<p>Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term</p>	<p>As above, the budget and Service Planning process comprehensively links service demands and activities to the projected cost of service delivery.</p>	<p>Service Plans, Budget setting process, Committee reports, Medium Term Financial Strategy.</p>
	<p>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</p>	<p>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 optimised and that efficiency plans are developed where appropriate.</p>	<p>Service Plans, Budget setting process, Committee reports, Medium Term Financial Strategy.</p>
	<p>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"</p>	<p>The Council has committed, through its Procurement Strategy, to supporting social value. The current procurement for the new Leisure contract helps to demonstrate this with some of the scoring being allocated to Social Value.</p>	<p>Procurement Strategy, Leisure tender documents, Diversity and Equality Policy.</p>

Developing the entity's capacity, including the capability of its leadership and the individuals within it

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.

Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness

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.

The Council has a defined Asset Management Plan supported by a number of other policy and supporting documents including; the Commercial Property Investment Strategy, The Acquisition Policy, The Disposal Policy, Assets of Community Value procedure and guidance, Asset Proposal process and use of Council property assets for events. This suite of documents was reviewed, updated and agreed by Committee in March 2018. All of these policies and guidance documents combine to help ensure that property assets are effectively utilised while supporting the Council's Asset Commercialisation agenda which is a key theme within the Council's efficiency plans.

Asset Management Plan, Disposal, Investment and Acquisitions Policy, Commercial Property Investment Strategy, The Acquisition Policy, The Disposal Policy, Assets of Community Value procedure and guidance, Asset Proposal process, Use of Council property assets for events.

	<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. Benchmarking using LG Inform data takes place on a regular basis.</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 and Principles Guidance, 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 Council has a new Leader in place but is now in a position of no overall political control. A new Working Arrangements Protocol has been developed to help adjust to this new position and support has been provided by the Local Government Association (LGA). The Corporate Directors and joint Heads of Paid Service have regular meetings with the Leader and also the Leaders of the two other Groups and continue to hold 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. Shadow Portfolio holders have also been elected to aid with transparency.</p>	<p>Job descriptions, Member and Officer protocols, Working Arrangements Protocol, Member training, LGA support.</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, Member and Officer Protocols, Working Arrangements Protocol.</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>

	<p>Ensuring that there are structures in place to encourage public participation</p>	<p>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.</p>	<p>Committee minutes.</p>
	<p>Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</p>	<p>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.</p>	<p>Peer review, 360 Degree Appraisal, Appraisal framework.</p>
	<p>Holding staff to account through regular performance reviews which take account of training or development needs</p>	<p>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.</p>	<p>Appraisal framework.</p>
	<p>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</p>	<p>The Council places strong emphasis on employee health and wellbeing. The Council's Staff Focus Group and the Health and Wellbeing Group 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.</p>	<p>Health and Wellbeing Group, Staff Focus Group, Various Organisational Development policies and strategies, Intranet.</p>

<p>Managing risks and performance through robust internal control and strong public financial management 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. Risk reviews are held in each service twice a year with significant risks assessed for inclusion in the Corporate Risk Register. 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, Performance and Risk system.</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. In addition Risk reviews are held in each service twice a year with significant risks assessed for inclusion in the Corporate Risk Register. 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, Performance and Risk system, Risk registers for major projects (waste procurement/leisure procurement/Splash/Cromer Hub).</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, Performance and Risk system, Risk registers for major projects (waste procurement/leisure procurement/Splash/Cromer Hub).</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, Budget planning process.</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	Corporate 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 takes part in national initiatives to reduce the potential for fraud and to identify fraud that may have occurred.	Counter Fraud, Corruption and Bribery Strategy, 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 practice. 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 Public Sector Network Code of Connection Compliant (PSN), 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. A SIRO role description which identifies key responsibilities has been developed and this is further supported by a new Information Risk Policy and work is ongoing in relation to the new General Data Protection Regulations (GDPR) requirements which come into effect from 25 May 2018.</p>	<p>Data Protection Policy, Data Quality Policy, IT Security Policy, PSN compliance, SIRO role description Information Risk Policy.</p>

	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	Information sharing is subject to defined information sharing protocols.	Data Protection Policy, Data Quality Policy, IT Security Policy, PSN compliance.
	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, Data Quality Policy, 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 Strategy, 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 Strategy, 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.	Budget monitoring reports and protocol.
<p>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p> <p>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.</p>	<p>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</p> <p>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</p>	<p>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.</p>	<p>Council website, Annual Report, Committee template, Committee reports.</p>

	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 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.	Statement of accounts, Annual and Quarterly Reports, Annual Governance Statement.
	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. All actions and targets in the Annual Action Plan and Service Plans have an identified lead officer.	Performance reports/framework, Annual Report, Budget monitoring reports, Minutes highlighting appropriate approvals, Outturn report, Performance and Risk system.
	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.

