

Governance, Risk and Audit Committee



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18th March 2019

A meeting of the **Governance, Risk and Audit Committee** of North Norfolk District Council will be held in the Committee Room - Council Offices, Holt Road, Cromer, NR27 9EN on **Tuesday, 26 March 2019** at **2.00 pm**.

At the discretion of the Chairman, a short break will be taken after the meeting has been running for approximately one and a half hours

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 should 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 J Rest, Mr M Knowles, Mr P Rice, Mr V FitzPatrick, Ms V Gay and Mr N Pearce

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 Paid Service: Nick Baker and Steve Blatch
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Email districtcouncil@north-norfolk.gov.uk **Web site** www.north-norfolk.gov.uk

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

(Pages 1 - 4)

To approve as a correct record, the minutes of the meeting of the Governance, Risk & Audit Committee held on 4th December 2018.

6. EY - CERTIFICATION OF CLAIMS ANNUAL REPORT 2017/18

(Pages 5 - 14)

Summary:

Section 1 of this report outlines the results of EY's 2017/18 certification work and highlights the significant issues. EY checked and certified the housing benefits subsidy claim with a total value of £25,672,240. EY issued a qualification letter and details of the qualification matters are included in section 1.

EY certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due. Fees for certification and other returns work are summarised in section 2.

EY welcomes the opportunity to discuss the contents of this report with the NNDC Governance, Risk and Audit Committee.

Recommendations:

To note the Report.

7. EY EXTERNAL AUDIT PLAN

(Pages 15 - 52)

Summary:

The Audit Plan which sets out how EY intend to carry out their responsibilities as auditor. Its purpose is to provide the Governance, Risk and Audit Committee with a basis to review the proposed audit approach and scope for the 2018/19 audit in accordance with the

requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that the EY audit is aligned with the Committee's service expectations.

This plan summarises EY's initial assessment of the key risks driving the development of an effective audit for the Council, and outlines EY's planned audit strategy in response to those risks.

EY welcomes the opportunity to discuss this report with the Committee in March 2019, as well as understand whether there are other matters which the Committee considers may influence the EY audit.

Recommendations:

To note the EY Audit Plan.

8. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

(Pages 53 - 74)

Summary: This report examines the progress made between 23rd November 2018 and 5th March 2019 in relation to delivery of the annual internal audit plan for 2018/19.

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 audit completed between 23rd November 2018 and 5th March 2019.

Cabinet member(s):

All

Contact Officer, telephone number, and e-mail:

Ward(s) affected:

All

Faye Haywood, Internal Audit Manager for North Norfolk DC

01508 533873, fhaywood@s-norfolk.gov.uk

9. STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2019/20

(Pages 68 - 91)

Summary: This report provides an overview of the stages followed prior to the formulation of the strategic internal audit plan for 2019/20 to 2021/22 and the annual internal audit plan for 2019/20. The annual internal audit plan will then serve as the work programme for the council's internal audit services

contractor; tiaa ltd. It will 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.

Conclusions: The attached report provides the Council with Internal Audit Plans that will ensure key business risks will be addressed by Internal Audit, thus ensuring that appropriate controls are in place to mitigate such risks and also ensure that the appropriate and proportionate level of action is taken.

Recommendations: It is recommended that the Committee notes and approves:

- a) the Internal Audit Charter
- b) the Strategic Internal Audit Plans 2019/20 to 2021/22; and
- c) the Annual Internal Audit Plan 2019/20.

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

10. CORPORATE RISK REGISTER

(Pages 92 - 110)

Summary: The last update to the Risk Management Policy and Framework was approved by the Governance, Risk and Audit Committee (GRAC) in March 2018. The documents are reviewed every two years with the next scheduled update due for March 2020. This policy sets the framework for the Council's Corporate Risk Register (CRR) which monitors and tracks the Council's most significant risks. This report is to provide Members with an update in relation to the Corporate Risk Register.

Conclusions: The changes made to the register and governance processes will help to improve the monitoring and ownership of the corporate risk register and the actions contained therein.

Recommendations: Members are asked to note the report and the improvements made to the CRR, the linkages to other registers and the

enhanced oversight of the register from Management team.

Cabinet Member(s) Ward(s) affected

All All

Contact Officer, telephone number and email:
Duncan Ellis, 01263 516330, Duncan.ellis@north-norfolk.gov.uk

11. RISK MANAGEMENT FRAMEWORK (Pages 112 - 128)

To note the Risk Management Framework, to be updated March 2020.

12. ACCOUNTS CLOSEDOWN 2018/19 - TECHNICAL UPDATE (Pages 130 - 132)

This report is provided to the Governance, Risk and Audit Committee to give an update on the accounts closedown process for the 2018/19 financial year.

13. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST (Pages 134 - 134)

To monitor progress on items requiring action from the meeting on 4th December 2018, including progress on implementation of audit recommendations.

14. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME (Pages 136 - 137)

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

15. EXCLUSION OF THE PRESS AND PUBLIC

To pass the following resolution, if necessary:

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

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GOVERNANCE, RISK & AUDIT COMMITTEE

Minutes of a meeting of the Governance Risk & Audit Committee held on Tuesday 4th December 2018 in the Committee Room, Council Offices, Holt Road, Cromer at 2.00 pm.

Members Present:

Committee: Mr J Rest (Chairman) Mr M Knowles
Mr V FitzPatrick Mr N Pearce
Ms V Gay Mr P Rice

Other Members:

Officers in Attendance: The Chief Technical Accountant, the Democratic Services Manager and the Internal Audit Manager (FH).

37. APOLOGIES

None.

38. PUBLIC QUESTIONS

None received.

39. ITEMS OF URGENT BUSINESS

None.

40. DECLARATIONS OF INTEREST

None.

41. MINUTES

The Minutes from the meeting of the Governance, Risk & Audit Committee held on 11th September 2018 were approved as a correct record and signed by the Chairman.

Cllr V Gay referred to the Business Rates Reserve and asked how the processing of appeals was progressing. The Chief Technical Accountant replied that it was still taking some time but work was continuing.

42. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The Internal Audit Manager (FH) introduced this item. She explained that the report examined the progress made between 4th September and 23 November 2018 in relation to the delivery of the Annual Internal Audit Plan for 2018/19. She drew the Committee's attention to the three final reports that had been issued during this period, highlighting

the substantial assurance on the audit of Elections and Electoral Registration arrangements. In response to a query from the Chairman as to whether a 'substantial' rating was unusual, she confirmed that it was.

The Internal Audit Manager then outlined some of the work undertaken during Q3 – including Digital Transformation – benefits realisation. Cllr Gay asked whether the draft report was still due to be published on 5th December. The Internal Audit Manager replied that the first draft version of the report was due shortly. This would then be issued to the relevant managers for comment before a final version was produced.

RESOLVED

To note the outcomes of the assurance audit completed between 4th September 2018 and 23 November 2018.

43. FOLLOW-UP ON INTERNAL AUDIT RECOMMENDATIONS

The Internal Audit Manager (FH) introduced the Report and explained that it provided an overview of progress made in implementing agreed audit recommendations due for completion between 1 April 2018 and 23 November 2018. She said that in 2017/18 internal audit raised 50 recommendations, 12 of which were outstanding. All of the recommendations raised in 2016/17 had now been confirmed as complete. She concluded by saying that to date in 2018/19, Internal Audit had raised 18 recommendations, of which 5 were closed, 12 were not yet due, leaving 1 outstanding. Appendix 2 summarised manager's responses as to why the recommendations were outstanding. The Internal Audit Manager drew Members' attention to NN1112 (Development Management, Building Control and Land Charge) which was being addressed by the new Head of Planning. Until new software was in place the issue could not be resolved.

Members were invited to ask questions:

1. Cllr V Gay said that she could not recall a discussion regarding the issue of outstanding s106 agreements. The recommendation had been outstanding since 2011 and she felt that it could have been resolved before now without the introduction of new systems. The Internal Audit Manager replied that the use of new software could reduce the risk and extract data effectively. Cllr M Knowles added that the previous Head of Planning had attended the Committee a while ago and acknowledged that the system could operate better.
2. The Chairman referred to NN1716 – IT hardware asset disposal and queried why the assurance level was 'limited' when all of the recommendations appeared to be completed and verified. Cllr Gay asked what the risks were associated with this audit. The Internal Audit Manager replied that the risks related to data loss.
3. Cllr P Rice referred to NN1811 Car Parking and queried why the Borough Council of Kings Lynn and West Norfolk (BCKLWN) were withholding information. The Internal Audit Manager replied that there had been several attempts to gain the information and they would continue to try.
4. Cllr V FitzPatrick said that it would be useful for the committee to see an analysis of each of the Council's car parks – which were costing money, those generating income and a breakdown of fees. The Chief Technical Accountant said that it would be helpful to include penalty charge notice income too. The Internal Audit Manager said they were currently planning for 2019/20 and she would draft something for inclusion at the next meeting of the committee.

RESOLVED

To note management action taken to date regarding the delivery of audit recommendations.

44. ANTI-MONEY LAUNDERING POLICY

The Chief Technical Accountant introduced this item. She explained that the Anti-Money Laundering Policy had been reviewed following the issuing of new regulations. It was now a stand-alone document having previously been included within the general Counter-fraud Policy. There had been input from South Norfolk District Council to reflect best practice.

Questions and Discussion

1. Cllr V FitzPatrick said that the policy should be monitored by more than one individual to ensure there was no possibility of slippage. Cllr M Knowles added that it was important to have a nominated officer to report to.
2. The Chairman queried why all costings were listed in euros. The Chief Technical Accountant replied that this reflected the regulations which were in euros. It also ensured that fluctuations in currency conversion were avoided.
3. Cllr P Rice asked whether training on the new policy would be provided for all staff. The Chief Technical Accountant confirmed that it would, with training initially being provided to the extended managers group before being offered to other staff.
4. Cllr V Gay said that she felt it should be handled sensitively as even low levels could impact on local procurement. The Chief Technical Accountant replied that ongoing business relationships would not be affected. For any new relationships due diligence would be done.

RESOLVED

To agree the Anti-Money Laundering Policy

45. CIVIL CONTINGENCIES UPDATE

The Chief Technical Accountant explained that a new Resilience Manager had started working at the Council recently and had compiled the report which provided an overview of business continuity incidents together with an update on the Council's business continuity plans.

Questions and Discussion

1. Cllr M Knowles referred to page 48 and the red and amber items. He queried whether these related to the business continuity incidents or business continuity plans. The Chief Technical Accountant replied that they related to incidents rather than plans.
2. Cllr V FitzPatrick sought clarification on the reference to 'black' pages. It was agreed that a written response would be provided. He also commented that it was not helpful to have embedded documents in a printed agenda.

46. GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE & ACTION LIST

The Action List was included in the agenda for review by the Committee.

The Chairman queried whether all of the actions arising from the previous meeting were captured in the summary. The Democratic Services Manager said that she would check as it should list actions rather than decisions.

47. GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

The Work Programme was included in the agenda for review by the Committee.

Cllr V Gay asked whether the self-assessment would still be going ahead in March 2019. The Internal Audit Manager confirmed that it would with feedback ready for the June meeting of the committee.

RESOLVED

To note the GRAC Work Programme.

48. ANY OTHER BUSINESS

The Chairman asked whether the Council had been involved in providing funding or loans to Northamptonshire County Council. The Chief Technical Accountant confirmed that this was definitely not the case. She said that the Council did lend to other local authorities but restrictions could be put in place on who to lend to and Northamptonshire CC was on the restricted list. She added that generally local authorities were quite cash rich and if a loan was defaulted on the lending authority could charge council tax to the other authority.

The Chairman asked for an update on the current financial position of the Council's waste contractor, Kier. The Chief Technical Accountant replied that things were moving quickly, with a meeting taking place with the Council's treasury advisers, Arlingclose, that afternoon. Negotiations were continuing and due diligence would be carried out before the contract for the one year extension was signed off.

The Chairman asked about the potential council tax increase for the Police. The Chief Technical Accountant replied that it would be confirmed shortly but was likely to be £24.00

EXCLUSIONS OF THE PRESS AND PUBLIC

None.

The meeting ended at 3.06 pm

Chairman

North Norfolk District Council

Certification of claims Annual report 2017/18

December 2018

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

Building a better
working world

Agenda Item 6



Governance, Risk and Audit Committee
North Norfolk District Council
Council Offices
Holt Road
Cromer
Norfolk
NR27 9EN

18 December 2018

Dear Committee Members

We are pleased to report on our certification work. This report summarises the results of our work on North Norfolk District Council's 2017/18 claims and returns.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified reporting accountants to certify the claims submitted to them.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. For 2017/18, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions.

Summary

Section 1 of this report outlines the results of our 2017/18 certification work and highlights the significant issues.

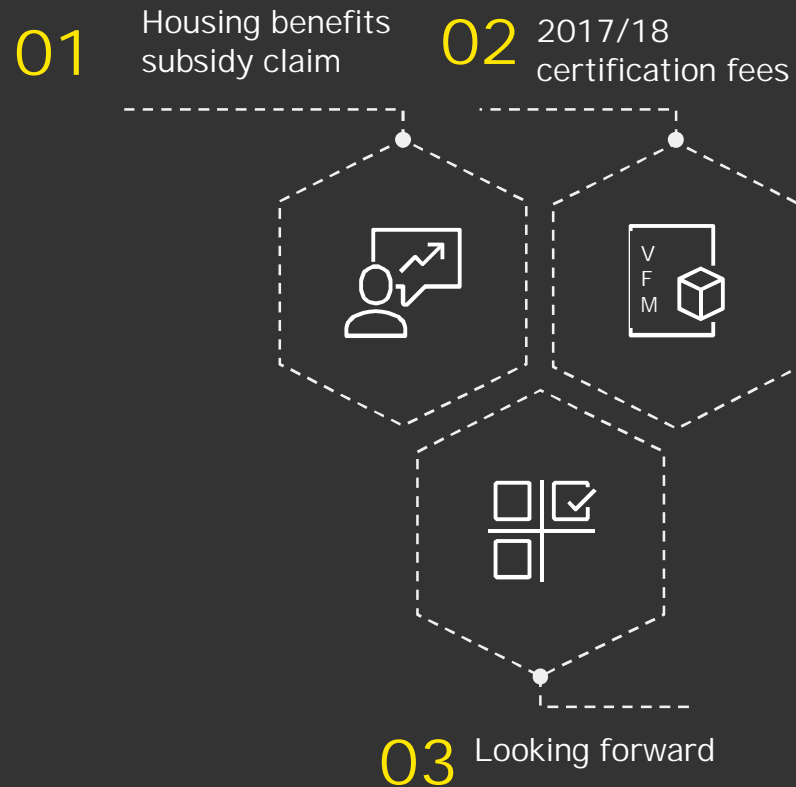
We checked and certified the housing benefits subsidy claim with a total value of £25,672,240. We met the submission deadline. We issued a qualification letter and details of the qualification matters are included in section 1. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due.

Fees for certification and other returns work are summarised in section 2. We welcome the opportunity to discuss the contents of this report with you at the March Governance, Risk and Audit Committee.

Yours faithfully

Mark Hodgson
Associate Partner
For and on behalf of Ernst & Young LLP
Encl

Contents



This report is made solely to the Governance, Risk and Audit Committee and management of North Norfolk District Council. Our work has been undertaken so that we might state to the Governance, Risk and Audit Committee and management of North Norfolk District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Governance, Risk and Audit Committee and management of North Norfolk District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Housing benefits subsidy claim



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£25,671,449
Amended/Not amended	Amended – subsidy increased by £791
Qualification letter	Yes
Fee – 2017/18	£24,670 (subject to PSAA approval)
Fee – 2016/17	£22,082

Local Government administers the Government’s housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires reporting accountants to complete more extensive ‘40+’ or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the certification of previous years claims. We found errors and carried out extended testing in three areas, which represents a small increase in the level of error from the previous year.

Errors in the initial testing of non-HRA rent rebates had already been identified and quantified as part of the Council’s quality assurance checks. Therefore the Council were able to make a manual amendment. This had a small net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry our further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

- ▶ Testing of the initial rent allowance sample identified one case where the where child tax credit had been incorrectly calculated leading to an underpayment of benefit. Additional testing of income cases identified nine further errors, resulting in one overpayment, six underpayments, and two cases with no impact on benefit paid;
- ▶ Testing of the initial rent allowance sample did not identify any errors in the calculation of capital tariff, however additional testing was undertaken in this area due to errors identified in previous years. This additional testing identified ten errors where the claimant’s capital tariff was miscalculated. This resulted in four overpayments, two underpayments, three cases with no impact and one case where the error could not be quantified;
- ▶ Testing of the initial rent allowance sample identified one case where the rent had been incorrectly calculated resulting in an overpayment of benefit. Additional testing did not identified any further errors; and
- ▶ Testing of the initial rent allowance sample identified one case where the incorrect Personal Independence Payment (PIP) rate had been used in the assessment of benefit awarded. However, as this type of income is disregarded in full, this resulted in no impact on the benefit awarded and no further testing was undertaken.



02

2017/18 certification fees





2017/18 certification fees

The PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim. For 2017/18, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) and are available on their website (www.psaa.co.uk).

Claim or return	2017/18 Actual fee £'s	2017/18 Indicative fee £'s	2016/17 Actual fee £'s
Housing benefits subsidy claim	24,670	26,390	22,082

For 2017/18 the level of error identified was increased from 2016/17, however as in the prior year the Council undertook the initial testing, with the audit team sample testing the Council's work. This has enabled us to reduce the fee from the indicative fee set by PSAA.

Our final proposed fee remains subject to approval from PSAA.



03

Looking forward



2018/19 and beyond

From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body.

As your appointed auditor for the financial statements audit, we are pleased that for 2018/19 the Council has appointed us to act as reporting accountants in relation to the housing benefit subsidy claim.

We welcome the opportunity to continue undertaking this work for the Council providing a seamless quality service, drawing on vast array of experienced and knowledgeable public sector professionals in these areas, whilst realising the synergies and efficiencies that are achieved by undertaking both the audit and grant work.

