

### **Audit committee**

**Date: Tuesday, 10 March 2020**

**Time: 16:30**

**Venue: Mancroft room, City Hall, St Peters Street, Norwich, NR2 1NH**

#### **All group pre-meeting briefing – 16:00 Mancroft Room**

This is for members only and is not part of the formal audit committee meeting which will follow at 16:30. The pre-meeting is an opportunity for the committee to make final preparations before the start of the formal meeting. The public will not be given access to the Mancroft room before 16:30.

#### **Committee members:**

##### **Councillors:**

Price (chair)  
Driver (vice chair)  
Giles  
McCartney-Gray  
Peek  
Schmierer  
Stutely  
Wright

#### **For further information please contact:**

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#### **Information for members of the public**

Members of the public and the media have the right to attend meetings of full council, the cabinet and committees except where confidential information or exempt information is likely to be disclosed, and the meeting is therefore held in private.

For information about attending or speaking at meetings, please contact the committee officer above or refer to the council's website

## Agenda

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#### 1 Apologies

To receive apologies for absence

#### 2 Public questions/petitions

To receive questions / petitions from the public

Please note that all questions must be received by the committee officer detailed on the front of the agenda by **10am on Thursday, 5 March 2020.**

Petitions must be received must be received by the committee officer detailed on the front of the agenda by **10am on Monday, 9 March 2020**

For guidance on submitting public questions or petitions please see appendix 1 of the council's constitution.

#### 3 Declarations of interest

(Please note that it is the responsibility of individual members to declare an interest prior to the item if they arrive late for the meeting)

#### 4 Minutes

5 - 8

To approve the accuracy of the minutes of the meeting held on 21 January 2020

#### 5 Housing Benefits Agreed Procedures 2018-19 (oral report)

To receive an oral update from the council's reporting accountants on the outcome of the housing benefits subsidy claim agreed procedures for 2018-19.

#### 6 External Audit Plan 2019-20 (oral report)

To receive an oral update from the council's external auditors on progress with developing the external audit plan for the 2019-20 accounts.

**7 Internal Audit Plan 2020-21**

**9 - 32**

**Purpose -** To agree the internal audit outline plan for 2020-21

Date of publication: **Tuesday, 03 March 2020**





**Audit committee**

**16:30 to 18:35**

**21 January 2020**

Present: Councillors Price (chair), Giles, McCartney-Gray, Peek, Sarmezey (substitute for Councillor Driver), Stutely, Wright and Youssef

Also present: Councillor Kendrick cabinet member for resources

Apologies: Councillor Driver (vice chair)

**1. Public questions/petitions**

There were no public questions or petitions received.

**2. Declarations of interest**

There were no declarations of interest.

**3. Minutes**

**RESOLVED** to approve the accuracy of the minutes of the meeting held on 15 October 2019.

**4. Internal Audit Update Quarter 3 2019-20 – October to December update**

The head of internal audit (LGSS) presented the report advising the committee on the work of internal audit in the period and progress against the internal audit plan.

The chair stated that he was concerned about the number of days allocated to audit activity. The internal audit plan, attached as Appendix A to the report, profiled the annual days at 450 and he considered this was not enough to respond to what he termed the increasing risk profile of the council. He highlighted commercial purchasing, Norwich Regeneration Limited (NRL) and the insourcing of joint ventures as increased risks to the council along with the Brexit and Climate change challenges.

In response to a question from the chair the director of resources said that when considering if the risk profile of the council was rising it was important to ask what was a risk, was it something which would prevent the council from achieving its corporate plan and objectives. Risk registers and the internal audit plan were aligned with the council's corporate plan. He noted that it was difficult to consider the correct number of annual audit days without reviewing the annual internal audit plan which was scheduled to come to the March meeting of audit committee.

A member noted that in terms of the raising profile of risk, the joint ventures were not scheduled to come in until financial year 2021-22 and it was premature to consider an increase to the days to manage this risk. In response to a member question the principal auditor said it was his view that it would be of value to bring in audit in a consultancy role to review the insourcing companies in advance rather than using audit solely in an assurance role. The director of resources noted that members of the internal audit team sat on the insourcing project board and were embedded in the process with scope for a further role in the future.

A member asked if it was possible to reallocate days when and if new risks were identified. The head of internal audit said it was but that days spent auditing the council's key financial systems were reduced to a minimum. Members discussed the number of audit days required and concluded that there were enough days currently allocated with the flexibility to respond to new risks in the future and allocate further days to these. Members agreed to discuss the correct number of days when the internal audit plan was presented at the March meeting of committee. The chair expressed his displeasure that there was no draft report to consider or feed into at this meeting.

In response to a member question the head of internal audit said that problems which occurred at authorities of a similar size and nature were considered when designing the internal audit plan as part of horizon scanning activities.