	<p>Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate</p>	<p>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.</p>	<p>Annual Governance Statement, Local Code of Corporate Governance, Terms of Reference.</p>
	<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>

	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	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.	Peer review, Regulatory review.
	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	The Annual Governance Statement includes a section on the "Review of Effectiveness" which includes consideration of governance arrangements for service delivery through third parties.	Annual Governance Statement, NNDS Self-assessment Assurance Statement.
	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 and Principles Guidance, Terms of Reference, Service Level Agreements (SLA's).

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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 2017/18 financial year based on the development of the new '*Delivering Good Governance in Local Government: Framework*' (CIPFA/Solace, 2016) ('the Framework') which was introduced last year. A copy of the Council's current Local Code is on our website at 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 practices 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.

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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.

- 2.3. The governance framework has been in place at NNDC for the year ended 31 March 2018 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

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- 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.
- 3.3. Revisions were required to the Council's Local Code of Corporate Governance last year 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 2018 and should be read in conjunction with the Council's updated Local Code of Corporate Governance (2017/18) 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.

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- 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.
 - 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

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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 (GRAC) 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, internal control and governance matters in accordance with its agreed work programme. During the year 18 (17 in 2016/17) internal audit assignments were completed delivered over 193 days (179 days in 2016/17), a reasonable audit opinion was given for the year. All reviews were completed as planned in the year with 17 audits and 1 cross authority review covering HR and payroll.
- 4.2.10. 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". The conclusions of the internal audit enable an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control to be provided. In addition, Internal Audit can undertake 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 GRAC. There have been no urgent (priority one) recommendation raised in the current financial year which is an extremely positive position to be in. It is also important to note that substantial assurance (the highest level of assurance that can be achieved) was concluded in 7 out of 17 audits which represents over 40% of the audits completed and covers the following areas:

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- Performance Management, Corporate Policy and Business Planning;
- Building Control;
- Accountancy Services;
- Income;
- Beach Huts;
- Risk Management; and
- Revenues and Benefits IT Application.

- 4.2.11. Internal Audit also carry out regular reviews of the status of implementation of Internal Audit recommendations. During the year there has been a drop in the number of recommendations raised as the result of audit reviews, compared to the previous year. There were 18 Priority 2 recommendations raised during the year. At 31 March 2018 6 out of 9 actions due for implementation by that date had been completed, leaving 3 still to be addressed compared with 4 at March 2017. For these outstanding recommendations revised implementation dates have been agreed between Internal Audit and Officers and will be followed up during 2018/19.
- 4.2.12. 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 17 audits undertaken where an opinion was issued, 7 (5 in 2016/17) were given the highest assurance level possible (substantial assurance) representing 41% of the audits undertaken, indicating a very positive direction of travel.
- 4.2.13. As part of the audit work completed back in 2016/17 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 this action plan has been progressed during the new financial year and formed part of the action plan included within last years AGS. This role has been allocated to the Corporate Director and joint Head of Paid Service (Nick Baker) and this role has been supported by the development of a SIRO role description and the implementation of a Information Risk Policy, both of which were approved at the CLT meeting held on 29 January 2018.

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- 4.2.14. The External Auditor's Annual Audit Letter is considered by the GRAC and the Risk Management Board (RMB).
 - 4.2.15. The RMB monitor and also continually review corporate risks and ensure that actions are being taken to effectively manage the Council's highest risks.
 - 4.2.16. 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.
 - 4.2.17. 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 RMB 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 (although as mentioned above none were issued for 2017/18).

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- 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.
- 4.4. The GRAC 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 GRAC 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, the formal partnership known as Coastal Partnership East between NNDC, Great Yarmouth Borough Council and East Suffolk (Waveney and Suffolk Coastal District Council partnership) has now been in place for just over a year. 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
- 4.7 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
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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.

- 4.8 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 relevant Member Portfolio holders/Committee Chairs which is supported by an Operational (senior) Officer Group, both of which meet on a quarterly basis.
- 4.9 The manager for Coastal Partnership East is included as part of the Council's annual Self Assurance process.

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5. GOVERNANCE ISSUES

- 5.1. Following from the review of the Annual Governance Statement for 2017/18 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 and this is an action that will continue to be monitored. The further development and implementation of the SIRO role, couple with the new Information Risk Policy, will further help to strengthen governance arrangements.

Action	Officer	Target Date
Implementation of Internal Audit Recommendations	Management Team (All Heads of Service and CLT)	31 March 2019
To review the implementation of the requirements under GDPR	Management Team (All Heads of Service and CLT)	31 March 2019
To undertake Member/officer training as required following the recent update of the Whistleblowing Policy	Head of Legal Services	31 March 2019
To update the Procurement Strategy and the Contract Standing Orders as appropriate	Head of Finance and Assets	31 March 2019
To arrange budget and finance training for Members and the Extended Managers group in the run up to the Medium Term Financial Plan and budget process for 2019/2020	Head of Legal Services/ Head of Finance and Assets	31 December 2018
Work towards the development of the new Corporate Plan following the elections in May 2019	Management Team (All Heads of Service and CLT)	31 March 2019

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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 John Lee

Corporate Directors and Heads of Paid
Service:

Mr Nick Baker

Mr Steve Blatch