EY | Assurance | Tax | Transactions | Advisory

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ED None

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North Norfolk District Council

Audit Plan

Year ended 31 March 2019

13 February 2019



Building a better
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Agenda Item 7



Governance, Risk and Audit Committee
North Norfolk District Council
Council Offices
Holt Road
Cromer
Norfolk
NR27 9EN

13 February 2019

Dear Governance, Risk and Audit Committee Members

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Governance, Risk and Audit Committee with a basis to review our proposed audit approach and scope for the 2018/19 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Governance, Risk and Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 26 March 2019 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

MARK HODGSON

Mark Hodgson
For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Governance, Risk and Audit Committee and management of North Norfolk District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Governance, Risk and Audit Committee, and management of North Norfolk District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Governance, Risk and Audit Committee and management of North Norfolk District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2018/19 audit strategy



Overview of our 2018/19 audit strategy

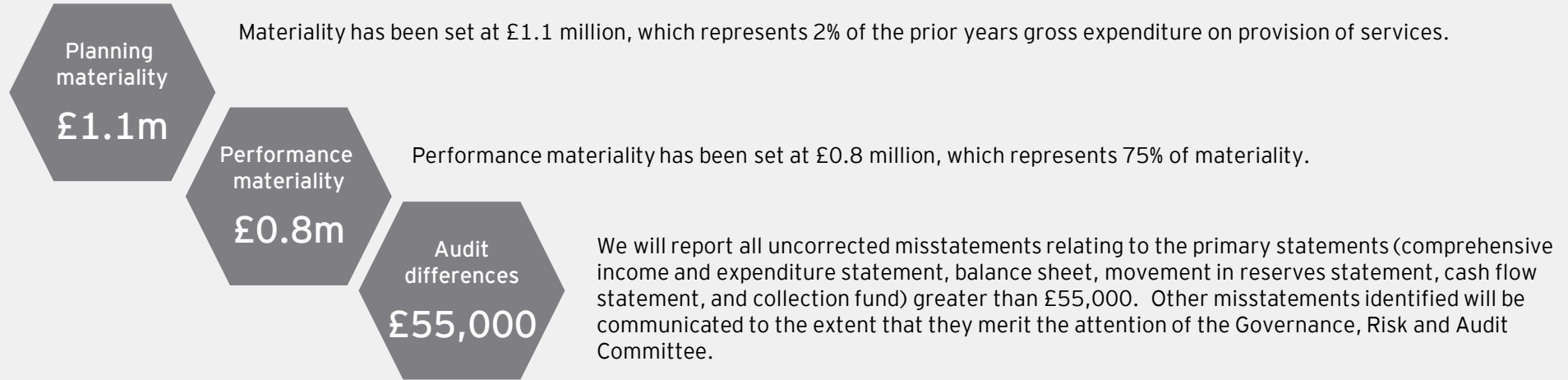
The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Governance, Risk and Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Incorrect capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We focus on the risk of incorrect capitalisation of revenue expenditure on Property, Plant and Equipment (PPE), given the extent of the Council's capital programme. This also links to the risk above as a specific area susceptible to manipulation by management.
Valuation of Land and Buildings	Inherent risk	No change in risk or focus	The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and are estimates which are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.
Pension Liability Valuation	Inherent risk	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Norfolk County Council. The Council's pension fund liability (£40.936 million as at 31 March 2018) is a material estimated balance and the Code requires that the liability be disclosed on the Council's balance sheet.
Implementation of new accounting standards	Inherent risk	New area of focus	The 2018/19 CIPFA Code of practice on local authority accounting confirms that Local Government will implement International Financial Reporting Standard ("IFRS") 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The Council needs to assess and evaluate the implications of these new standards on the 2018/19 accounts.

Overview of our 2018/19 audit strategy

Materiality



Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of North Norfolk District Council give a true and fair view of the financial position as at 31 March 2019 and of the income and expenditure for the year then ended; and
- Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.



02 Audit risks



Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

<p>Misstatements due to fraud or error *</p> <p>Page 22</p>	What is the risk?	What will we do?
	<p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p> <p>One area susceptible to manipulation is the capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Council's capital programme (see below).</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> ▶ Identifying fraud risks during the planning stages; ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks; ▶ Understanding the oversight given by those charged with governance of management's processes over fraud; ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud; ▶ Determining an appropriate strategy to address those identified risks of fraud; and ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements and evaluating the business rationale for any significant unusual transactions.

Our response to significant risks (continued)

Incorrect capitalisation of revenue expenditure *

Financial statement impact

We have identified a risk of expenditure misstatement due to fraud or error that could affect the income and expenditure accounts.

We consider the risk applies to capitalisation of revenue expenditure and could result in a misstatement of cost of services reported in the Comprehensive Income and Expenditure Statement.

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

As the Council is more focused on its financial position over medium term, we have considered the risk of manipulation to be more prevalent in the inappropriate capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Council's capital programme (see above).

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Obtaining an analysis of capital additions in the year, reconciling to the Fixed Assets Register (FAR), and reviewing the descriptions to identify whether there are any potential items that could be revenue in nature;
- ▶ Performing sample testing on additions to Property, Plant and Equipment, ensuring that they have been correctly classified as capital and included at the correct value, to identify any revenue items that have been inappropriately capitalised; and
- ▶ Testing the appropriateness of journal entries recorded in the general ledger moving expenditure items from revenue codes to capital codes.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk/area of focus?

Valuation of Land and Buildings

The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

The Council will engage an external expert (valuer) who will apply a number of complex assumptions to these assets. Assets are assessed annually to identify whether there is any indication of impairment.

As the Council's asset base is significant, and the outputs from the valuer are subject to estimation, there is a risk that these assets may be misstated.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Consider the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample test key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We will also consider whether there are any specific changes occurring to assets and that these are communicated to the valuer;
- ▶ Review assets that are not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider circumstances that require the use of EY valuation specialists to review any material specialist assets and the underlying assumptions used;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements.

Audit risks

Other areas of audit focus

What is the risk/area of focus?

Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Norfolk County Council.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2018 this totalled £40.936 million.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Liaise with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to North Norfolk District Council;
- ▶ Assess the work of the Pension Fund actuary (Hymans) including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and consider any relevant reviews by the EY actuarial team; and
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

Other areas of audit focus

What is the risk/area of focus?

New accounting standards

The CIPFA Code of practice on local authority accounting (the Code) requires the Council to comply with the requirements of two new accounting standards for 2018/19. These standards are:

- **IFRS 9 - Financial Instruments**

This new accounting standard will change:

- ▶ How financial assets are classified and measured;
- ▶ How the impairment of financial assets are calculated; and
- ▶ The disclosure requirements for financial assets.

There are transitional arrangements within the standard; and the 2018/19 Code provides guidance on the application of IFRS 9. However, until further guidance is issued and any statutory overrides are confirmed there remains some uncertainty on the accounting treatment.

- **IFRS 15 - Revenue from contracts**

The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.

The 2018/19 Code provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised.

The impact on local authority accounting is likely to be limited as large revenue streams like council tax, non domestic rates and government grants will be outside the scope of IFRS 15. However, where the standard is relevant, the recognition of revenue will change and new disclosure requirements introduced.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Assess the Council's implementation arrangements that should include an impact assessment paper setting out the application of the new standards, transitional adjustments and planned accounting for 2018/19;
- ▶ Consider the classification and valuation of financial instrument assets;
- ▶ Review new expected credit loss model impairment calculations for assets;
- ▶ Consider application to the authority's revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and
- ▶ Check additional disclosure requirements.



03

Value for Money Risks





Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

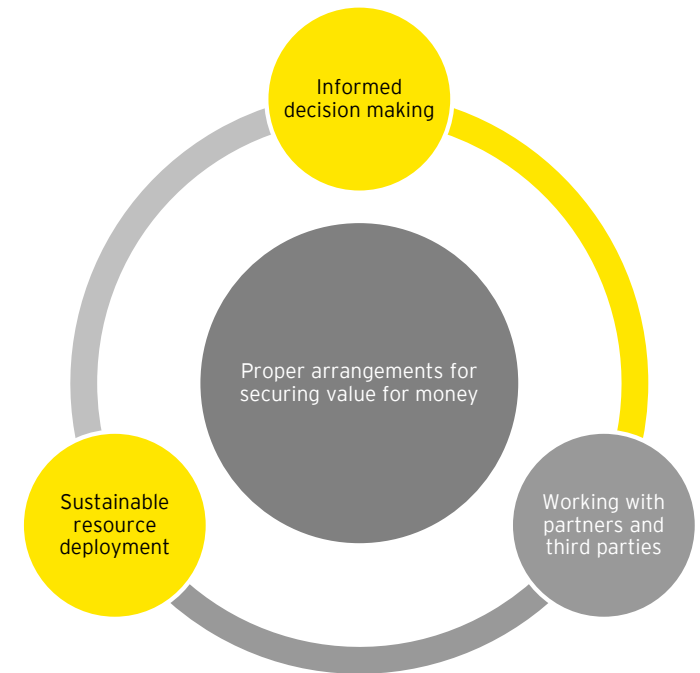
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level. In 2018/19 this has included consideration of the steps taken by North Norfolk District Council to consider the impact of Brexit on its future service provision, medium-term financing and investment values. Although the precise impact cannot yet be modelled, we anticipate that Authorities will be carrying out scenario planning and that Brexit and its impact will feature on operational risk registers.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the identification of the significant risk noted on the following page which we view as relevant to our value for money conclusion.





Value for Money Risks

What is the significant value for money risk?	What arrangements does the risk affect?	What will we do?
<p>Sustainable resource deployment: Financial resilience over the medium term</p>	<p>The Council's budget report for 2019/20 to 2021/22 (February 2019), identifies a budget gap of £3.9 million over the next three years as set out below:</p> <ul style="list-style-type: none"> ▶ 2019/20 = (£0.22) million (surplus) ▶ 2020/21 = £2.08 million ▶ 2021/22 = £2.06 million <p>The budget report predicts a fall in the levels of Reserves held from £20.7 million to £12.4 million by April 2023, with service savings of £0.921 million yet to be identified in the same period.</p> <p>This report is based on a number of assumptions, including estimates of the future levels of Government funding and anticipated cost savings associated with a number of workstreams. Any reduction in Government funding in future years together with increased costs represents a significant risk to the achievement of the Council's future budgets.</p> <p>It is clear that the Council is facing a number of financial pressures which may impact on its ability to develop and deliver sustainable financial and service plans for future years.</p> <p>There is therefore a risk that the Council does not identify savings or increased income to close the funding gaps.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> ▶ Review the Council's historical financial performance, including its ability to deliver challenging savings targets; ▶ Assess the Council's current financial position and the level of reserves; and ▶ Review the Council's process for budget setting, including challenge of the robustness of key assumptions used in medium term planning.



04

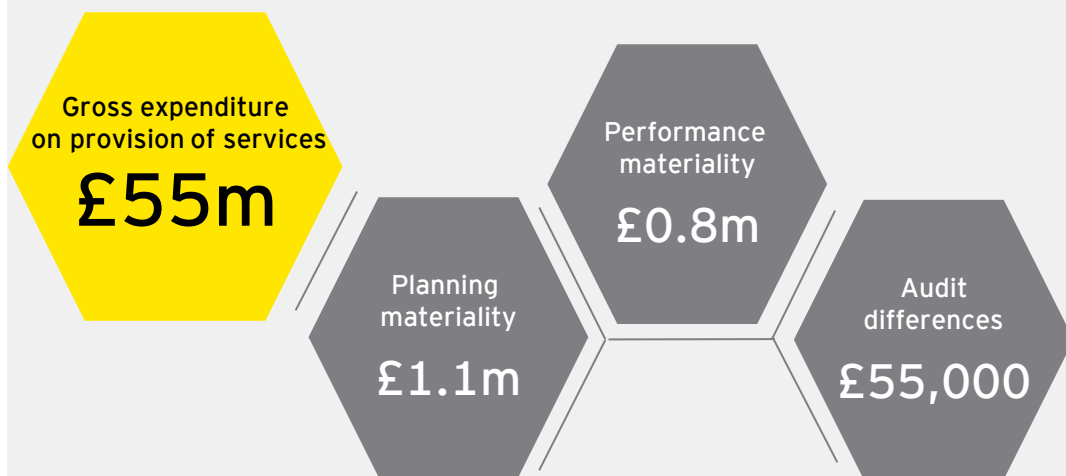
Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2018/19 has been set at £1.101 million. This represents 2% of the Council's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process. The rationale for this is that user and stakeholder focus is on the management and control of expenditure and continued service delivery, not on returns on funds invested or the generation of profit. We have provided supplemental information about audit materiality in Appendix C.



We request that the Governance, Risk and Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.825 million which represents 75% of planning materiality. We have considered a number of factors such as the number of errors in the prior year and any significant changes when determining the percentage of performance materiality.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Governance, Risk and Audit Committee, or are important from a qualitative perspective.

Specific materiality - We have set a materiality of £55,000 for related party transactions and members' allowances and £5,000 for officer's remuneration and exit package disclosures which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2018/19 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Governance, Risk & Audit Committee.

Internal audit:

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where we raise issues that could have an impact on the financial statements.

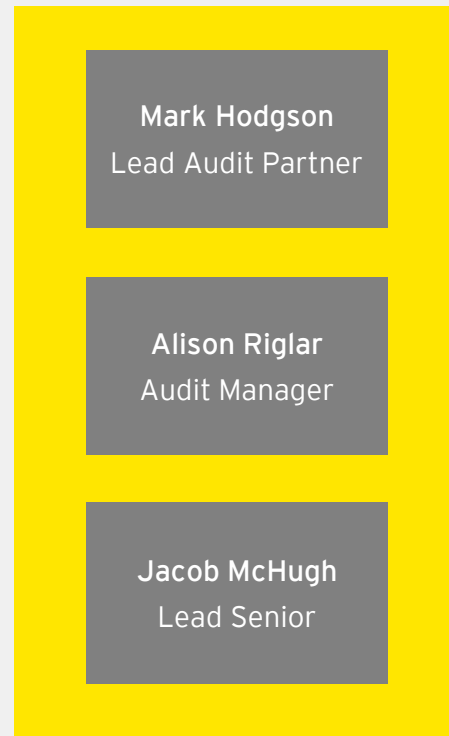


06

Audit team



Audit team structure



Working together with the Council

We are working together with officers to identify continuing improvements in communication and processes for the 2018/19 audit.

We will continue to keep our audit approach under review to streamline it where possible.

Audit team

The engagement team is led by Mark Hodgson, who has significant public sector audit experience. Mark is supported by Alison Riglar who is responsible for the day-to-day direction of audit work and is the key point of contact for the Chief Accountant. The day-to-day audit team will be led by Jacob McHugh as the Lead Senior on the audit.

Audit team

Use of specialists

Our approach to the involvement of specialists, and the use of their work.

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	EY Valuations Team and Norfolk Property Services (the Council's property valuer)
Pension disclosures	EY Pensions Team, PwC (Consulting Actuary to PSAA) and Hymans Robertson (the Council's actuary)
Fair Value Investment Measurement	Arlingclose (the Council's Treasury Advisor)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Audit timeline





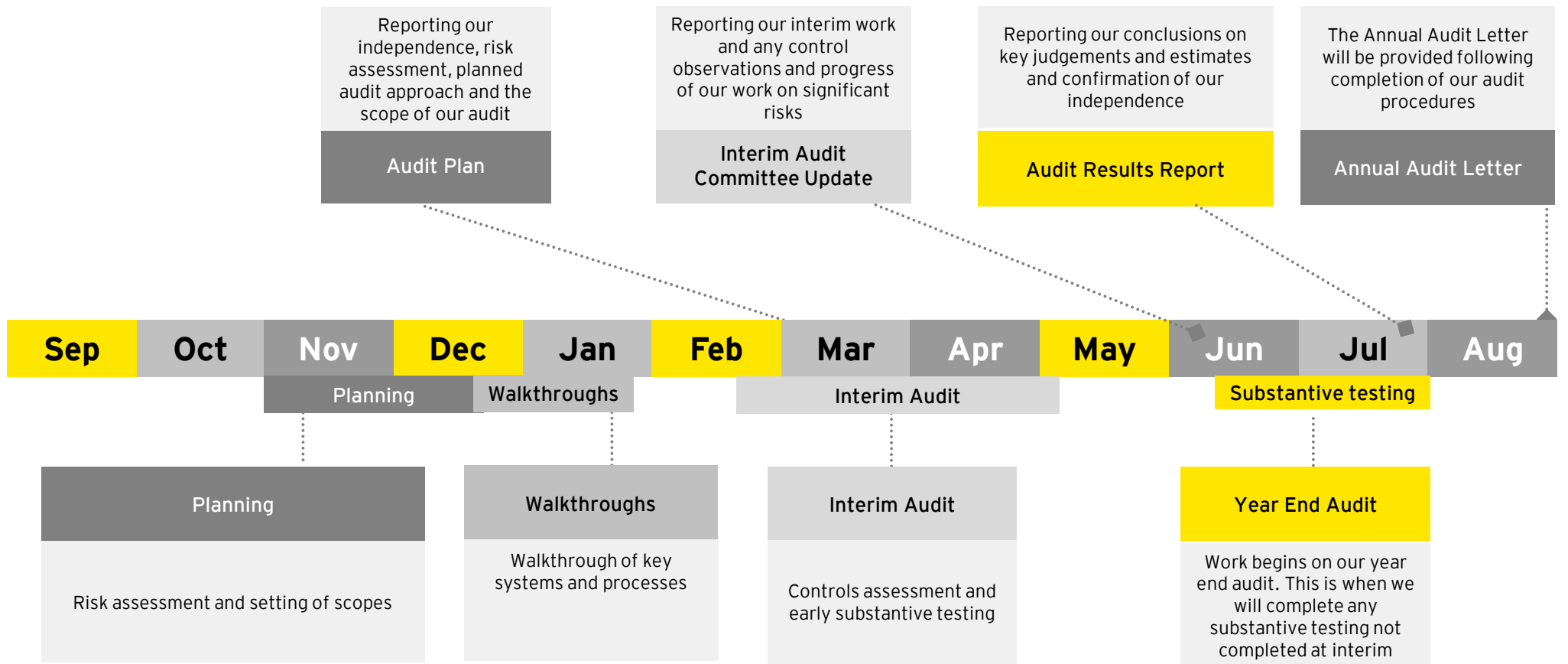
Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2018/19.

From time to time matters may arise that require immediate communication with the Governance, Risk & Audit Committee and we will discuss them with the Governance, Risk & Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence; and ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard. 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 67%. This is based on the planned fee for the agreed upon procedures work for the Housing Benefits certification work. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

The table on the following page sets out the self interest threats that exist as the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.
There are no other threats at the date of this report.