The chair noted that LGSS would no longer be providing internal audit to Norwich City Council and members discussed how the service would be provided going forward. The principal auditor advised that two staff from LGSS would be transferred over to the council and would continue to provide the internal audit service. The director of resources noted that it was a difficult situation and the organisation and structure of internal audit was being considered. He noted that because a new chief executive officer had recently started starting recruitment was delayed in order for him to feed into the new structure. A number of options were being considered for the continuation of the service after 1 April 2020.

The principal auditor reviewed finalised assignments from the quarter and noted there were good assurances received on key financial systems. In terms of key policies and procedures there were a number of recommendations made following the internal audit of the area. The director of resources advised that this piece of work was being picked up by the Corporate Governance Group, the work would consider when policies should be reviewed and who was responsible for which policies. The head of internal audit advised that each director would be asked to sign an annual assurance statement to confirm their policies and procedures had been reviewed and were up to date. In response to a member question the head of internal audit said the review had found policies and procedures were in place in key areas but that the system for reviewing policies should be more robust.

The head of internal audit provided an update on work in progress, there was a piece of work on contract management outstanding, a key area to be addressed was client side contract management and improving the controls to manage outcomes. The chair expressed a desire to see the report when completed. Members discussed NRL, for clarity it was noted that the director of resources was a director of NRL as was the cabinet member for resources.

Discussion ensued on appropriate ways to manage commercial companies. Councillor Wright, advised he attended a recent conference at the centre for public scrutiny and the emerging commercialisation agenda within local authorities was the topic of the opening address. Another member noted that this was a key topic of debate at a recent political conference. Members acknowledged that commercialisation presented a number of challenges to local authorities in terms of how the relationship between a local authority and a council owned commercial company would be structured.

The director of resources said this was acknowledged and appropriate structures were being considered and the council was commissioning specialist advice to enable it to consider the potential options. The chair noted that he had raised concerns regarding the council's relationship with NRL previously and highlighted the recommendations on page 14 of the report. It was the chair's opinion that an independent internal audit of NRL should be conducted on behalf on the council.

In response to a member question the director of resources said that NRL could be included in the internal audit plan but what an internal audit of NRL would incorporate had to be considered. As a commercial company the governance arrangements for NRL were different to that of the council. The head of audit explained the difference between a third party assurance and a client side audit, in the former the audit was carried out as suggested by a third party and not the council's own audit team which was what a client side audit referred to. The chief finance and section 151 officer said it was acknowledged that how to structure relationships, in particular, the shareholder function had to be considered. The work to find the appropriate model for Norwich was being undertaken.

In response to a member question the director of resources said the relationship between NRL and the council would be different to that of the joint ventures if they were brought in. NRL was a commercial company providing services to the market. Joint ventures were guaranteed a contract from the council and therefore an income. In response to a member question the director of resources said that the timetable for bringing joint ventures inhouse was April 2021 for environmental services and it was anticipate that building maintenance and property services would be brought back in April 2022. Members considered that there would be sufficient time to consider and put the appropriate models for risk management in place.

Members briefly considered the risk register, in response to a member question the director of resources said that internal audit maintained and administered the risk register but that it was owned by the Corporate Leadership Team (CLT). Internal audit conducted a risk management session with CLT and the register was reviewed and the format changed. It was acknowledged that two risks were yet to be entered onto the risk register

**RESOLVED to:**

- (1) thank internal audit for their hard work; and
- (2) note the report

CHAIR





**Report to** Audit committee  
10 March 2020  
**Report of** Director of resources  
**Subject** Internal Audit Plan 2020-21

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**Item**

**7**

**Purpose**

To agree the internal audit outline plan for 2020-21

**Recommendation**

To endorse the draft Internal Audit Plan

**Corporate and service priorities**

The report helps to meet the corporate priority a healthy organisation

**Financial implications**

None

**Ward/s:** All Wards

**Cabinet member:** Councillor Kendrick - Resources

**Contact officers**

Anton Bull, director of resources

01603 212326

**Background documents**

None

# Report

## Background

1. CIPFA and the Chartered Institute of Internal Auditors launched a common set of Public Sector Internal Audit Standards (PSIAS) in April 2013. The PSIAS set out the standard for internal audit across the public sector and is regularly updated to reflect current best practice.
2. The principles in the PSIAS are consistent with the previous CIPFA code of practice for internal audit which applied across local government. They include the need for risk-based plans to be developed for internal audit and for plans to receive input from management and the 'Board'; for the purposes of the key duties laid out in the PSIAS, the Audit Committee is effectively the 'Board' for the Council.
3. Under the Local Government Act, the Council's Section 151 officer is responsible for ensuring that there are arrangements in place for the proper administration of the Authority's financial affairs. The work of Internal Audit is therefore directly relevant to these responsibilities.