Description of service	Related independence threat	Period provided/duration	Safeguards adopted and reasons considered to be effective
We have been engaged to undertake the audit of the Housing Benefits Subsidy Claim 2018/19. The agreed upon procedures on the certification arrangements are due to start in April. Our current fee level is £28,075 however we will update you should this amount change.	Self review threat - figures included in the return are also included in the 2018/19 financial statements.	Relates to 2018/19 return for the period to 31 March 2019.	We have assessed the related threats to independence and note that although certain figures in the return are included in the financial statements the agreed upon procedures are being performed after the signing of the financial statements for 2018/19. The agreed upon procedures focus on the specific requirements of the certification arrangements and we place limited reliance on this work for the purposes of the financial statements audit. No other threats to independence have been identified.

Other communications

EY Transparency Report 2018

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2018 and can be found here:

<https://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2018>



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code.

	Planned fee 2018/19	Scale fee 2018/19	Final Fee 2017/18
	£'s	£'s	£'s
Total Fee - Code work	41,667	41,667	54,113
Total audit	41,667	41,667	54,113
Other non-audit services not covered above (Housing Benefits)	28,075 - Note 1	N/A	24,670
Total other non-audit services	28,075	N/A	24,670
Total fees	69,742	41,667	78,783

All fees exclude VAT

Note 1 - From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body.

As your appointed auditor for the financial statements audit, we are pleased that for 2018/19 the Council has appointed us to act as reporting accountants in relation to the housing benefit subsidy claim. There is therefore no scale fee prescribed by PSAA as it is no longer within their remit.

The planned fee shown, is based on the level of error within the current claim and the work required to certify that. This may change dependent on the level of error within the claim under review.

The agreed fee presented is based on the following assumptions:

- ▶ The level of risk in relation to the financial statements and VFM arrangements remains the same;
- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.




If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B




Required communications with the Governance, Risk and Audit Committee

We have detailed the communications that we must provide to the Governance, Risk and Audit Committee.

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Governance, Risk and Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Plan - February 2019
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - July 2019
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit Results Report - July 2019




Appendix B

Required communications with the Governance, Risk and Audit Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Audit Results Report - July 2019
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Governance, Risk and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit Results Report - July 2019
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report - July 2019
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit Plan - February 2019</p> <p>Audit Results Report - July 2019</p>

Appendix B

Required communications with the Governance, Risk and Audit Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report - July 2019
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Governance, Risk and Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Governance, Risk and Audit Committee may be aware of 	Audit Results Report - July 2019
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report - July 2019
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - July 2019
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - July 2019
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - July 2019
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit Plan - February 2019 Audit Results Report - July 2018
Certification work	Summary of certification work undertaken	Annual Certification Report - December 2019

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Governance, Risk and Audit Committee reporting appropriately addresses matters communicated by us to the Governance, Risk and Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- ▶ The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- ▶ The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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ED None

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Progress Report on Internal Audit Activity: 23rd November 2018 to 5th March 2019

- Summary:** This report examines the progress made between 23rd november 2018 and 5th march 2019 in relation to delivery of the annual internal audit plan for 2018/19.
- 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 audit completed between 23rd November 2018 and 5th March 2019.

Cabinet member(s):	Ward(s) affected:
All	All
Contact Officer, telephone number, and e-mail:	Faye Haywood, Internal Audit Manager for North Norfolk DC 01508 533873, fhaywood@s-norfolk.gov.uk

Background

This report reflects progress made regarding assignments featuring in the approved Annual Internal Audit Plan for 2018/19 which was endorsed by the Audit Committee on 27 March 2018.

Overall Position

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

Conclusion

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

Recommendation

It is recommended that the Committee note the outcomes of the assurance audit completed between 23rd November 2018 5th March 2019.

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: 23 November 2018 to 5 March 2019

Responsible Officer: Faye Haywood – Internal Audit Manager for North Norfolk District Council

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1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards 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 to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 3.1 At the meeting on 27 March 2018 the Annual Internal Audit Plan for the year was approved, identifying the specific audits to be delivered. Since then, the following changes have been made.

Audit description	Nature of the change
Corporate Governance	The total number of days for this review have been extended by 2 to allow for adequate coverage of GDPR compliance.
Affordable Housing and Housing Enabling	This audit has been deferred to 2019/20 due to recent staffing changes within the area.

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 152 days of programmed work has been completed, equating to 90% of the Audit Plan for 2018/19.

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 three final reports:

Audit	Assurance	P1	P2	P3
Digital Transformation Benefits Realisation	Substantial	0	0	0
Council Tax and NNDR	Substantial	0	0	1
Housing Benefit and Local Council Tax Support	Substantial	0	0	0

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 one recommendation has been raised and agreed by management. In addition, three Operational Effectiveness Matters points have been proposed to management for consideration.

- 4.7 It is 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 is a total of 11 indicators, over 4 areas.
- 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 The third quarters work has 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 sufficient progress is being made in completing the agreed plan.

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											
TOTAL		0	0	0							
Quarter 2											
Elections and Electoral Registration	NN1903	12	12	12	Final report issued 7 November 2018	Substantial	0	0	0	0	December 2018
Pier Pavilion	NN1904	10	10	10	Final report issued 21 November 2018	Reasonable	0	0	3	1	December 2018
Homelessness & Housing Options	NN1905	10	10	10	Final report issued 31 October 2018	Reasonable	0	1	3	0	December 2018
TOTAL		32	32	32							
Quarter 3											
Digital Transformation - benefits realisation	NN1902	6	6	6	Final report issued 9 January 2019	Substantial	0	0	0	3	March 2019
Accounts Payable	NN1906	12	12	11	Draft report issued 7 February 2019						
Council Tax and NNDR	NN1907	15	15	15	Final report issued 17 January 2019	Substantial	0	0	1	0	March 2019
Local Council Tax Support & Housing Benefits	NN1908	15	15	15	Final report issued 7 February 2019	Substantial	0	0	0	0	March 2019
TOTAL		48	48	47							
Quarter 4											
Corporate Governance	NN1910	6	8	1	APM issued 7 February 2019 Draft report 29 March 2019						
Key Controls and Assurance	NN1911	10	10	8	Draft Report imminent						
Payroll and Human Resources	NN1912	17	17	15	Draft Report imminent						
Affordable Housing & Housing Enabling	NN1913	10	0	0	Audit deferred						
Environmental Health	NN1914	18	18	16	Draft Report imminent						
TOTAL		61	53	40							
IT Audits											
Network Infrastructure & Security	NN1909	15	15	15	Final report issued 28 June 2018	Reasonable	0	1	10	1	September 2018
Business Support Arrangements	NN1901	15	10	10	Final position statement issued 20 November 2018						December 2018
TOTAL		30	25	25							
Follow Up											
Follow Up	NA	10	10	8							
TOTAL		10	10	8							
TOTAL		181	168	152			0	2	17	5	
Percentage of plan completed				90%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Review of Digital Transformation - Benefits Realisation

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Digital Transformation Programme Governance and Reporting	0	0	0	2
Forward Planning	0	0	0	1
Total	0	0	0	3

No recommendations were raised in the areas of: Digital Transformation Programme resource management and Benefits realisation reporting.

SCOPE

The Digital Transformation Plan has a level of scrutiny in place, along with governance arrangements. The Council has recently agreed to move this to phase two and this review will look at the benefits realised to date and also look to validate the future plans, the projects that are to be developed and also that the programme is sufficiently resourced.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of no recommendations being raised upon the conclusion of our work.
- The audit has also raised three '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:

- The Overview and Scrutiny Committee and Cabinet receive bi-annual programme update reports. Where funds for projects are required, a formal report to request drawdown of funds is submitted for Cabinet and Full Council review and approval. This helps to demonstrate adequate scrutiny of the programme.
- There is ongoing tracking of cashable benefits data from the Finance Department that is being used to demonstrate actual benefits to date. The Digital Transformation programme was originally forecast to realise £375,000 per annum by the end of phase one when the programme was first approved in October 2013. Actual cashable savings to date are approximately £391,000 per annum, which is forecast to increase to approximately £428,000 per annum by April 2019.
- Phase Two of the Digital Transformation Programme has been formally approved with a £941,000 budget.

ISSUES TO BE ADDRESSED

Operational Effectiveness Matters

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

- The Council to conduct a review of the Terms of Reference for the Digital Transformation Board and to ensure that regular reviews are diarised moving forward.

- Consideration to be given to the inclusion of a formal quorum into the review of the Digital Transformation Board's Terms of Reference to help demonstrate that it continues to be fit for purpose.
- Consideration to be given to the planning and implementation of a formal Post Implementation Review following the completion of Phase One of the programme and to do so for all subsequent phases.

Assurance Review of the Council Tax and National Non-Domestic Rates Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Discounts, exemptions and reliefs	0	0	1	0
Total	0	0	1	0

No recommendations have been raised in respect of policies and procedures, security of information, system parameters, collection of income, reconciliations, refunds and transfers or arrears recovery.

SCOPE

The key areas within this service were risk assessed and appropriate attention given to those areas, along with a review of the key controls. These areas included: billing, collection of income, reconciliations, refunds and transfers, discounts, exemptions and reliefs and arrears recovery.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'needs attention' recommendation being raised upon the conclusion of our work.
- The previous audit of Council Tax and NNDR (NN/17/04) also concluded in a 'Substantial' assurance opinion, with no recommendations being raised. The assurance opinion is the same in this audit, although there is one recommendation raised, which indicates a slight decline in assurance level.

POSITIVE FINDINGS

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

- System parameters are tested and independently reviewed prior to the beginning of the year, to ensure accurate bills are produced.
- Residents are encouraged to sign up for Direct Debit and e-billing, to reduce the Council's costs.
- Payments are posted to accounts and reconciled every day, to ensure that the information on the system is accurate and up to date.
- The Council's collection rates in 2017/18 were 98.7% for Council Tax and 99.4% for NNDR, which were both above target.
- Refunds are reviewed by senior officers prior to payment, to ensure legitimacy and accuracy.
- Discounts, exemptions and reliefs are reviewed on a regular basis, to ensure ongoing eligibility.
- Empty properties are subject to regular review, with challenging cases referred to the Council's Enforcement Board, to ensure that properties are brought back into use as soon as possible.
- Arrears are monitored regularly, to ensure that recovery is as effective as possible.

ISSUES TO BE ADDRESSED

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

Discounts, exemptions and reliefs

- Changes of address and awards of discounts are processed in a timely manner, to reduce the risk of outdated information being used in bills.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

No recommendations were raised in the previous audit of Council Tax and NNDR (NN/17/04) or in the most recent Key Controls audit (NN/18/09). As such, there are no outstanding recommendations relating to the areas within the scope of this audit.

Assurance Review of the Housing Benefit and Local Council Tax Support Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Total	0	0	0	0

No recommendations have been raised in respect of any of the areas within the scope of this audit.

SCOPE

The key areas within this service will be risk assessed and appropriate attention given to those areas, along with a review of the key controls. Areas reviewed include: assessment of applications, payments, overpayments, arrears, write offs, backdated claims, reconciliations and quality assurance.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one important' recommendation being raised upon the conclusion of our work.
- The previous audit of Housing Benefit and Council Tax Support (NN/17/05) concluded in a 'Substantial' assurance opinion, having raised one 'needs attention' recommendation. Therefore the assurance level has improved slightly since the last audit.

POSITIVE FINDINGS

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

- Training programmes are in place for new and existing staff, to ensure that their knowledge and skills are up to date.
- Annual upratings are entered, reviewed and tested prior to the beginning of the year, to ensure that applications are assessed correctly.
- New claims and changes are assessed in a timely manner, with all necessary evidence retained, to ensure that claimants receive what they are entitled to.
- Overpayment debts are monitored to ensure that they are being recovered as effectively as possible.
- Claims for backdating are assessed in line with legislative requirements and reasons for decisions are recorded, to ensure that backdates are appropriately awarded.
- Quality checks are undertaken on a daily basis and monitored for correction, to ensure that claim administration is as accurate as possible.

ISSUES TO BE ADDRESSED

No recommendations have been raised as a result of this audit.

[Operational Effectiveness Matters](#)

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous audit in this area (NN/17/05) raised one 'needs attention' recommendation. One 'needs attention' recommendation relating to Housing Benefit was also raised in the most recent Key Controls audit (NN/18/15). Both of these recommendations have been confirmed as implemented through Internal Audit's cyclical follow up checks.

Other points noted

Testing of debt write off identified several instances where there was no segregation of duties between requesting, authorising and actioning write offs. These were within the delegated authority of the officer. A recommendation for greater segregation has previously been rejected by the Council during the NN/17/05 review as it is felt that the authorised limits for write offs provide a sufficient control. We confirm that the Council is happy to accept this risk.

Strategic and Annual Internal Audit Plans 2019/20

Summary: This report provides an overview of the stages followed prior to the formulation of the strategic internal audit plan for 2019/20 to 2021/22 and the annual internal audit plan for 2019/20. The annual internal audit plan will then serve as the work programme for the council's internal audit services contractor; tiaa ltd. It will 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.

Conclusions: The attached report provides the Council with Internal Audit Plans that will ensure key business risks will be addressed by Internal Audit, thus ensuring that appropriate controls are in place to mitigate such risks and also ensure that the appropriate and proportionate level of action is taken.

Recommendations: It is recommended that the Committee notes and approves:

- a) the Internal Audit Charter
- b) the Strategic Internal Audit Plans 2019/20 to 2021/22; and
- c) the Annual Internal Audit Plan 2019/20.

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 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 are set out in the Public Sector Internal Audit Standards (PSIAS) which came into effect in April 2013

2. Overall Position

- 2.1 The attached report contains;
 - the Internal Audit Charter, which formally defines the internal audit's purpose, authority and responsibility, and is a mandatory document;

- the Internal Audit Strategy, which is a strategic high level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities;
- the Strategic Internal Audit Plan, which details the plan of work for the next 3 financial years;
- the Annual Internal Audit Plan, which details the timing and the purpose of each audit agreed for inclusion in 2018/19; and

3. Conclusion

- 3.1 The attached report provides the Council with Internal Audit Plans that will ensure key business risks will be addressed by Internal Audit, thus ensuring that appropriate controls are in place to mitigate such risks and also ensure that the appropriate and proportionate level of action is taken.

4. Recommendation

- 4.1 It is recommended that the Committee notes and approves:
- a) the Internal Audit Charter
 - a) the Internal Audit Strategy for 2019/20;
 - c) the Strategic Internal Audit Plans 2019/20 to 2021/22; and
 - d) the Annual Internal Audit Plan 2019/20.

Appendices attached to this report:

Strategic and Annual Internal Audit Plans 2019/20.

Eastern Internal Audit Services



NORTH NORFOLK DISTRICT COUNCIL

Strategic and Annual Internal Audit Plans 2019/20

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

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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 The Public Sector Internal Audit Standards (PSIAS) mandate a periodic preparation of a risk-based plan, which must incorporate or be linked to a strategic high-level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities, this is set out in the Internal Audit Strategy.
- 1.3 Risk is defined as 'the possibility of an event occurring that will have an impact on the achievement of objectives'. Risk can be a positive and negative aspect, so as well as managing things that could have an adverse impact (downside risk) it is also important to look at potential benefits (upside risk).
- 1.4 The development of a risk-based plan takes into account the organisation's risk management framework. The process identifies the assurance (and consulting) assignments for a specific period, by identifying and prioritising all those areas on which objective assurance is required. This is then also applied when carrying out individual risk based assignments to provide assurance on part of the risk management framework, including the mitigation of individual or groups of risks.
- 1.5 The following factors are also taken into account when developing the internal audit plan:
 - Any declarations of interest so as to avoid conflicts of interest;
 - The requirements of the use of specialists e.g. IT auditors;
 - Striking the right balance over the range of reviews needing to be delivered, for example systems and risk based reviews, specific key controls testing, value for money and added value reviews;
 - The relative risk maturity of the Council;
 - Allowing contingency time to undertake ad-hoc reviews or fraud investigations as necessary;
 - The time required to carry out the audit planning process effectively as well as regular reporting to and attendance at the Governance, Risk and Audit Committee, the development of the annual report and opinion and the Quality Assurance and Improvement Programme.
- 1.6 In accordance with best practice the Governance, Risk and Audit Committee should ‘*review and assess the annual internal audit work plan*’.

2. AUDIT CHARTER

- 2.1 There is an obligation under the PSIAS for the Charter to be periodically reviewed and presented. This Charter is therefore reviewed annually by the Head of Internal Audit to confirm its ongoing validity and completeness, and presented to the Section 151 Officer, Senior Management and the Governance, Risk and Audit Committee every two years, or as required for review.
- 2.2 The latest version of the Charter included at **Appendix 1** of this report has been updated to reference the Internal Audit Manager role, reporting to the Head of Internal Audit and responsibilities for providing management oversight on the performance of the contractor.

- 2.3 As part of the review of the Audit Charter the Code of Ethics are also reviewed by the Head of Internal Audit, and it is ensured that the Internal Audit Services contractor staff, as well as the Head of Internal Audit and Internal Audit Manager adhere to these, specifically with regard to; integrity, objectivity, confidentiality and competency. Formal sign off to acceptance of the Code of Ethics is retained by the Head of Internal Audit.

3. INTERNAL AUDIT STRATEGY

- 3.1 The purpose of the Internal Audit Strategy **Appendix 2** is to confirm:
- How internal audit services will be delivered;
 - How internal audit services will be developed in accordance with the internal audit charter;
 - How internal audit services links to organisational objectives and priorities; and
 - How the internal audit resource requirements have been assessed.

4. STRATEGIC INTERNAL AUDIT PLAN

- 4.1 The overarching objective of the Strategic Internal Audit Plan **Appendix 3** is to provide a comprehensive programme of review work over the next three years, with each year providing sufficient audit coverage to give annual opinions, which can be used to inform the organisation's Annual Governance Statement.
- 4.2 The coverage over the forthcoming three years has been discussed with senior management to ensure that audits are undertaken at the right time and at a time where value can be added. The Strategic Plan has also taken account of the audit that was deferred from 2018/19; Affordable Housing as reported to the Governance Risk and Audit Committee.

5. ANNUAL INTERNAL AUDIT PLAN

- 5.1 Having developed the Strategic Internal Audit Plan, the Annual Internal Audit Plan is an extract of this for the forthcoming financial year **Appendix 4**. This details the areas being reviewed by Internal Audit, the number of days for each review, the quarter during which the audit will take place and a brief summary covering the purpose of the review.
- 5.2 The Annual Internal Audit Plan for 2019/20 totals 182 days, encompassing:
- 16 assignments which will conclude in an audit opinion including three IT audits,
 - One position statement to provide insight into best practice in the area of project management.
- 5.3 Audit verification work concerning audit recommendations implemented to improve the Council's internal control environment will also be undertaken throughout the financial year.

APPENDIX 1 – INTERNAL AUDIT CHARTER

EASTERN INTERNAL AUDIT SERVICES

INTERNAL AUDIT CHARTER FOR 2019/20

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1 April 2013, these provide a consolidated approach across the public sector encouraging continuity, sound corporate governance and transparency.
- 1.2 The Standards require all internal audit services to implement, monitor and review an internal audit charter; this formally defines the internal audit's purpose, authority and responsibility, and is a mandatory document.
- 1.3 The charter also displays formal commitment to and recognises the mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the Standards, i.e. the International Professional Practices Framework (IPPF).
- 1.4 This Internal Audit Charter is applicable to each of the following internal audit consortium members covered by Eastern Internal Audit Services (EIAS).

- Breckland District Council;
- Broadland District Council;
- Great Yarmouth Borough Council;
- North Norfolk District Council
- South Holland District Council;
- South Norfolk Council; and
- Broads Authority.

- 1.5 The term Local Authority will be used to describe the above consortium members throughout the Charter.

1.6 Mission

Standards require the Internal Audit Function to articulate its overall purpose and summarise the way it will provide value to the organisation. The mission statement for EIAS is as follows:

“Protecting each of our consortium members ability to enhance value through the provision of independent risk-based assurance and advice”

- 1.7 This charter:
- Establishes the position and reporting lines of internal audit;
 - Outlines provision for unrestricted access to information, officers, management and members as appropriate;
 - Sets the tone for internal audit activities;
 - Defines the nature and scope of internal audit services, in particular assurance and consultancy services; and
 - Sets out the nature and scope of assurance provided to other parties.
- 1.8 The charter is to be periodically reviewed and presented to Senior Management and the Board for approval. The charter will be reviewed annually by the Chief Audit Executive to confirm its

ongoing completeness and validity, and presented to Senior Management and the Board every 2 years for review.

2 Purpose, Authority and Responsibility

2.1 Purpose

2.1.1 Internal auditing is best summarised through its definition with the Standards, *“an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”*.

2.1.2 Internal audit will provide reasonable assurance to each member of the Internal Audit Consortium, that necessary arrangements are in place and operating effectively, and to identify risk exposures and areas where improvements can be made.

2.2 Authority

2.2.1 The Accounts and Audit Regulations (England) 2015, states that the relevant body 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 statutory requirement for internal audit is recognised in the Constitution of each Local Authority and the internal auditing standards in this regard are the Public Sector Internal Audit Standards.

2.2.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Head of Internal Audit confirms that this person is responsible for the organisation’s internal audit service, including drawing up the internal audit strategy and annual plan and giving the annual audit opinion. The requirements of this statement are fully adhered to by the Chief Audit Executive.

2.3 Responsibility

2.3.1 The responsibility for maintaining an adequate and effective internal audit to evaluate risk management, control and governance processes lies with each Local Authority’s Chief Finance Officer (the Section 151 Officer or Section 17 Officer).

2.3.2 The Local Authority and its Members must be satisfied about the adequacy of the advice and support it receives from internal audit.

2.3.3 Internal audit is provided by Eastern Internal Audit Services, with the Chief Audit Executive responsible for ensuring the internal audit activity is undertaken in accordance with the definition of internal auditing, the code of ethics and the standards.

2.3.4 Senior management are responsible for ensuring that internal control, risk management and governance arrangements are sufficient to address the risks facing the Local Authority. Accountability for responding to internal audit rests with senior management who either accept and implement the recommendations, or formally reject it. Any advice that is rejected will be formally reported.

3 Key Relationships and Position in the Organisation

3.1 The standards require the terms ‘Chief Audit Executive’, ‘Board’ and ‘Senior Management’ to be defined in the context of the governance arrangements in each public sector organisation

in order to safeguard the independence and objectivity of internal audit. The following interpretations are applied within Eastern Internal Audit Services.

3.2 Chief Audit Executive

3.2.1 The Chief Audit Executive is based at South Norfolk Council and provides the Head of Internal Audit role to all consortium members with the exception of South Norfolk Council.

At South Norfolk Council, the Chief Audit Executive undertakes the Head of Governance role, administratively reporting to Corporate Management. Due to extra responsibilities undertaken and the Internal Audit Manager currently finalising qualifications, the Head of Internal Audit role here is undertaken by a contractor to ensure that independence is safeguarded.

3.2.2 The Head of Internal Audit reports functionally to the Board and administratively to the Section 151 Officer or Section 17 Officer at all other members of the consortium.

3.2.3 The Head of Internal Audit also has a direct line of reporting and unfettered access to the Chief Executive, the Senior Management Team at each Local Authority and the Chair of the Board at each Local Authority. The Head of Internal Audit is also supported by the Internal Audit Manager.

3.2.4 The delivery of the Annual Audit Plans and any specified ad-hoc assignments is provided by an external contractor, TIAA Ltd from 1 April 2015. The Chief Audit Executive manages this contract with support from the Internal Audit Manager.

3.3 Board

3.3.1 In the context of overseeing the work of Internal Audit at each Local Authority, the 'Board' will be the Audit Committee (or equivalent) of the Local Authority, which has been established as part of the governance arrangements. The Audit Committee's responsibilities are discharged through each of the Local Authority's Constitution's and explicitly referred to in each terms of reference.

3.3.2 This functional reporting includes;

- Approving the audit charter, audit strategy and risk based annual plans;
- Receiving regular reports on the outcomes of internal audit activity and performance;
- Receiving regular reports on management action in relation to agreed internal audit recommendations;
- Receiving the Annual Report and Opinion of the Head of Internal Audit, alongside a conclusion as to the effectiveness of internal audit;
- Overseeing External Assessments of the Internal Audit Service, at least once every 5 years.

3.3.3 Internal Audit work closely with the chair and members of the Audit Committee to facilitate and support their activities, part of which includes facilitating a self- assessment and providing training.

3.4 Senior Management

3.4.1 'Senior Management' is those individuals responsible for the leadership and direction of the organisation, and are responsible for specific aspects of internal control, risk management and governance arrangements. There is effective liaison between internal audit and senior management to ensure that independence remains, and provides for a critical challenge.

3.4.2 The Head of Internal Audit or Internal Audit Manager meets regularly with the Section 151 Officer or Section 17 Officer to ensure organisational awareness is maintained, to discuss progress with the agreed Internal Audit Plan and to maintain a good working relationship. These arrangements facilitate discussions in relation to the current and emerging risks and issues to ensure that the internal audit plan of work remains reflective and also responds as required.

3.5 External Audit

3.5.1 Regular liaison is maintained with External Audit to consult on audit plans, and to discuss matters of mutual interest. The external auditors have the opportunity to take account of the work of internal audit where appropriate.

3.6 Other Internal Audit Service Providers

3.6.1 Where appropriate internal audit will liaise with other internal audit providers, where shared arrangements exist. In such cases, a dialogue will be opened with the Chief Audit Executive to agree a way forward regarding the auditing of such shared services. This is to ensure an efficient and effective approach, and enable reliance on each other's outcomes. Where formal arrangements are entered into a protocol will be determined and agreed by both Chief Audit Executives.

3.6.2 Internal audit will also co-operate with all external review and inspection bodies that are authorised to access and evaluate the activities of the Local Authority, to determine compliance with regulations and standards. Assurances arising from this work will be taken into account where applicable.

4 Rights of Access

4.1 Internal audit, with strict accountability for confidentiality and safeguarding records and information, is authorised to have the right of access to all records, assets, personnel and premises and has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. This access is full, free and unrestricted and is set out in each Local Authority's Constitution.

4.2 Such access shall be granted on demand and shall not be subject to prior notice, although in principle, the provision of prior notice will be given wherever possible and appropriate, unless circumstances dictate otherwise.

5 Objective and Scope

5.1 The provision of assurance services is the primary role of Eastern Internal Audit Services, thus allowing the Head of Internal Audit to provide an annual audit opinion on the adequacy and effectiveness of the Local Authority's framework of governance, risk management and control, together with reasons if the opinion is unfavourable.

5.2 Internal audit will also provide consultancy services, at the request of management. These reviews are advisory in nature and generally performed to facilitate improved governance, risk management and control. This work may contribute to the annual audit opinion.

5.3 Whichever role / remit is carried out by internal audit the scope is to be determined by internal audit, through discussions with senior management, however this scope will not be unduly bias nor shall it be restricted.

- 5.4 A risk based Strategic Internal Audit Plan will be developed each year to determine an appropriate level of risk based audit coverage required to generate an annual audit opinion. The plan will be derived from risk assessments, discussions with Senior Management and Audit Committee taking prior year's assurance results into account.
- 5.5 Each audit review will be designed to provide evidence based assurance over the management of risk and controls within that area. The results of each review will be shared with management so that any required improvements can be actioned to restore satisfactory systems of internal control.
- 5.6 It is management's responsibility to control the risk of fraud and corruption; however internal audit will be alert to such risks in all the work that is undertaken. In addition, the Head of Internal Audit is either responsible for, or is consulted on, related policy and strategy. These include for example; Counter Fraud, Corruption, Anti-Bribery, Whistleblowing, Anti-Money Laundering and includes the related promotion and training for officers and councillors.
- 5.7 Through the contract in place with TIAA Ltd there are other services that can be provided, these include: fraud investigations, grant certification and digital forensics.

6 Independence and Objectivity

- 6.1 Internal Audit must be sufficiently independent of the activities that are audited to enable an impartial, unbiased and effective professional judgement. All internal auditors working within Eastern Internal Audit Services, annually confirm their adherence the Code of Ethics, which sets out the minimum standards for performance and conduct. The four core principles are integrity, objectivity, confidentiality and competency.
- 6.2 As contractors the TIAA Internal auditors have no operational responsibility or authority over any of the activities which they are required to review. They do not engage in any other activity, which would impair their judgement, objectivity or independence.
- 6.3 The Head of Internal Audit has overall responsibility for the management and strategic direction of the Internal Audit Service. At South Norfolk Council there are additional responsibilities that fall outside of internal auditing. These include;
 - Monitoring Officer
 - Democratic Services
 - Legal Services
 - Freedom of Information
 - General Data Protection Regulation
 - Risk Management
 - Procurement
 - Health and Safety

Safeguards exist to limit any impairments that may occur to the independence and objectivity at South Norfolk Council. The Internal Audit Manager assumes responsibility for the daily management, progress reporting and quality assurance of any internal audit work carried out by the contractor and does not have any involvement in the above mentioned activities.

In line with the PSIAS requirements, until the Internal Audit Manager is CMIIA qualified, the Head of Internal Audit role at South Norfolk Council will be provided by a contractor responsible for presenting the Annual Audit Opinion. The Head of Internal Audit will continue to provide the Annual Audit Opinion for all other consortium members.

- 6.4 If the independence or objectivity of the Head of Internal Audit is impaired, or appears to be, the details of the impairment will be disclosed to the Internal Audit Manager and / or senior management. The nature of the disclosure will depend upon the impairment.

7 Professional Standards

- 7.1 The Internal Audit Service and all Internal Audit staff operate in accordance with all mandatory guidance within the PSIAS including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and Definition of Internal Auditing. Internal Auditors also have regard for the principles contained within the Standards of Public Life.

8 Internal Audit Resources

- 8.1 The Head of Internal Audit will be professionally qualified (CMIIA, CCAB or equivalent) and have wide ranging internal audit management experience to enable them to deliver the responsibilities of the role.
- 8.2 The Head of Internal Audit is supported by the Internal Audit Consortium Manager in ensuring the Internal Audit Service has access through the contract to a team of staff who have the appropriate range of knowledge, skills and experience to deliver the audit service.

9 Audit Planning

- 9.1 The Head of Internal Audit, supported by the Internal Audit Manager develops a strategy, alongside a strategic and annual internal audit plan, using a risk based approach.
- 9.2 The Internal Audit Strategy provides a clear direction for internal audit services and creates a link between the Charter, the strategic plan and the annual plan.
- 9.3 The annual internal audit plan of work, developed as per the Internal Audit Strategy, is derived using a risk based approach, discussed with Senior Management and approved by the Audit Committee. The Head of Internal Audit is responsible for the delivery of the internal audit plan, which will be kept under regular review and reported to the Audit Committee.

10 Audit Reporting

- 10.1 On conclusion of each assurance review included within the annual internal audit plan, a report will be provided to management giving an opinion on the adequacy of controls in place to manage risk. This report will provide an assurance level and associated recommendations to ensure that risks are appropriately addressed.
- 10.2 Management can choose not to accept / implement the recommendations raised, in all instances this will be reported through to the Audit Committee, especially in instances whereby there are no compensating controls justifying the course of action.
- 10.3 A Progress Report is periodically presented to the Audit Committee which includes the Executive Summary of all final reports, any significant changes to the approved plan and the performance of the contractor relative to completing the agreed plan.
- 10.4 A Follow Up Report is also periodically produced for the Audit Committee showing management progress against the implementation of agreed recommendations arising from internal audit assurance reports. The Internal Audit Team will verify and obtain evidence to demonstrate recommendation completion from responsible officers.

- 10.5 An Internal Audit Annual Report and Opinion is produced for Senior Management and the Audit Committee following the completion of the annual audit plan each financial year.
- 10.6 This report includes a summary of all Internal Audit work carried out, details of recommendations that have been implemented by management and the Annual Opinion.
- 10.7 The Annual Opinion is based on the overall adequacy and effectiveness of the Local Authority's framework of governance, risk management and control during the financial year, together with reasons if the opinion is unfavourable. This opinion is reached by considering the results from assurance reviews undertaken throughout the year.
- 10.8 The report also highlights any issues that are deemed particularly relevant to the Annual Governance Statement (AGS) and the results of the review of the effectiveness of internal audit.

10 Quality Assurance and Improvement Programme

- 11.1 The standards require a quality assurance and improvement programme to be developed that covers all aspects of internal audit; including both internal and external assessments.
- 11.2 If an improvement plan is required as a result of the internal or external assessment, the Head of Internal Audit or Internal Audit Manager will coordinate appropriate action and report this to Senior Management and the Audit Committee, as part of the annual report and opinion.

11.3 Internal Assessment

- 11.3.1 Internal assessment includes the ongoing monitoring of the performance of the contractor through the performance measures. These form a key part of service management of the contract and are subject to quarterly reporting to the Internal Audit Manager for review.
- 11.3.2 On conclusion of audit reviews a feedback form is provided to the key officer identified during the audit process. Outcomes are reviewed and relevant improvements discussed with the contractor.
- 11.3.3 The standards also require periodic self-assessment in relation to the effectiveness of internal audit, the detail and outcomes of which are then forwarded to the Section 151 Officer or Section 17 Officer for their independent scrutiny, before the summary of which is provided to the Audit Committee as part of the annual report and opinion. This information enables the Committee to be assured that the internal audit service is operating in accordance with best practice.

11.4 External Assessment

- 11.4.1 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Organisation. This can be in the form of a full external quality assessment that involves interviews with relevant stakeholders, supported by examination of the internal audit approach and methodology leading to the completion of an independent report, or a validated self-assessment, which the Internal Audit Manager compiles against the PSIAS assessment tool, which is then validated by an external assessor/team. The full external quality assessment is the chosen option for Eastern Internal Audit Services.
- 11.4.2 An external assessment will:
- Provide an assessment on the internal audit function's conformance to the standards;

- Assess the performance of the internal audit activity in light of its charter, the expectations of the various boards and executive management;
- Identify opportunities and offer ideas and counsel for improving the performance of the internal audit activity, raising the value that internal audit provides to the organisation; and
- Benchmark the activities of the internal audit function against best practice.

11.4.3 In January 2017 Eastern Internal Audit Services was fully assessed by the Institute of Internal Auditors. The conclusion of the review was:

The internal audit team fully meet most of the Standards, as well as the Definition, Core Principles and the Code of Ethics which form the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework (IPPF), the globally recognised standard for quality in Internal Auditing. This is described as "Generally Conforms". It means that the internal audit team may state in its audit reports that the work "has been performed in accordance with the IPPF"

APPENDIX 2 – INTERNAL AUDIT STRATEGY



EASTERN INTERNAL AUDIT SERVICES NORTH NORFOLK DISTRICT COUNCIL

INTERNAL AUDIT STRATEGY FOR 2019/20

1. Introduction

- 1.1 The Internal Audit Strategy is a high-level statement of;
- how the internal audit service will be delivered;
 - how internal audit services will be developed in accordance with the internal audit charter;
 - how internal audit services links to the organisational objectives and priorities; and
 - how the internal audit resource requirements have been assessed.

The provision of such a strategy is set out in the Public Sector Internal Audit Standards (the standards).

- 1.2 The purpose of the strategy is to provide a clear direction for internal audit services and creates a link between the Charter, the strategic plan and the annual plan.

2. How the internal audit service will be delivered

- 2.1 The Role of the Head of Internal Audit and contract management is provided by South Norfolk Council to; Breckland, Broadland, North Norfolk, South Holland and South Norfolk District Councils, Great Yarmouth Borough Council and The Broads Authority. All Authorities are bound by a Partnership Agreement.
- 2.2 The delivery of the internal audit plans for each Authority is provided by an external audit contractor, who reports directly to the Head of Internal Audit. The current contract is with TIAA Ltd, and commenced on 1 April 2015, for an initial period of 5 years.

3. How internal audit services will be developed in accordance with the internal audit charter

3.1 Internal Audit objective and outcomes

- 3.1.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Authority's operations. It helps the Authority accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- 3.1.2 The outcomes of the internal audit service are detailed in the Internal Audit Charter and can be summarised as; delivering a risk based audit plan in a professional, independent manner, to provide the Authority with an opinion on the level of assurance it can place upon the internal control environment, systems of risk management and corporate governance arrangements,

and to make recommendations to improve these provisions, where further development would be beneficial.

3.1.3 The reporting of the outcomes from internal audit is through direct reports to senior management in respect of the areas reviewed under their remit, in the form of an audit report. The Governance, Risk and Audit Committee and the Section 151 Officer also receive:

- The Audit Plans Report, which is risk based and forms the next financial year's plan of work;
- The Progress Reports which provide summaries of the work achieved throughout the year and the individual opinions awarded on conclusion of reviews;
- The Follow Up Reports which detail the level of management action taken in respect of agreed internal audit recommendations; and
- The Annual Report and Opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

3.2 Internal Audit Planning

3.2.1 A risk-based internal audit plan (RBIA) is established in consultation with senior management that identifies where assurance and consultancy is required.