## Mission

4. PSIAS Performance Standard updated in 2017 states the mission of internal audit as:

*"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight."*

## Definition

5. PSIAS Performance Standard updated in 2017 defines internal audit as:

*"Internal auditing is 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."*

## Audit Planning

6. PSIAS Performance Standard updated in 2017 – Planning states that:

*"The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals."*

7. The standards refer to the need for the risk-based plan to consider the organisation's risk management framework, and to take into account the requirement to produce an annual internal audit opinion and the assurance framework.
8. Within the Council, the Chief Audit Executive will be the internal auditor manager, for the purposes of the PSIAS. The council is currently recruiting to

this role on a one-year temporary basis and will then recruit on a permanent basis. Performance Standard 2450 – Overall Opinions states that:

*“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.”*

9. The risk-based plan therefore needs to include an appropriate and comprehensive range of work, which is sufficiently robust to confirm that the Audit Committee can rely upon all assurances provided as part of the system of internal audit. The internal auditor manager will ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the internal audit plan.

## The planning process

10. 2020/21 is a transition year as the service from LGSS comes to an end and the council insources the internal audit function. Two internal auditors will transfer across in April 2020 and the council is recruiting an internal audit manager. This will allow the council to have around 400 days in the internal audit programme with spare capacity for consultancy and advisory work.
11. This internal audit plan will therefore develop further once the internal audit manager is appointed. The corporate leadership team are particularly keen to see more consultancy/advice from internal audit to allow good governance to be designed in from the beginning of any changes.
12. Appendix 1 shows the internal audit days used by similar local authorities and the capacity at the council compares well to these authorities.
13. At this stage whilst recruitment of an internal audit manager is ongoing a high-level plan has been developed and will be refined once the internal audit manager starts. The plan will be formatted around key areas as the table below shows:

	Controls	Governance	Risk Management
Assurance			
Consultancy/advice			
Responsive			
Follow-up			

14. The audit plan is intended to remain dynamic in nature and will be reviewed and re-aligned on a regular basis to take account of new, emerging and changing risks and priorities. Resources will then be re-prioritised towards the areas of highest risk. The audit plan will be reported to Audit Committee every

quarter, and should be reviewed and robustly challenged by the Corporate Leadership Team, the S151 Officer and the Audit Committee.

15. In order to develop the audit plan, there must be a sound understanding of the risks facing the Council. The Internal Audit risk assessment of the authority is updated during the year and used to form the basis of the Internal Audit plan, alongside the Corporate Risk Register. The Internal Audit Manager will also engage with senior managers to ensure that known and emerging risks are considered in annual audit planning.
16. The Corporate Leadership Team have put forward the high level plan based on discussion of the key areas of risk for the council.

## **The annual plan**

17. The Internal Audit Plan for the next year must be sufficiently flexible to enable assurance to be obtained over current risk areas, as well as emerging risks, and those risks which are yet to be identified.
18. Inevitably, the potential for risks is increased during periods of change. For instance, reductions or high levels of turnover in the workforce provide an opportunity for controls to break down – as well as an opportunity to consider new and more efficient ways of organising people, systems and processes, without adversely impacting internal control. To reflect this risk, the Audit Plan contains an allocation of time for advice and guidance. Reviews of the key financial systems and compliance audits will provide assurance that the basic governance and control arrangements are continuing to operate effectively, minimising the risks of misappropriation, loss and error. Maintaining a well communicated anti-fraud framework with clear guidance to encourage whistleblowing remains critical to good governance.
19. The Audit Plan reflects the environment in which public sector audit operates, recognising that this has changed considerably over the past few years audit coverage is intended to ensure stakeholders receive a valuable assurance and that the audit service tangibly adds value to the organisation.
20. Maintaining an Audit Plan which is dynamic, challenging and prioritised based on the organisation's risks is not a new concept; however, in the current environment it is ever more critical if Internal Audit is to help the Council to respond effectively to the scale of change required in 2020/21 and beyond.

## Appendix 1 – comparison to other local authorities

Internal Audit days	Comparison to bench mark authorities as of 17/2/2020
Authority	Days
Norwich City Council	<b>450</b> days
City of Lincoln Council	For 2019/20 the Council's Internal Audit Plan is <b>360</b> Days – with an additional 40 days for testing of the Housing Subsidy claim on behalf of External Audit. As part of efficiency savings the plan has been reduced.
Preston City Council	The Internal Audit Plan for 2019/20 is based on a resource of <b>455</b> audit days. This is the number of chargeable days available within the existing budget (after deducting annual leave and other non-chargeable time).
Exeter City Council	The Internal audit service has <b>470</b> days within the plan. Of those days, <b>138</b> are fixed days for general administration, follow-ups and other activities conducted by Internal Audit, such as National Fraud Initiative co-ordination, administration of RIPA, review of hospitality and disclosures, Disabled Facilities Grant audit (terms of grant conditions) and Public Sector Internal Audit Standards Peer review. A small amount of time is set aside as a contingency to allow for unplanned work such as frauds. The remaining <b>332</b> days will be used for the planned work
Chesterfield Borough Council	Total of <b>560 internal audit days</b>
Harlow District Council	<b>341</b> days allocated
Stevenage Borough Council	<b>350</b> days allocated
Worcester City Council	<b>320</b> days
Hastings Borough Council	Specifies areas but not days allocated
Welwyn Hatfield Borough Council	<b>310</b> days