3.2.2 The audit plan establishes a link between the proposed audit areas and the priorities and risks of the Authority taking into account:

- Stakeholder expectations, and feedback from senior and operational managers;
- Objectives set in the strategic plan and business plans;
- Risk maturity in the organisation to provide an indication of the reliability of risk registers;
- Management's identification and response to risk, including risk mitigation strategies and levels of residual risk;
- Legal and regulatory requirements;
- The audit universe – all the audits that could be performed; and
- Previous IA plans and the results of audit engagements.

3.2.3 In order to ensure that the internal audit service adds value to the Authority, assurance should be provided that major business risks are being managed appropriately, along with providing assurance over the system of internal control, risk management and governance processes.

3.2.4 Risk based internal audit planning starts with the Authority's Business Plan, linking through to the priority areas and the related high-level objectives. The focus is then on the risks, and opportunities, that may hinder, or help, the achievement of the objectives. The approach also focuses on the upcoming projects and developments for the Authority.

3.2.5 The approach ensures; better and earlier identification of risks and increased ability to control them; greater coherence with the Authority's priorities; an opportunity to engage with stakeholders; the Committee and Senior Management better understand how the internal audit service helps to accomplish its objectives; and this ensures that best practice is followed.

3.2.6 The key distinction with establishing plans derived from a risk based internal audit approach is that the focus should be to understand and analyse management's assessment of risk and to base audit plans and efforts around that process.

3.2.7 Consultation with the Section 151 Officer and Senior Management takes place through specific meetings during which current and future developments, changes, risks and areas of concern are discussed and the plan amended accordingly to take these into account.

3.2.8 The outcome of this populates a strategic internal audit plan, and the resulting annual internal audit plan, which are discussed with and approved by the Corporate Leadership Team, prior to these being brought to the Governance, Risk and Audit Committee. In addition, External Audit is also provided with early sight of the plans.

3.3 Internal Audit Annual Opinion

3.3.1 The annual opinion provides Senior Management and the Governance, Risk and Audit Committee with an assessment of the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

3.3.2 The opinion is based upon:

- The summary of the internal audit work carried out;
- The follow up of management action taken to ensure implementation of agreed action as at financial year end;
- 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;
 - A statement on conformance with the standards 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.

3.3.3 In order to achieve the above internal audit operates within the standards and uses a risk based approach to audit planning and to each audit assignment undertaken. The control environment for each audit area reviewed is assessed for its adequacy and effectiveness of the controls and an assurance rating applied.

4. How internal audit services links to the organisational objectives and priorities

4.1 In addition to the approach taken as outlined in section 3.2 (Internal Audit Planning), which ensures that the service links to the organisations objectives and priorities and thereby through the risk based approach adds value, internal audit also ensure an awareness is maintained of local and national Issues and risks.

4.2 The annual audit planning process ensures that new or emerging risks are identified and considered at a local level. This strategy ensures that the planning process is all encompassing and reviews the records held by the Authority in respect of risks and issue logs and registers, reports that are taken through the Authority Committee meetings, and through extensive discussions with senior management.

4.3 Awareness of national issues is maintained through the contract in place with the external internal audit provider through regular "horizon scanning" updates, and annually a particular focus provided on issues to be considered during the planning process. Membership and subscription to professional bodies such as the Institute of Internal Auditors and the CIPFA on-line query service, liaison with External Audit, and networking with, all help to ensure developments are noted and incorporated where appropriate.

5. How internal audit resource requirements have been assessed

5.1 Through utilising an external audit contractor the risk based internal audit plan can be developed without having to take into account the existing resources, as you would with an in-

house team, thus ensuring that audit coverage for the year is appropriate to the Authority's needs and not tied to a particular resource.

- 5.2 That said a core team of staff is provided to deliver the audit plan, and these staff bring with them considerable public sector knowledge and experience. These core staff can be supplemented with additional staff should the audit plan require it, and in addition specialists, e.g. computer auditors, contract auditor, fraud specialists, can be drafted in to assist in completing the internal audit plan and focusing on particular areas of specialism.
- 5.3 All audit professionals are encouraged to continually develop their skills and knowledge through various training routes; formal courses of study, in-house training, seminars and webinars. As part of the contract with TIAA Ltd the contractor needs to ensure that each member of staff completes a day's training per quarter.

APPENDIX 3 – STRATEGIC INTERNAL AUDIT PLAN

Audit Area	Last review & assurance	Associated Risk	2018/19	2019/20	2020/21	2021/22
Annual Opinion and Corporate audits						
Corporate Governance	2016/17 - Reasonable 2018/19 - Audit Due	High	6		6	
Risk Management	2017/18 - Substantial	High		6		6
Key Controls and Assurance	2017/18 - Reasonable 2018/19 - Audit Due	High	10	15	10	15
Performance Management, Corporate Policy and Business Planning (includes project management & action plans)	2017/18 - Substantial	Medium			10	
Project Management Framework	New audit area	High		6		
Digital Transformation - benefits realisation	2018/19 Substantial	Medium 003	6		6	
Elections and Electoral Registration	2014/15 - Substantial 2018/19 - Substantial	Medium	12			10
Fundamental Financial Systems						
Accountancy Services includes control accounts, banking, bank reconciliation, asset management / capital expenditure, budgetary control and treasury management	2017/18 - Substantial	High 015		16		16
Accounts Payable (insurance)	2016/17 - Reasonable 2018/19 - DRAFT Reasonable	High	12		12	
Accounts Receivable	2017/18 - Reasonable	High		10		10
Income	2017/18 - Substantial	High		7		7
Council Tax and National Non-Domestic Rates	2016/17 - Substantial 2018/19 - Substantial	High	15		15	
Local Council Tax Support and Housing Benefits	2016/17 - Substantial 2018/19 - Substantial	High	15		15	
Payroll and Human Resources includes member and officer expenses	2016/17 - Reasonable	High 024	17		17	

Audit Area	Last review & assurance	Associated Risk	2018/19	2019/20	2020/21	2021/22
Service Area audits						
Procurement	2014/15 - Reasonable 2017/18 - Reasonable	Medium 009		10		10
Property Services	2016/17 - Substantial	Medium 001		12		12
Economic Growth	2013/14 - Reasonable	Medium			10	
Early Help Hub	New audit area	Medium			10	
Coastal Management	2014/15 - Reasonable	High 002		10	10	
Housing Strategy Homelessness and Housing Options	2015/16 - Reasonable 2018/19 - Reasonable	Medium	10			10
Affordable Housing and Housing Enabling	2018/19 - Deferred	Medium 010		10		
Private Sector Housing -includes DFGs and discretionary grants	2016/17 - Reasonable	Medium			10	
Sports Halls	2014/15 - Reasonable	Medium			10	
Leisure	2015/16 - Reasonable	Medium		10		10
Pier Pavilion	2015/16 - Reasonable 2018/19 - Reasonable	Medium	10		10	
Car Parking	2017/18 - Reasonable	Medium		10		10
Markets	2016/17 - Substantial	Medium				6
Parks and Open Spaces and Woodland Management	2015/16 - Reasonable	Medium				10
Beach Huts	2017/18 - Reasonable	Medium			8	
Democratic Services	2016/17 - Reasonable	Low				8
Legal Services	New specific area	Medium				10
Waste Management including contract / agreement monitoring, income collection & monitoring, refuse collection, street cleansing, recycling, clinical waste, abandoned vehicles and grounds maintenance	2017/18 - Reasonable	High			12	
Environmental Health includes emergency planning, food safety, environmental protection, pest control, dog warden, licensing and pollution control	2017/18 - Reasonable 2018/19 Audit Due	Medium	18		12	
Building Control	2017/18 - Substantial	High			7	
Land Charges	2017/18 - Reasonable	Medium				7
Development Management includes planning applications	2017/18 - Reasonable	Medium		10		
Section 106 Arrangements	New specific area	Medium		10		

Audit Area	Last review & assurance	Associated Risk	2018/19	2019/20	2020/21	2021/22
ICT Audits						
Network Infrastructure and Security	2014/15 - Limited 2018/19 Reasonable	High	15			
Business Support Arrangements	2018/19 Reasonable	Medium	15			
Business Continuity & Disaster Recovery	2017-18 Reasonable	Medium 013		10		
Information Management	New specific area	Medium 008			15	
Cyber Security	New specific area	High		10		
Audits to be confirmed				10	15	30
Follow Up of audit recommendations						
Follow up - internal audit recommendations			10	10	10	10
Total number of days			171	182	230	197

APPENDIX 4 – ANNUAL INTERNAL AUDIT PLAN 2019/20

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Annual Opinion / Governance audits						
Risk Management	6				6	A review of risk management will be carried out to support the Head of Internal Audit Opinion. This audit will provide assurance that significant risks are being identified and managed by the Council to support the achievement of strategic priorities.
Key Controls and Assurance	15				15	This is an annual review of key controls that feed into the Statement of Accounts, for those systems not subject to an audit review within year. This will cover; Accounts Payable, Council Tax and NNDR, Housing Benefits and Council Tax Support, Payroll and HR, and the Assurance Framework.
Project Management Framework	6	6				A number of significant projects are currently underway at the Council. A position statement will therefore be provided evaluating the Councils approach to project management and to provide assurance that controls are designed effectively in line with best practice.
Fundamental Financial Systems						
Accountancy Services includes control accounts, banking, bank reconciliation, asset management / capital expenditure, budgetary control and treasury management	16			16		These key financial systems feed into the Statement of Accounts and requires regular full service review to confirm the adequacy and effectiveness of controls in these key areas.
Accounts Receivable	10			10		
Income	7			7		

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Service area audits						
Procurement	10				10	A medium risk has been raised in the corporate risk register in relation to obtaining value for money from contracts. The Procurement Strategy is due to be reviewed and our work will focus on whether recent contracts have been awarded in line with procedures and relevant legislation.
Property Services	12				12	A medium risk has been raised in the corporate risk register in relation to the condition of property assets. The Asset Management Plan is due to be refreshed in the first half of 2019/20, our review will therefore provide assurance that assets are being well managed in respect of legal obligations, carrying out condition surveys and spend monitoring.
Affordable Housing and Housing Enabling	10				10	A corporate risk has been raised in relation to housing delivery. This audit was deferred from the 2018/19 Internal Audit Plan to allow recruitment of a new Housing Team Leader. The Council is also working on a local investment plans and its community housing initiative. Our review will evaluate progress against key initiatives, delivery of the strategy and provide assurance over the effectiveness of any partnership working.
Coastal Management	10		10			The Coastal Partnership East has been set up to manage the coast between Holkham and Landguard Point in Felixstowe and involves a number of local councils. Our review will evaluate the effectiveness of partnership working and provide assurance that risks relating to coastal protection projects are being managed effectively.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Service area audits						
Leisure	10		10			The Splash Leisure Centre refurbishment is a significant project for NNDC and represents reputational risks and predicted feasibility and business case. The Internal Audit team will therefore allocate 10 days towards providing management with a position statement evaluating delivery to date, the effectiveness of governance arrangements and will also cover procurement processes and subsequent contract management.
Car Parking	10			10		This area is periodically reviewed to provide assurance that income is being effectively managed and that the Council is managing the enforcement agreement with Kings Lynn effectively.
Planning Applications and Development Management	10			10		NNDC are currently updating their planning system software to Uniform. Our audit will be carried out post data migration (July 2019) to provide assurance that planning applications are being managed well through the new system.
Section 106 Agreements	10		10			A historic internal audit recommendation relating to Section 106 Agreements remains open. It is recognised that the lack of a software package used to manage S106 agreements is a significant factor in the team not being able to demonstrate that all obligations are being monitored. Our review will provide assurance that the team are taking adequate steps in managing S106 trigger points and are coordinating their approach with other key departments until a software solution is in place.

ICT Audits						
Business Continuity and Disaster Recovery	10		10			A medium risk has been raised in the corporate risk register in relation to the continuation of service delivery in the event of an incident. A Resilience Officer has also recently been appointed and reviews of all Business Continuity Plans are now underway. Our review will focus on providing assurance that the Councils current Disaster Recovery arrangements can support business continuity requirements and expectations.
Cyber Security	10			10		The Council recently completed the Local Government Association's survey on cyber security where a number of recommendations were agreed with management for consideration. Our review will provide assurance that these recommendations have been satisfactorily completed.
IT Audit Area to be determined	10	TBC	TBC	TBC	TBC	
Follow Up - Internal Audit recommendations	10	2.5	2.5	2.5	2.5	Follow up of agreed internal audit recommendations to ensure that these have been appropriately addressed by management and the risks mitigated.
Total number of days	182	8.5	42.5	65.5	55.5	

Corporate Risk Register March 2019

Summary: The last update to the Risk Management Policy and Framework was approved by the Governance, Risk and Audit Committee (GRAC) in March 2018. The documents are reviewed every two years with the next scheduled update due for March 2020. This policy sets the framework for the Council’s Corporate Risk Register (CRR) which monitors and tracks the Council’s most significant risks. This report is to provide Members with an update in relation to the Corporate Risk Register.

Conclusions: The changes made to the register and governance processes will help to improve the monitoring and ownership of the corporate risk register and the actions contained therein.

Recommendations: Members are asked to note the report and the improvements made to the CRR, the linkages to other registers and the enhanced oversight of the register from Management team.

Cabinet Member(s) Ward(s) affected

All All

Contact Officer, telephone number and email:

Duncan Ellis, 01263 516330, Duncan.ellis@north-norfolk.gov.uk

Corporate Risk Register March 2019

1. Introduction

- 1.1 The last update to the Risk Management Policy and Framework was approved by the Governance, Risk and Audit Committee (GRAC) in March 2018. The documents are reviewed every two years with the next scheduled update due for March 2020.
- 1.2 This policy sets the framework for the Council's Corporate Risk Register (CRR) which monitors and tracks the Council's most significant risks.
- 1.3 Responsibility for coordinating the CRR and the risk management framework currently rests with the Section 151 Officer in Finance.
- 1.4 At the present time the CRR is a standing item on the Risk Management Board agenda which meets approximately every 3 months and then goes to every other GRAC meeting (approximately every 6 months). In the past however it has not been regularly reviewed or considered by Management Team (MT) as a whole.
- 1.5 Following discussions at MT on 17 December it was agreed that the register would be reviewed to try and ensure that better links were maintained between the main CRR and the individual registers for other corporate projects such as the leisure contract, new Splash provision, Cromer Community Sports Hub etc.
- 1.6 This was in the context of the wider discussion taking place regarding project management and governance around major projects and to ensure that the linkages to the CRR and indeed MT were in place.

2. Improvements

- 2.1 A further paper was considered by MT on 26 February at which a number of improvements were discussed and agreed in terms of the actual CRR, the links to other project register and the actual oversight and governance surrounding the register.
- 2.2 Having completed a review of the approach taken by a number of other authorities it was apparent that several of them further sub categorised the actions on the register. For example they would have financial resilience allocated to the S151 Officer as the overall owner of that risk but the individual actions would then be assigned to various people within the finance team with a completion date attached to them where appropriate.
- 2.3 In respect of the completion deadline this would then work in very much the same way as audit recommendations which are assigned to an 'owner' with a completion deadline so that Members are then able to track the progress of any mitigating actions and the status of these ie implemented or outstanding.
- 2.4 It was felt that this would be a useful addition to our current CRR and this additional level of detail has therefore now been added.

Corporate Risk Register March 2019

- 2.5 As mentioned above there are a number of other risk registers in use supporting various other corporate projects such as the leisure contract, new Splash provision, Cromer Community Sports Hub etc.
- 2.6 To improve the linkages between these individual registers and the main CRR a process has now been implemented whereby any risks identified as having a potentially 'high' impact are automatically flagged for inclusion on the CRR.
- 2.7 This should be a simple process to understand and administer with the actions/minutes from any of these project group meetings flagging that any high risks need to be included on the CRR as those projects by their very nature would have to be significant projects (to warrant an individual risk register in the first place). It will also help to support challenge to some of the ratings during the individual project/Board meetings in terms of assessing and monitoring those risks which will often change as the projects move through various different stages.
- 2.8 When the new InPhase performance management system is fully operational it will help to automate this process and make it more efficient.
- 2.9 The final improvement was a recommendation that the CRR was reviewed by MT every three months. This is to ensure that MT are aware of the corporate risks and take full ownership and oversight of them so that the current ones are continually under review and new ones can be added as required.
- 2.10 The register is however a live document so where a specific issue does arise outside of the various reporting timeframes, it can be added to the register and actioned immediately as required.
- 2.11 Ultimately the principle underlying this process is that high level corporate risks are flagged on the CRR so that they can then routinely be considered and discussed by MT, the RMB and the GRAC, leading to a more robust understanding and ownership of the corporate risks.

3. Conclusion

- 3.1 The Improvements outlined above will help both officers and Members to monitor and track any outstanding actions designed to help mitigate and manage the various corporate risks.
- 3.2 The linkages between the CRR and other risk registers have been improved and strengthened as a result of this review process.
- 3.3 The oversight and review to be undertaken by MT on a three monthly basis will help ensure that managers are aware of the corporate risks and take full ownership and oversight of them so that the current ones are continually under review and new ones can be added as required.

4. Recommendations

- 4.1 Members are asked to note the report and the improvements made to the CRR, the linkages to other registers and the enhanced oversight of the register from MT.

Corporate Risk Register March 2019

Summary Register

Risk	Ref.	Current Score	Target Score	Direction of Travel		Risk Owner
Coastal Erosion - (the effects of)	002(CR)	20	12	↔	☹	Rob Goodliffe - Coastal Management Team Leader
Medium Term Financial Plan	015(CR)	15	12	↓	☺	Duncan Ellis - Head of Finance & Assets (revised down from 20 to 15 following budget setting process for 2019/20, potential risk impact now in 2020/21)
Recruitment (inability)	024(CR)	15	9	↔	☹	Sally Morgan – Human Resources Manager
Corporate project risks	NEW	See below	See below	NEW	NEW	Management Team – Corporate project risks feed in from individual project registers (high impact issues only)
Digital Transformation Programme	003(CR)	12	8	↔	☹	Nick Baker – Corporate Director & Head of Paid Service
Information - (loss of)	008(CR)	12	8	↔	☹	Sean Kelly - Head of Business Transformation & IT
Procurement - (lack of value for money)	009(CR)	9	3	↔	☹	Duncan Ellis - Head of Finance and Assets
Property assets (the condition of)/ Asset Management	001(CR)	9	9	↔	☹	Duncan Ellis - Head of Finance and Assets
Housing Delivery	010(CR)	6	6	↔	☹	Nicky Debbage & Graham Connolly – Joint Strategic Housing Team Leader Rob Young – Head of Community & Economic Development (interim)
Operational disruption - (significant event)	013(CR)	6	6	↔	☹	Alison Sayer - Resilience Manager, Steve Hems - Head of Environmental Health

Direction of travel shows change from assessment in Q3 2018/19 to Q4 2018/19.

Corporate Risk Register March 2019

KEY

Impact Type	Catastrophic - 5	Critical - 4	Moderate - 3	Marginal - 2	Negligible - 1	
Objectives	The key objectives in the Corporate Plan will not be achieved.	One or more Key Objectives in the Corporate Plan will not be achieved.	Significant impact on the success of the Corporate Plan.	Some impact on more than one Service.	Insignificant impact on more than one Service.	
Financial Impact (Loss)	Over £1.5m	£500K - £1.5m	£300K - £500K	£0K - £300K	£0-20K	
Likelihood	Very High - 5	High - 4	Moderate - 3	Low - 2	Very Low - 1	
Probability	Over 90%	60 - 90%	40 - 60%	10 - 40%	below 10%	
Timing	Within six months	Within a year	Within 1 to 2 years	Probably within 15 years	Probably over 15 years	
Risk 1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening	Existing Controls Controls that have been implemented since the last review are show in green	Score (with controls) Impact x Likelihood = Total	Action (to achieve target score) and progress to date	Action Due date owner	Target score Impact x Likelihood = Total	Risk owner

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Risk 1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening	Existing Controls Controls that have been implemented since the last review are show in green	Score (with controls) Impact x Likelihood = Total	Action (to achieve target score) and progress to date	Action Due date owne	Target core Impact x Likelihood = Total	Risk owner
<p>Medium Term Financial Plan - 015(CR)</p> <p>1. Forecast funding reductions and shift to local financing from business rates, council tax and new homes bonus. The business rates retention system has shifted the risk of business rates fluctuations to the local level, meaning that Local Authority funding will be impacted directly from decline in business and also planned reductions to the revenue support grant and reliance on New Homes Bonus funding (top sliced from 2017/18) influenced by delivery of new homes and reductions in long term empty properties. Changes to the business rates retention scheme, now to 75% local retention in 2020/21.</p> <p>2. Failure to produce a balanced budget position and funded future projections in the medium term.</p> <p>3. The Corporate Plan may not be delivered to the identified timescales. The level of service currently provided could be at risk, unplanned use of reserves which is unsustainable in the longer term. Higher level of savings and additional income requirement in future years.</p>	<p>Policy work</p> <p>Lobbying Central Government</p> <p>Medium Term Financial Strategy (MTFS)</p> <p>Corporate Planning / Service Planning</p> <p>Budget Process / Budget Monitoring</p> <p>Regular monitoring system of the impact of the business rates retention and the localised council tax support system</p> <p>Utilisation of the New Homes Bonus grant within the base budget for 2018/19 onwards</p> <p>Annual review of the Council's reserves</p> <p>Reporting - New legislation and consultation</p> <p>Timely agreement of the annual Localised Council Tax Support Scheme</p> <p>Project Management Plans</p> <p>Balanced 2019/20 budget agreed 27 March 2019</p>	<p>5x3=15</p>	<p>Growth forecasting developed for housing and business rates to inform forecasts and budget.</p> <p>Early update of the Financial Strategy to inform the 19/20 budget process completed and reported to Members in October. Member training sessions all now delivered.</p> <p>Changes to the NHB scheme from 2017/18 now taken account of and built in to the 2018/19 budget and future projections. Now updated as a result of Provisional Settlement figures.</p> <p>Action proposed to improve long term empty property numbers through enforcement.</p> <p>Business cases for commercialisation to deliver future income and efficiencies.</p> <p>Waste procurement and pay spine review now included in 2019/10 budget forecasts.</p> <p>New leisure contract now re-let, commences April 2019. Savings used to help finance rebuilding of the leisure facilities in Sheringham.</p>	<p>LH</p> <p>Sept 18 (complete)</p> <p>DE</p> <p>Oct 18 (complete)</p> <p>DE</p> <p>Oct 18 (complete)</p> <p>SH</p> <p>June 18 (complete)</p> <p>DE</p> <p>Ongoing</p> <p>DE</p> <p>Feb 2019 (complete)</p> <p>DE</p> <p>Feb 2019 (complete)</p>	<p>4x3=12</p>	<p>Duncan Ellis - Head of Finance & Assets</p>

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			<p>Continuing to monitor the position in relation to 75% business rates retention. Pilot application for 2019/20 successful.</p> <p>Initial response submitted in relation to the Fair Funding review on 12 March 2018 plus second phase on 21 Feb 2019. Continuing to engage with debate and consultation process.</p> <p>Informal feedback has been provided to Ministry of Housing Communities and Local Government (MHCLG) in relation Fair Funding etc ahead of a formal consultation process.</p> <p>Additional income (£96k) received as part of the 19/20 Provisional Settlement in relation to Rural Services Delivery grant.</p> <p>Balanced 2019/20 budget agreed 27 March 2019</p> <p>Brexit – developments being monitored, small funding allowance from central gov (£17k) for 18/19 and 19/20. Also considered where it might impact on individual projects ie construction costs</p>	<p>LH Aug 18 (complete)</p> <p>LH March 18 (complete)</p> <p>DE Dec 18 (complete)</p> <p>DE Feb 19 (complete)</p> <p>DE Feb 19 (complete)</p> <p>DE Ongoing</p>		

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<p>Coastal Erosion and flooding - (the effects of) - 002(CR)</p> <p>1. Lack of Government funding to maintain coast defences and / or to support local coastal adaption needs.</p> <p>2. Coastal erosion and blight of coastal settlements through loss of public and private infrastructure and assets and impact of flooding. The Council has devoted significant resources to pursuing sustainable answers to coastal management issues. There is a considerable Health and Safety context here which serves to increase the reputational risk for the Council at the same time.</p> <p>3. Ongoing coastal erosion through loss of defences presents a reputational risk in the eyes of local communities and direct loss of Council owned assets / infrastructure which are fundamental to the district's tourism offer and therefore the economic well-being of the district. Loss of confidence in respect of business investment/residential property market; blight of properties in erosion zone; direct loss of tourism assets and infrastructure ie proms, chalets, toilets etc; loss of tourism</p>	<p>The Pathfinder Project</p> <p>Shoreline Management Plan (SMP)</p> <p>Repairs & Maintenance Programme</p> <p>Procurement practices</p> <p>Health & Safety checking and monitoring</p> <p>DEFRA funding of capital schemes</p> <p>Coast monitoring</p> <p>Control of coastal management schemes through procurement and regular checking</p> <p>Coastal Partnership East</p> <p>Sandscaping agreement procured and contract signed off</p> <p>10 year capital programme</p>	<p>5x4=20</p>	<p>Cromer Sea Defence Works – On Track - Phase 1 completed. Phase 2 to be developed once coastal system has settled.</p> <p>£0.5m capital contribution agreed by Full Council on 16/11/16 to support the joint Bacton and Walcott coastal management scheme. Scheme now funded with a project completion date by end of 2020 which will provide significant defence to Bacton Gas Terminal and local coastal communities. Tender process currently live.</p> <p>The Council has highlighted the importance of coastal defence funding in the consultation response to the Fair Funding review and will continue to do so.</p> <p>Mundesley Coastal Management Scheme received technical approval.</p> <p>Ongoing discussions with Environment Agency and Defra regarding coastal adaptation funding.</p>	<p>RG</p> <p>Dec 17 (phase 1 complete)</p> <p>RG</p> <p>Dec 20 (not yet due)</p> <p>LH</p> <p>Feb 19 (complete)</p> <p>RG /TP</p> <p>March 2021</p> <p>RG</p> <p>Ongoing</p>	<p>4x3=12</p>	<p>Rob Goodliffe - Coastal Manager (North) & Bill Parker – Head of Coastal Partnership East</p>

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<p>Digital Transformation Board Monitoring Programme 003(CR)</p> <p>1. In order to achieve savings of c£350,000 revenue savings and at the same time improve Customer transactional services, DTP was commenced in January 2014. It has delivered a year early than planned more than £50,000 over and above what was originally planned. As a result, the DTP has now been increased for a further three years from April 2018 with a view to saving a further £216k pa.</p> <p>2. The programme has been built on a foundation of IT infrastructure changes which have allowed service BPR and subsequent efficiency and financial improvements.</p> <p>3. The main risks to the programme are that the individual work streams can't be delivered as anticipated and that there might be insufficient capacity internally to deliver the IT and service changes required. In addition, there is the scope for some reluctance from staff and customers to adopt new methods of working. Further risk is the potential inability for the Council to recruit technical competent IT staff.</p>	<p>Digital Transformation Board monitoring projects progress</p> <p>Communications plan around the programme to ensure buy-in</p> <p>New IT, Customer Services and Communication strategies approved during 2017/18</p> <p>Protection against data loss and/or system hacking required under PSN compliance regime to which the Council is fully compliant</p> <p>Ensuring that HR policies reflect the need to recruit differently in difficult to recruit subject areas</p> <p>Staff development processes in order to maintain technical competence</p> <p>DTP progress reports are provided to Cabinet and O&S on a six monthly basis to enable Member oversight</p>	<p>4x3=12</p>	<p>Phase one is almost complete with many of the key technology enablers either in place or commissioned and in the implementation phase. Both service based and cross cutting service change initiatives are in progress to take advantage of the technology commissioned.</p> <p>The Major service BPR in Planning is being implemented and the BPR of the Environmental Health Service is progressing well.</p> <p>Phase 2 of the DT programme was agreed as part of the 2018/19 budget process through allocation of a capital budget of £0.94m which is anticipated to generate net annual ongoing savings of c£0.216m once fully implemented.</p>	<p>SK</p> <p>March 19 (not yet due)</p> <p>SK</p> <p>Sept 19 (not yet due)</p> <p>SK</p> <p>March 21 (not yet due)</p>	<p>2x4=8</p>	<p>Nick Baker – Corporate Director & Head of Paid Service</p>

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<p>Recruitment (inability) – 024(CR)</p> <p>1. Difficulty recruiting into key posts, particularly in Planning Services, Finance, IT, Assets and Revs and Bens. Reasons for this are partly down to the geographical remoteness of North Norfolk from the rest of the country and also down to a significant pay gap from some professional areas between private and public sector and between different localities within this sector.</p> <p>2. Not able to recruit skills and knowledge to deliver plans – corporate plan, business transformation, planning performance and delivery etc. Increased stress levels on existing staff, Increased workload in HR of repeated recruitment exercises.</p>	<p>Pay Policy has been updated to reflect Golden Hello's' and retention payments</p> <p>Relocation Policy</p> <p>Employee Referral Scheme</p> <p>Market Pay Review report</p> <p>Apprenticeship programme</p>	<p>3x5=15</p>	<p>Successful recruitment into key posts within Finance and Assets and Planning, IT and Revs and Bens during 2017.</p> <p>Market Pay Review report considered and agreed by Cabinet and Full Council in December 2017 in relation to increasing the pay bands by one spinal point accepted.</p> <p>Following the Market Pay Report the work identified to be undertaken in relation to posts more than 10% adrift of the benchmarking has been completed in respect of Revenues & Benefits.</p> <p>Rolling advert in place for Planning. Successful recruitment of new Head of Planning.</p> <p>Success in IT recruitment through the use of graduate apprentices</p> <p>The Council has a long history of 'growing our own' particularly in Planning and Environmental Health where employees are supported through their professional qualifications.</p>	<p>DE/SK Dec 17 (complete)</p> <p>SM Dec 17 (complete)</p> <p>SM Dec 18 (complete)</p> <p>SM Aug 18 (complete)</p> <p>SK Aug 18 (complete)</p> <p>SM Ongoing</p>	<p>3x3=9</p>	<p>Sally Morgan – Human Resources Manager</p>

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			<p>Apprenticeships are being used to attract new talent to the Council and to develop this talent in other service areas.</p> <p>Market pay reviews are usually undertaken annually, with the next review due in April 2019.</p>	<p>JH March 2019 (not yet due)</p> <p>SM April 2019 (not yet due)</p>		
<p>Property assets - (the condition of) - 001(CR)</p> <p>1. A lack of investment and sound decision-making.</p> <p>2. Deteriorating property assets may lead to a loss of revenue and possible legal liability and increased maintenance costs.</p> <p>3. The Council does not achieve value for money from its investment and/or possible legal liabilities either directly or through its leasing arrangements.</p> <p>4. Reduced potential for asset commercialisation opportunities if assets are not properly maintained.</p> <p>5. Reputation risk to Council of poorly maintained assets from residents and visitors alike. This scenario is detrimental to the local tourism economy as well as</p>	<p>Production and approval of the Asset Management Plan</p> <p>Adequate budget provision both from revenue and capital to support repair and maintenance (R&M) works and capital investment improvements</p> <p>Asset condition surveys</p> <p>Compliance policies in place and up to date</p> <p>Compliance works undertaken in a timely fashion</p> <p>Adequate staff or appropriately qualified external contractor support</p> <p>Procure a Strategic Development Partner to provide further capacity and to help achieve asset commercialization agenda</p> <p>Production of business cases to support asset development improvements and</p>	<p>3x3=9</p>	<p>Controlled risk.</p> <p>The updated Asset Management Plan (AMP) was considered by Cabinet and approved by Full Council in March 2018. A £2m (now £1m) Property Investment Fund has been allocated to help support the AMP as part of the 2018/19 budget process.</p> <p>Detailed revenue and capital budget monitoring procedures in place to track and monitor spend.</p> <p>Rolling asset condition surveys continue to be undertaken to ensure that the R&M schedules remain up to date.</p> <p>Various policies are in place to help manage property risks and risk assessment inspections and review works continue to be developed and improved.</p>	<p>RG March 18 (complete)</p> <p>DE Ongoing (complete – embedded into budget monitoring procedures) Dec 19 (procurement complete, assets now to be surveyed)</p> <p>RG March 18 (complete)</p> <p>RG/RT March 18 (complete)</p>	<p>3x3=9</p>	<p>Duncan Ellis – Head of Finance & Assets</p>

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<p>damaging to local communities contributing to a lack of community pride and possible increase in vandalism. The capital tied up in assets cannot be released to support wider Council initiatives and income streams are not maximised.</p>	<p>commercialisation</p>		<p>Regular routine inspections take place on all of the Council's car parks for example to review, monitor and help manage a number of risks and these visits are logged on Concerto to help provide an audit trail. Work is underway to procure a new contract to support electrical call outs and a further process will be undertaken to help support reactive maintenance requirements, both of which should be in place during 2018.</p> <p>Following a tender process Gleeds Property & Construction Consultants were successfully awarded the contract for our Strategic Asset Development Partner.</p> <p>The Council has completed tenant negotiations for Grove Lane in Holt, improvement works underway.</p> <p>The Council has successfully recruited a new surveyor who has been in post since April 2018.</p> <p>A number of new concessions have been identified for the 2018/19 financial year.</p> <p>£600k prog of public convenience works agreed plus</p>	<p>DE Aug 17 (complete)</p> <p>RG May 19 (works ongoing)</p> <p>RG April 18 (complete)</p> <p>RG April 18 (complete)</p> <p>RT</p>		

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			£1.1m works to Cromer pier	March 20 (ongoing)		
<p>Procurement - (lack of value for money) - 009(CR)</p> <p>1. The current financial climate, recent resourcing issues causing an absence of a focus for this work, together with a reduction in the available accountancy resources going forward increase the risk of a lack of continuous improvement in this area.</p> <p>2. Failure to adopt new procurement practices and delivery of efficient and timely procurement processes could mean that the Council will not achieve value for money procuring the goods and services it uses.</p> <p>3. The Council may not achieve value for money, financial/procedural inefficiencies possible challenge to contracting procedures.</p>	<p>Procurement Strategy</p> <p>Procurement Framework</p> <p>Joint procurement protocol and opportunities for joint/shared procurement with other authorities where possible</p> <p>Advice for external suppliers</p> <p>Procurement Officer post established</p>	3x3=9	<p>Regular procurement refresh and review of procedures.</p> <p>Procurement Strategy due to be updated during 2019 along with a review of the Contract Standing Orders.</p> <p>New Procurement Officer post appointed in September 2017.</p> <p>E-procurement in place and being managed by the new Procurement Officer.</p> <p>Procurement audit completed March 2018, Reasonable Assurance.</p> <p>Leisure contract procurement – contract agreed by Full Council in December 2018, handover ongoing at present, new contract with new supplier to commence from Aril 2019.</p> <p>Splash re-build procurement.</p> <p>Cromer Community Sports Hub procurement.</p> <p>Waste procurement - joint waste</p>	<p>DB Dec 19 (not yet due)</p> <p>DE Sept 17 (complete)</p> <p>DB Sept 17 (complete)</p> <p>DE March 18 (complete)</p> <p>RY Dec 18 (contract let - complete)</p> <p>NB Dec 20 (not yet due)</p> <p>NB Jan 20 (not yet due)</p>	3x1=3	Duncan Ellis – Head of Finance & Assets

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			procurement underway.	SH April 20 (not yet due)		

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<p>Information - (loss of) - 008(CR)</p> <p>1. With our increasing dependence on IT systems to undertake normal business, the risk of information or data loss or external hacking of the Council's systems, also increases. With the increased use of mobile technology, the risk for information loss also increases.</p> <p>2. There exists an inherent potential for the loss of organisational information at any security level. There is a joint responsibility between the IT service, the Council service and individuals for ensuring electronic data and information remains secure.</p> <p>3. Information may be inappropriately used or accessed. Fraud or data corruption may occur. Systems may suffer damage. The Council's reputation may be harmed and the Council may suffer financial penalties for claims in respect of loss data.</p> <p>4. New General Data Protection Regulations (GDPR) are being introduced from 25 May 2018. Covers data protection and privacy for individuals and aims primarily to give citizens and residents control over their personal data.</p>	<p>IT Strategy 2017/2021 (currently being updated by the Head of Business Transformation and IT)</p> <p>IT Security Policies</p> <p>Implementation of data security protocols</p> <p>IT Monitoring</p> <p>Data Protection training</p> <p>PSN Code of Connection compliance</p> <p>Regular audits of IT security arrangements</p> <p>Regular 3rd party data protection and integrity testing</p> <p>Information security and data protection training – Implemented</p> <p>Information Risk Policy and Role Description</p> <p>GDPR guidance notes issued by legal</p> <p>GDPR email/ mailing list software</p>	<p>4x3=12</p>	<p>Info on information security and data protection to be shared with staff through intranet. Mitigated by the implementation of the e-learning system which has some InfoSec content. All posts with a requirement for increased awareness identified and learning plan implemented.</p> <p>Senior Information Risk Officer (SIRO), FOI and Data Protection Reports - Good outcome from Audit. New Information Risk Policy was drafted in January 2018 along with a role description to support the SIRO position. The Risk Management report completed in February 2018 also received a substantial assurance.</p> <p>First local authority to receive full GCSX compliance for web access to e-mail.</p> <p>Staff to complete GDPR training.</p> <p>Review/update IT Security Policy, GDPR info register.</p> <p>Information Asset Owners (IAO) identified and Article 30 spreadsheets complete.</p> <p>Training for IAO's.</p>	<p>SK/ED Dec 18 (complete)</p> <p>NB March 18 (complete)</p> <p>SK March 18 (complete)</p> <p>SM Dec 18 (complete)</p> <p>SK March 19 (complete)</p> <p>NB March 19 (complete)</p> <p>NB May 19 (not yet due)</p>	<p>4x2=8</p>	<p>Sean Kelly - Head of Business Transformation & IT</p>

Corporate Risk Register March 2019

Risk 1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening	Existing Controls Controls that have been implemented since the last review are show in green	Score (with controls) Impact x Likelihood = Total	Action (to achieve target score) and progress to date	Action Due date owne	Target core Impact x Likelihood = Total	Risk owner
<p>Housing Delivery - 010(CR)</p> <p>1. A combination of lack of developer confidence because of recession / weak financial markets and pressure on public finances meaning reduced availability of grant funding for affordable housing provision.</p> <p>2. Inability to secure planning permission for provision of affordable housing.</p> <p>3. A challenge over the Council's ability to deliver sufficient affordable homes</p> <p>4. Loss of longstanding temporary accommodation in the district</p> <p>5. Short term accommodation cannot be provided which will increase use of Bed and Breakfasts and inability to complete a statutory function</p>	<p>Use of capital</p> <p>Partnership work with Registered Providers</p> <p>Local Investment Plan</p> <p>Local Development Framework (LDF) policies</p> <p>Internal planning protocol</p> <p>Increased Focus</p> <p>Housing Strategy discussion document (2010)</p> <p>Enhance Housing Association delivery</p>	<p>3 x 2 = 6</p>	<p>All controls are implemented and risk is currently under control, to be reviewed every six months.</p> <p>To re-draft Housing Delivery</p> <p>Strategy to address Identify alternative sources Housing Association – commission flats through risk partners.</p> <p>Cabinet report in December 2016 for immediate provision of a capital bid for a longer term provision as part of budget.</p> <p>Consideration of alternative solutions to help address point 5 is ongoing, supported by acquisition of a property in Holt.</p> <p>Community Housing Fund allocation of £2.4m announced in December 2016.</p> <p>£2m allocated within 2019/20 budget to establish a Property Company with a housing focus</p> <p>Continuing to monitor position in respect of Brexit and how this might potentially impact on the ability to deliver and acquire homes as a home owner</p>	<p>SB</p> <p>Dec 19 (not yet due)</p> <p>TBC</p> <p>Dec 16 (complete)</p> <p>Dec 18 (complete)</p> <p>ND/GC</p> <p>March 21 (ongoing)</p> <p>RG</p> <p>March 20 (ongoing)</p>	<p>3 x 2 = 6</p>	<p>Nicky Debbage & Graham Connolly - Joint Housing Team Leader - Strategy</p> <p>Rob Young – Head of Economic & Community Development (interim)</p>

Corporate Risk Register March 2019

Risk 1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening	Existing Controls Controls that have been implemented since the last review are show in green	Score (with controls) Impact x Likelihood = Total	Action (to achieve target score) and progress to date	Action Due date owne	Target core Impact x Likelihood = Total	Risk owner
<p>Operational disruption - (significant event) - 013(CR)</p> <p>1. Both the National, Local and Community Risk Registers have more information regarding the risk of specific events occurring.</p> <p>2. Any Internal or external event that has a significant impact on the ability of the Council to deliver services.</p> <p>3. a) Loss of staff for 'usual' service delivery b) Loss of premises c) Loss of key partners/suppliers d) Loss of infrastructure services</p> <p>A reduction in the ability of the Council to deliver services, possibly at a time of increased demand from the community.</p>	<p>Emergency Response & Recovery Planning</p> <p>Business Continuity Planning</p> <p>Corporate Business Continuity key role training</p> <p>Critical Services Business Continuity Plans completed</p>	<p>3x2=6</p>	<p>All controls are implemented and risk is currently under control, continual review.</p> <p>Cromer office generator tested, Disaster Recovery Suite in place at Fakenham. Agile Working Policy now live with 70 plus employees having remote access and mobile devices.</p> <p>Increased numbers of staff trained for emergency response & recovery. January 2017 storm surge recovery largely complete, well managed response.</p> <p>Good Council response during bad weather Feb/March 2018. Cromer building managed by skeleton staff with c70 members of staff maintaining Council services remotely.</p> <p>Concerns regarding the financial strength of Kier Street Services Ltd. Contingency plan in place. Members updated. Further announcement re additional £40m of debt, interim results due out 20 March at which point more will be known.</p>	<p>AS</p> <p>Dec 17 (complete)</p> <p>AS</p> <p>Dec 17 (complete)</p> <p>AS</p> <p>March 18 (complete)</p> <p>SH</p> <p>Dec 18 (complete)</p>	<p>3x2=6</p>	<p>Alison Sayer - Resilience Manager,</p> <p>Steve Hems - Head of Environmental Health</p>

Corporate Risk Register March 2019

Risk 1. Cause of risk 2. Description of Risk or potential event 3. Consequence of risk happening	Existing Controls Controls that have been implemented since the last review are show in green	Score (with controls) Impact x Likelihood = Total	Action (to achieve target score) and progress to date	Action Due date owne	Target core Impact x Likelihood = Total	Risk owner
<p>Corporate projects – NEW(CR)</p> <p><i>New section to be developed to ensure that high level corporate risks and identified and flow through to the Corporate Risk Register from the various boards in a timely fashion.</i></p> <p>Cromer Community Sports Hub</p> <p>Sheringham Leisure Centre</p>	<p><i>These will be specific and relate to the individual projects but will include such things as committee reports, budget monitoring, oversight Boards etc</i></p> <p>Business plan signed off by Full Council</p> <p>Capital budget approved By Full Council (provisional)</p> <p>Agreement for land swap with Academy in place, subject to CLTSA signing lease.</p> <p>Additional capital budget approved by Full Council, with spend subject to positive review of the business case to ensure it still delivers as originally intended.</p>	<p>4 x 5 = 20</p> <p>5 x 3 = 15</p>	<p><i>These will be specific and relate to the project in question.</i></p> <p>Key issues;</p> <p>Lease agreement with Cromer Lawn Tennis Association outstanding</p> <p>Positive review of final business case to release budget. Additional consultation event scheduled for 15 March. Delegated authority required</p> <p>Build programme delay –miss frame/fabric construction slot</p> <p>Build programme delay – increased construction costs – inflation, possible re-procurement, Brexit. Current prices held until mid-March</p> <p>Stopping up order for existing road required from Norfolk County Council</p>	<p>NB/ RY</p> <p>March 2019</p> <p>DE/ NB</p> <p>March 2019</p> <p>RY</p> <p>March 2019</p> <p>RY</p> <p>March 2019</p> <p>RY</p> <p>May 2019 (not yet due)</p>	<p>4 x 2 = 8</p> <p>4 x 2 = 8</p>	<p>NB</p> <p>NB</p>

Corporate Risk Register March 2019

Risk owners

Alison Sayer (Resilience Manager)
Bill Parker (Head of Coastal Partnership East)
Debra Beccles (Procurement Officer)
Duncan Ellis (Head of Finance & Assets)
Emma Duncan (Head of Legal)
Janella Hadlow (HR Business Partner)
Lucy Hume (Chief Technical Accountant)
Nick Baker (Corporate Director & Head of Paid Service)
Nicky Debbage (Joint Strategic Housing Team Leader)
Renata Garfoot (Estates & Asset Strategy Manager)
Rob Goodliffe (Coastal Management Team Leader)
Rob Young (Head of Economic & Community Development)
Russell Tanner (Assets & Property Programme Manager)
Sally Morgan (Human Resources Manager)
Sean Kelly (Head of Business Transformation & IT)
Steve Blatch (Corporate Director & Head of Paid Service)

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Risk Management Policy and Framework

**March 2018
Version 1.04**

(Update for Governance, Risk and Audit Committee – March 2018)

Foreword

The fundamental principles adopted by the Council on Risk Management are described within the policy statement on Risk Management.

Adopting and implementing the strategy detailed below will achieve compliance with the policy.

Internal Audit has just completed the Assurance Review of Risk Management, the objective of the audit was to review the systems and controls in place within Risk Management, to ensure they are operating adequately, effectively and efficiently.

The audit concluded that the systems and processes of internal control are deemed 'Substantial' in managing the risks associated with the audit. The previous report on Risk Management (NN/16/03) was issued in November 2015 and concluded in a 'Reasonable' assurance opinion. This indicates a positive direction of travel and that the system of controls has improved since the previous audit.

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Need to consider inclusion of new SIRO protocol etc as drafted by Emma

Policy Statement

This policy will take effect from the date of approval (Governance, Risk and Audit Committee). It is the policy of the Council to adopt a proactive approach, through its management processes, to risk management of the services it delivers both for itself and in partnership with others.

It is recognised that a certain amount of risk is necessary and indeed that it can be a positive force in the development of the services we provide. However, this needs to be managed in order to: -

- Safeguard our clients or service users, Members and employees and all other persons to whom the Council has a duty of care
- Ensure compliance with statutory obligations
- Preserve and enhance service delivery
- Protect our property, including buildings, equipment, vehicles and all other assets and resources
- Maintain effective control of public funds
- Protect and promote the reputation of the Council
- Support the quality of the environment
- Achieve the objectives in the Corporate Plan and Service Plans
- Safeguard the information we hold, obtain, record use and share based on the new General Data Protection Regulations (GDPR)

All of these objectives will be achieved by applying the Council's risk management strategy, which outlines responsibilities for managing risks and defines how risk management should be applied across the Council.

The master copy of this document, a record of review and decision making processes will be held by the Head of Finance and Assets. All documentation will be available for audit as necessary.

This policy will be available to all staff and Members on the corporate document register on the intranet.

2. Strategy Background

All organisations face a wide variety of risks including physical risks to people or property, financial loss, failure of service delivery, information management and damage to the organisation's reputation. Risk for this purpose is defined as "the chance of an event happening and leading to unintended effects which will impair the

organisation's ability to achieve its objectives".

Risk management is intended to be a planned and systematic approach to the identification, assessment and management of the risks facing the organisation.

The traditional means of protecting against the more obvious risks has been through insurance. However, there are many risks which cannot be insured against and which must be addressed in different ways. Even in the case of those risks which are insurable, action can be taken to reduce the potential risks with consequent savings of premiums and disruption of work.

The risk management strategy aims to: -

- Clarify responsibilities for identifying and managing risks
- Ensure that an appropriate level of risk management is consistently applied across the Council
- Increase awareness and use of risk management as a normal element of service management and improvement

Facilitate sharing of experience and good practice across the Council and with other bodies.

3. Leadership and Responsibility

Given the diversity of Council services and the wide range of potential risks, it is essential that responsibility for identifying and taking action to address potential risks is clear.

Responsibility for effective risk management rests with all Members and Officers of the Council.

The Corporate Directors and Heads of Paid Service are the Officers with overall responsibility for securing adherence to the Council's policy on Risk Management. Nick Baker is also designated as the Council's Senior Risk Information Officer (SIRO) and will take overall ownership of the Council's Information Risk Policy, act as champion for information risk on the Corporate Leadership Team and provide written advice to the Head of Finance and Assets on the content of the Council's Statement of Internal Control in regard to information risk.

The framework of roles and responsibilities in Appendix One shows how these are allocated.

4. Corporate Governance

North Norfolk District Council has adopted a Local Code of Corporate Governance setting out the framework through which it will carry out its responsibilities to deliver effective services.

Core principle four requires “taking informed and transparent decisions which are subject to effective scrutiny and managing risk”. This requires that an effective risk management system is in place.

As part of the Local Code it states that the authority should prepare and publish an Annual Governance Statement (AGS). This statement is a key corporate document and will include an assessment of the authority’s effectiveness of managing risk; it is signed by the Corporate Directors and Heads of Paid Service and Leader of the Council.

The assessment of the authority’s effectiveness of managing risk is provided by an annual report to the Governance, Risk and Audit Committee.

To enable links to be made to the Corporate Plan the Corporate Risk Register identifies the Corporate Objective / Service priority to which that risk is identified.

5. Resourcing Risk Management

Risk management is not a new issue and, as identified in the Leadership and Responsibility Section, every Member and Officer is responsible for considering risk implications as they relate to their actions. Since the adoption and implementation of the Risk Management Framework in 2010 the concept of risk management has been formalised and is part and parcel of the culture of the Council.

The designated Risk Champion(s) at Management Team Level is the Head of Finance and Assets who also covers the role of Corporate Risk Officer.

Information Technology is used in the form of the Performance and Risk System.

6. Role and Composition of the Risk Management Board

Whilst acknowledging the wide variety of risks that face the Council, and the differing circumstances that apply in different services, it is essential that there is some consistency in the way that risks are identified and assessed. This helps to ensure that all areas of risk are adequately considered and relative priorities for action can be judged.

The Risk Management Board will provide this consistency of approach. The Board acts as a link between service managers, specialised groups dealing with particular areas of risk, senior management and Members.

The Board consists of the Leader and Deputy Leader of the Council and the Portfolio Holder for Finance, all the Corporate Leadership Team, The Head of Finance and Assets and the HR Manager.

The Terms of Reference and membership of the Risk Management Board are available on the Intranet.

The Corporate Risk Register will be a standing item on the agenda (for any issues or changes that arise) and a full review of the register will take place every six months.

7. Risk Management Role in the Cabinet and Governance, Risk and Audit Committee

The Cabinet is responsible for ensuring that an adequate risk management framework and associated control environment exists within the Council.

The Audit Committee was established in 2006 but has now been replaced by the Governance, Risk and Audit Committee. This Committee is responsible for monitoring the arrangements in place for the identification, monitoring and management of strategic and operational risk.

To provide the Governance, Risk and Audit Committee with the necessary information to undertake these responsibilities, regular progress updates on the Corporate Risk Register are reported at specific meetings.

8. Risk Management Approach

The development of a consistent, corporate approach to risk management is done in a methodical and proportionate way in order to avoid the creation of a self-defeating bureaucratic burden.

To ensure that risk management is handled in the most efficient way within the Council, the risk element has been included in the Service Plans and the work to implement the risk management strategy has been included in the Performance and Risk System.

9. Methodology

A methodology for identifying, assessing and managing risk within the Council has been developed. This methodology has the advantage of being relatively straightforward to use and can be applied to both the strategic risks of the Council and as part of the routine service and project planning processes.

Guidance for managers on the application of the risk management methodology has been produced and is embedded in the Performance and Risk System. Risk review meetings between the Policy and Performance Management Officer and Service Managers are held at least every six months to review and updated the assessment of existing risk and their management, to identify new risks and risks that should be put forward for inclusion in the Corporate Risk Register.

Risk assessments should be produced to support strategic policy decisions and all major projects. The Guide to Project Management (on the Intranet) includes how to assess risk and has forms to capture the data. The Council's risk management methodology should be followed to produce these risk assessments and a summary

of the findings given in reports to Members.

Risk management training will be provided for managers to assist with implementing the risk management methodology. Managing Risk is a tutorial in the e-learning portal.

10. Risk Scoring, Matrix and Risk Tolerance

Corporate Risks

Each corporate risk (a similar matrix is used for service risks) will be assessed against the following criteria:

Corporate Risk					
Impact Type	Catastrophic 5	Critical 4	Moderate 3	Marginal 2	Negligible 1
Objectives	The key objectives in the Corporate Plan will not be achieved.	One or more Key Objectives in the Corporate Plan will not be achieved.	Significant impact on the success of the Corporate Plan.	Some impact on more than one Service.	Insignificant impact on more than one Service.
Financial Impact (Loss)	Over £1.5m	£500K - £1.5m	£300K - £500K	£0K - £300K	£0-20K

Likelihood ratings and dimensions are tabled below

Grade	Likelihood	Probability	Timing
5	Very High	Over 90%	Within six months
4	High	60 - 90%	This year
3	Moderate	40 - 60%	Next year
2	Low	10 - 40%	Probably within 15 years
1	Very Low	below 10%	Probably over 15 years

Instructions issued with service plans

Impact ratings and dimensions are tabled below.

Corporate Risk					
Impact Type	Catastrophic 5	Critical 4	Moderate 3	Marginal 2	Negligible 1
Objectives	The key objectives in the Corporate Plan will not be achieved.	One or more Key Objectives in the Corporate Plan will not be achieved.	Significant impact on the success of the Corporate Plan.	Some impact on more than one Service.	Insignificant impact on more than one Service.
Financial Impact (Loss)	Over £1.5m	£500K - £1.5m	£300K - £500K	£20K - £300K	£0-20K

Service Risk					
Impact Type	Catastrophic 5	Critical 4	Moderate 3	Marginal 2	Negligible 1
Objectives	The key objectives in the Business Plan will not be achieved	One or more Key Objectives in the Business Plan will not be achieved.	Significant impact on the success of the Service Business Plan.	Personal or team objectives not met.	Insignificant impact.
Financial Impact (Loss)*	Over £500K	£300K - £500K	£75K - £300K	£10K - £75K	£0-10K
Service provision	Service suspended long term or statutory duties not delivered.	Service suspended short term.	Service reduced significantly	Slightly reduced	No effect

* Note: these are indicative figures it may be better to use % of budget for some of the smaller services.

Likelihood ratings and dimensions are tabled below

Grade	Likelihood	Probability	Timing
5	Very High	Over 90%	Within six months
4	High	60 - 90%	This year
3	Moderate	40 - 60%	Next year

2	Low	10 - 40%	Probably within 15 years
1	Very Low	below 10%	Probably over 15 years

The probability and timing are guidelines only and should be used with judgement. For example: an identified risk happened in the last six months but had not occurred previously for over 10 years. The likelihood of it happening again is still probably still Low, particularly if you feel that any new controls put in place since the risk happened have made it less likely.

Risk Matrix

The scoring by using a 5x5 matrix, which multiplies the numbers together, gives a wider range of scores.

Matrix

Likelihood of occurrence	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
	Multiply	1	2	3	4	5

Severity of impact / consequences

A very high likelihood with a catastrophic impact would score 25 but something that was very low likelihood and negligible impact would only score 1.

Risk Tolerance

Matrix

Likelihood of occurrence	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
	Multiply	1	2	3	4	5

Severity of impact / consequences

A score of 6 or under is deemed marginal and requires no further action
 A score of between 7 and 14 is deemed moderate and requires action to reduce the score.
 A score of over 15 is deemed critical and requires immediate action.

11. Risk Identification

To meet the requirements of this framework, risk(s) must be capable of being identified at any level, and by anybody, within the Authority.

The key people are the service managers who will be actively monitoring their service plan to identify risks and change management practices and controls to reduce their impact. They can also be escalated to being a corporate risk through the Risk Management Board, as can Members.

12. Risk Registers

The authority has three levels of risk register. The Corporate Risk Register which is maintained by the Corporate Risk Officer (Head of Finance and Assets) and monitored by the Risk Management Board. The service risks are monitored through the service plans and recorded on the TEN system. There are also individual risk registers for certain projects such as the waste and leisure procurements and the new leisure schemes which include the re-provision of leisure facilities in Sheringham and the new Community Sports Hub in Cromer. Reviewing service risks is the responsibility of the service manager with the support of the Policy and Performance Management Officer.

There is no “classic” definition of corporate risk as each organisation is different, however, as a guide a risk that would be described as corporate is one that would adversely affect the delivery of the corporate plan or mean the failure to deliver a corporate objective or affects more than one area of operation.

The Corporate Risk Register is in the following format:

Name/No	Existing Controls	Score (with controls)	Action (to achieve target score) and Date for action to be completed	Target Score	Corporate Objective/ Service Priority	Responsible Officer
1. Cause of risk		Impact x Likelihood = Total		Impact x Likelihood = Total		
2. Description of Risk or potential event						
3. Consequence of risk happening						

The method of scoring likelihood and impact is in section 10.

Similarly, there is no “classic” definition of service risk and it is the clear intention to only collect and monitor the main risks that face a service. In a similar way to the corporate risk, a service risk is one that would adversely affect the delivery of the services business plan or mean the failure to deliver a service objective or affects more than one area within the service.

The service risks are gathered in a similar way:

R e f	Description of risk/ opportunity factor	Existing controls in place to reduce the risk.	Risk Score	Action to reduce risk score with timescale and responsible officer	Target Score	Affected Corporate Objective or Service Activity
	1. Cause of risk					
	2. Description of risk					

	3. Consequence of risk occurring						
			I	L		I	L

All service plans will have the risk element completed and signed off by the relevant Head of Service.

For each risk the category or categories of risk are identified to assist in assessing the kind of control, mitigation and contingencies that should be put in place.

Categories of risk;

- A Financial
- B Reputational
- C Capacity/Delivery?
- D Statutory Compliance
- E Human Resources
- F Partnership
- G Health and Safety

The TEN Performance system will show risks by service and risks and controls must be reviewed on a regular basis, the framework requires a six monthly update which will be facilitated by the Policy and Performance Management Officer.

13. Involvement of Other Related Groups

There are a number of other officer groups in existence which deal with specific areas of risk management. These include both the Health and Safety Group and the Corporate Business (Service) Continuity Group. These groups are represented on the Risk Management Board by their Corporate Directors so that their work can be coordinated with the overall management of the risks facing the Council.

In addition to the groups listed above, the Council's Internal Audit section also contributes to the management of risk. The work of Internal Audit is based on a needs and risk assessment process that identifies and focuses resources on higher risk areas. Audit findings are reported to the relevant Chief Officer and Service Manager together with recommendations for improvement and an action plan. Checks are undertaken by Internal Audit to ensure agreed recommendations are implemented.

The Corporate Risk Officer will receive copies of all finalised internal and external audit reports to assess if any change is required for the risk registers.

14. External Contacts

The potential risks faced by the Council are in many cases similar to those faced by other authorities and it is practical and cost effective to learn from the experience of others.

In order to share risk management information and experiences, the Council has

established networks with other authorities and agencies. Specifically, the Council is a member of the Norfolk Risk Managers' Group. This Group, whose members include local authorities, police authority and others from Norfolk, meets on a regular basis to discuss risk management issues that are common to organisations and to share examples of best practice.

15. Linked Policies

There are a number of policies that are or will be linked to this framework:

Health and Safety Policy

IT Security Policy

Information Management Strategy

Business Continuity Policy

Information Risk Policy

16. Review Process

This Framework will be reviewed by the Corporate Risk Board and any amendments will be agreed by the Governance, Risk and Audit Committee and Cabinet.

Appendix 1: Shared Leadership – Role and Responsibilities

Everyone has a role to play in an integrated risk management framework. Combining shared leadership with a team approach will help contribute to its ultimate success. Roles as identified at present are:

1. FULL COUNCIL

Approve the Corporate Risk Management Framework which includes the Policy Statement and Strategy.

2. CABINET

To provide leadership and direction for the Council. To keep the Council's policies and objectives under review, including the Council's corporate strategic risks, and agree a programme of risk reduction where appropriate.

Receive progress reports on risk reduction programme and agree revisions to "corporate risk register".

Assess risks attached to proposals for new / changed policies and service delivery arrangements and make recommendations to Full Council.

3. GOVERNANCE, RISK AND AUDIT COMMITTEE

Monitor to ensure that an adequate risk management framework and associated control environment is in place.

Monitor arrangements for the identification, monitoring and management of strategic and operational risk within the Council

Receive progress reports on the corporate risk register at each meeting.

4. CORPORATE DIRECTORS AND HEADS OF PAID SERVICE

Overall responsibility for securing adherence to the Council's Policy on Risk Management, including Nick Baker having designation as the Council's Senior Risk Information Officer (SIRO) The description and responsibilities of this role can be found on the intranet.

5. CORPORATE LEADERSHIP TEAM (CLT)

Appoint a Corporate Director and Member to jointly take responsibility for risk management.

Agree the Corporate Risk Management Framework including the Policy Statement and Strategy.

Consider risks attached to proposals for new / changed policies and service delivery arrangements.

Ensure that this framework is applied.

6. RISK MANAGEMENT BOARD

See Terms of Reference (page 13) but amongst those is to:
Consider and agree the Council's corporate strategic risks and identify those requiring further action.

Allocate responsibility to Corporate Directors to develop action plans for corporate strategic risks.

Receive progress reports on risk reduction programme and propose revisions to "corporate risk register".

The Corporate Risk Register will be a standing item on the agenda (for any issues or changes that arise) and a full review of the register will take place every six months.

7. CORPORATE HEALTH AND SAFETY GROUP

Reports directly to the Risk Management Board and is charged with delivering health and safety policy across the Council.

8. CORPORATE RISK OFFICER

Coordinate risk management activity across the Council

Report on risk management activity to Risk Management Board, Corporate Leadership Team (CLT), Management Team and Members.

Maintain a corporate risk register and liaise with Service Managers relating to service risks. Ensuring that the service risks are update on the risk system every six months.

Provide risk management training for officers and Members, appropriate to their needs and responsibilities.

9. INDIVIDUAL SERVICE MANAGERS

Develop action plans in relation to corporate strategic risks as they relate to their area.

Identify risks attached to proposals for new / changed policies and service delivery arrangements.

Ensure that a service risk register is maintained and updated every six months on the risk system and that action plans are implemented.

10. EMPLOYEES

Maintain awareness of risk management principles and take responsibility for managing risk within their own working environment.

Apply risk management to those risks requiring further action, particularly new developments and "project" work.

Maintain a record of risk assessments undertaken relating to them and any resulting action plans.

11. INTERNAL AUDIT

Reporting to Management on the organisations performance under the Risk Management Framework.

12. EXTERNAL AUDIT

Reporting to Management via Use of Resources etc on the organisations performance on risk management.

Document Information and Version Control

Document Name	Risk Management Policy and Framework
Document Description	The framework outlines responsibilities for managing risks and defines how risk management should be applied across the Council.
Document Status	Under Review
Lead Officer	Duncan Ellis
Sponsor	Nick Baker
Produced by (service name)	Finance
Relevant to the services listed or all NNDC	All
Approved by	
Approval date	
Type of document	Policy and Framework
Equality Impact Assessment details	Not required
Review interval	Every 2 years
Next review date	

Version	Originator	Description including reason for changes	Date
1	Peter Gollop		August 2010
1.01	Helen Thomas	Transferred to policy template	23 October 2015
1.02	Helen Thomas	Marked up version showing out-of-date elements and suggested changes	09/11/2015
1.03	Karen Sly	Draft refresh presented to Audit Committee pending further review	February 2016
1.04	Duncan Ellis	Updated provided to the Governance, Risk and Audit Committee	March 2017
1.05	Duncan Ellis	Updated provided to the Governance, Risk and Audit Committee	March 2018

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ACCOUNTS CLOSEDOWN 2018/19 - TECHNICAL UPDATE

Summary: This report is provided to the Governance, Risk and Audit Committee to give an update on the accounts closedown process for the 2018/19 financial year.

Closure Timetable

The Council's financial year end is 31st March 2019, with the last working day being Friday 29th March. Staff will have one week to prepare any adjustments which are required before the accounts are then closed so that the Accountancy team can prepare the Financial Statements. Staff will be made aware of the deadlines by email bulletin and on the intranet.

The deadline for publication of the draft accounts on the Council's website is 31st May. The draft accounts will be discussed at the June meeting of the Committee.

The external audit team will be on site for one week in April for early testing (mainly focussing on assets accounting) and complete the remainder of their work in July. By the time of the March meeting, two weeks of interim testing will also have been completed. The statutory deadline for the sign-off of the audited accounts is 31st July. The audited accounts will be presented to the July meeting of the Committee for approval.

Key changes for 2018/19 closedown

There are new accounting standards that have been adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) in their Code on which local authority accounts are based. These are summarised below:

IFRS 9 – Financial Instruments

This standard affects how the Council's investments are accounted for and has two broad effects.

1. Impairment Allowance – The Council will now be required to make an impairment allowance when making qualifying investments (such as loans) on recognition and when the level of risk of default has changes, rather than just when default has actually occurred. This will result in a charge to the revenue account, although this will be reversed when the investment matures if it was not required. At the present time, the only qualifying investment held by the Council is the loan to Broadland Housing Association.
2. Treatment of movements in the fair value of financial assets – currently, when the value of the Council's investments change, this is transferred to an unusable reserve so the taxpayer does not bear the cost of these movements. The only time this effects the revenue account is when an investment is sold (and generates a surplus or a loss). Under the new standard this was to be changed for certain types of investments, such as pooled funds, which would now have a direct impact on the taxpayer at the end of each financial year, regardless of if the investment was sold. The value of the investments is entirely determined by market forces over which the Council has no control. The Council invests significant money in pooled funds and so this represents a risk to the revenue account (although this is somewhat mitigated through the use of advisors and having a balanced portfolio of treasury assets). Officers lobbied the government to allow a statutory override for Councils, to allow the movements in fair

value to continue to be held in an unusable reserve, which was granted in late 2018, for a term of 5 years. The Council will continue to assess its holdings of pooled funds in light of this, although in the current climate of below inflation interest rates, they continue to represent a good option for safeguarding against erosion of the value of the Council's money due to inflation. There is likely to be significant disclosure changes due to this standard, these will be highlighted to the committee in June when the draft statements are discussed.

IFRS 15 – Revenue from contracts with customers

This standard aims to standardise when revenue is accounted for, and makes clear this should only be when all 'performance obligations' relating to that revenue have been satisfied. The Council currently applies the accruals principle of accounting for revenue, and any monies received which have unfulfilled conditions at year end are treated as receipts in advance. As such, we don't believe this standard will have a material impact on the accounts, although there may be changes to some disclosures in the accounts. Any changes to the presentation will be highlighted to the Committee in June.

Lessons learned from 2017/18 closedown

Last year, the both the deadlines for completion of the draft accounts, and the audit of the draft accounts were met. As such, no great changes to the timetable are proposed, but the team will endeavour to maintain and develop better and earlier communication with external auditors to make sure any issues are resolved quickly, so that the deadlines are not threatened. A closeout and feedback meeting for the 2017/18 audit process was undertaken between the lead auditor and members of the finance team, to allow good practice to be considered as part of the 2018/19 planning process.

Contextual issues

Autumn Budget 2018

The Chancellors announcements in the Autumn Budget were largely unhelpful for District Councils as they are neither highways nor social care authorities so do not benefit from a large portion of the extra funds that were promised. The removal of the borrowing cap for the HRA presents an opportunity for the Council should it wish to become a stockholding authority.

Fair Funding Review/Government Spending Review

The Spending Review will set the Government Departmental Expenditure Limits (DELs), and is set to begin before the summer parliamentary recess. The 2019 spending review is expected to cover 3 financial years (which is one fewer than we were expecting), but only on the basis of an orderly exit from the European Union. This review will set the ultimate size of the pot of money available to local government, with the Fair Funding Review then dividing that up between Councils. This continues to be a significant risk to the Council's long term financial sustainability and is being monitored closely by officers.

CIPFA guidance on investment

CIPFA are concerned by the current trend of Councils borrowing large amounts of money from the Public Works Loan Board (PWLB) to invest in commercial property, which they see as breaching the provisions of the Prudential Code relating to borrowing in advance of need. There has been a lot of discussion across the sector of what exactly constitutes borrowing in advance of need, and it is CIPFAs intention to publish new guidance on this in the spring/summer of 2019. This will primarily affect authorities who have, or are intending to, borrow money in order to invest in commercial property solely for a return on their investment, rather than for any service purposes. The Council's Investment Strategy has been written with this anticipated guidance in mind. The Council does not currently undertake long term borrowing to finance commercial asset purchases.

Looking ahead to 2019/20

IFRS 16 – Leases

The new leases standard will come into effect for Councils in the next couple of years, and will represent a significant change to the way leases are accounted for, bringing many more "on balance sheet". Currently, there is a split between operating and finance leases, which will soon be replaced by a lease for a "right of use asset". The accounting for these is much more similar to the way we currently account for finance leases at the moment, but they are wider in scope. Managers are being educated on this point and the finance team are working hard to ensure that all contracts are checked for the existence of right of use assets.

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GOVERNANCE, RISK & AUDIT COMMITTEE ON 4th DECEMBER 2018

ACTIONS ARISING FROM THE MINUTES

Minute No.	Agenda item and action	Action By
42.	Progress Report on Internal Audit Activity	
	To note the outcomes of the assurance audit completed between 4th September 2018 and 23rd November 2018.	GRAC December meeting
43.	Follow-up on Internal Audit Recommendations	
	To note management action taken to date regarding the delivery of audit recommendations.	GRAC December Meeting
44.	Anti-Money Laundering Policy	
	To agree the Anti-Money Laundering Policy.	GRAC December Meeting

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GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2019/2020

Date/Completed	Item	Lead Officer/Member	Objectives & Additional Comments	Cycle
11th June 2019				
	Progress report on Internal Audit Activity	Internal Auditors – Emma Hodds/Faye Haywood		Quarterly
	Follow up on Internal Audit Recommendations	Internal Auditors – Emma Hodds/Faye Haywood	To include update on historical recommendations	Six Monthly
	Annual Report/Opinion & Review of the Effectiveness of Internal Audit	Internal Auditors – Emma Hodds/Faye Haywood		Annual
	Self-assessment feedback	Internal Auditors – Emma Hodds/Faye Haywood		Annual
	Monitoring Officer’s Report	Monitoring Officer – Emma Duncan		Annual
	Annual Governance Statement 2019/20?	Chief Technical Accountant – Lucy Hume		Annual
	GRAC Work Annual Report	Committee Officer – Matt Stembrowicz		Annual
	Draft Statement of Accounts	Chief Technical Accountant – Lucy Hume		
23rd July 2019				
	Audit Results Report	External Auditors - EY		Six Monthly
	Letter of Representation	Head of Finance & Asset Management – Duncan Ellis		Annual
	Draft Statement of Accounts?	Chief Technical Accountant – Lucy Hume		
10th Sept 2019				
	EY Annual Audit Letter	External Auditors - EY		Annual
	Progress Report on Internal Audit Activity	Internal Auditors – Emma Hodds/Faye Haywood		Quarterly
	Corporate Risk Register	Head of Finance & Asset Management – Duncan Ellis	To review the corporate risk register	Six Monthly
3rd Dec 2019				
	Progress Report on Internal Audit Activity	Internal Auditors – Emma Hodds/Faye Haywood		Quarterly
	Follow Up Report on Internal Audit Recommendations	Internal Auditors – Emma Hodds/Faye Haywood	To include update on historical recommendations	Six Monthly
	Anti-money laundering policy	Internal Auditors – Emma Hodds/Faye Haywood		Annual
	Civil Contingencies Update	Internal Auditors – Emma Hodds/Faye Haywood		Annual

GOVERNANCE, RISK & AUDIT COMMITTEE – ANNUAL WORK PROGRAMME 2019/2020

24 th March 2020				
	EY Audit Plan (with overview) Annual Grant Certification Report from EY	External Auditors - EY		Annual
	Progress Report on Internal Audit Activity	Internal Auditors – Emma Hodds/Faye Haywood		Quarterly
	Undertake self-assessment	Internal Auditors – Emma Hodds/Faye Haywood		Annual
	Strategic and Annual Audit Plans	Internal Auditors – Emma Hodds/Faye Haywood		Annual
	Technical update for accounts closedown 2019/20	Chief Technical Accountant – Lucy Hume		Annual
	Corporate Risk Register	Head of Finance & Asset Management – Duncan Ellis	To review the corporate risk register	Six Monthly
	Risk Management Framework	Head of Finance & Asset Management – Duncan Ellis	To review the Council’s risk management framework	Annual