## Appendix 2 – Draft internal audit plan

Draft Internal Audit Plan 2020/21					
Audit	2019/20	Assurance Block	Theme	Directorate	Why?
<b>Anti-Fraud and Corruption</b>					
<i>Allocation of time for risk assessment and investigation of fraud and theft referrals. Should significant fraud be identified in-year management will be consulted as to the best way to investigate as well as, where appropriate, how to improve the control environment to reduce the risk of re-occurrence. The National Fraud Initiative is a national data matching exercise &amp; internal audit will coordinate the data cut on behalf of Norwich City Council.</i>					
National Fraud Initiative	20	<b>Responsive</b>	<b>Controls Governance</b>	Cross-Cutting	Management of statutory National Fraud Initiative.
Fraud Investigations	10	<b>Responsive</b>	<b>Controls Governance</b>	Cross-Cutting	Allocation of time for risk assessment and investigation of fraud and theft referrals. Should significant fraud be identified in-year CLT will be consulted as to the best way to investigate as well as, where appropriate, how to improve the control environment to reduce the risk of re-occurrence.
<b>Total Anti-Fraud and Corruption:</b>	<b>30</b>				
<b>Key Financial Systems</b>					
<i>Providing assurance that the Council has made arrangements for the proper administration of its financial affairs, these system audits are agreed in advance with External Audit and focus on the systems with the highest financial risk. These reviews give an opinion as to the effectiveness of financial management procedures and arrangements to ensure the integrity of accounts.</i>					
Payroll	15	<b>Assurance</b>	<b>Controls Governance</b>	Cross-Cutting	Annual assurance over Key Systems conducting transactional testing.
Housing Rents/Arrears	20	<b>Assurance</b>	<b>Controls Governance</b>	Cross-Cutting	
Housing Benefits	20	<b>Assurance</b>	<b>Controls Governance</b>	Cross-Cutting	
Council Tax	15	<b>Assurance</b>	<b>Controls Governance</b>	Cross-Cutting	

NNDR	15	<b>Assurance</b>	<b>Controls Governance</b>	Cross-Cutting	
Bank Reconciliations	10	<b>Assurance</b>	<b>Controls Governance</b>	Cross-Cutting	
Treasury Management	15	<b>Assurance</b>	<b>Controls Governance</b>	Cross-Cutting	
Other financial systems to be identified	50	<b>Assurance</b>	<b>Controls Governance</b>		
<b>Total Key Financial Systems:</b>	<b>160</b>				
<b>Strategic Risk Management</b>					
<i>Assurance over the Council's risk management framework in addition to support, advice and facilitation of strategic risk management processes.</i>					
Strategic Risk Management	15	<b>Assurance</b>	<b>Risk Management</b>	Cross-Cutting	Administration and reporting of corporate risk register and supporting documents.
Risk Management	5	<b>Consultancy /advice</b>	<b>Risk Management</b>	Cross-Cutting	Assurance over the Council's risk management framework
<b>Total Risk Management:</b>	<b>20</b>				
<b>Contracts</b>					
<i>This is a key area of risk. Effective and proportionate contract monitoring by the Council is essential to ensure good cost control (i.e. we pay what we should based on actual costs/'contract' conditions) and that expected outcomes from these contracts are achieved. Higher-risk contracts have been selected for review, incorporating open-book assurance where possible to ensure that these are operating in accordance with the terms of the contracts and value for money is being achieved by contract management activities. Work to examine the commissioning process as a whole is also included in this assurance block.</i>					
Contract Management	20	<b>Assurance</b>	<b>Controls Risk Management</b>	Cross-Cutting	Based on assessment of risk and value e.g. joint venture contracts, concentrating on contract monitoring and open book reviews where appropriate.
Joint Ventures	50	<b>Consultancy /advice</b>	<b>Risk Management Controls Governance</b>	Cross-Cutting	Provide guidance and advice during the process of bringing back 3 JV's (under 5 contracts) to the Council.

<b>Total Contracts:</b>	<b>70</b>				
<b>Risk-Based Audits &amp; Director Requests</b>					
<i>These are areas of risk specifically identified by key officers during the consultation process and have been requested to be included in the 2018/19 Audit Plan. This block also includes areas where the Audit Committee require additional assurances. Assurance over key organisational risks and requests for specific audit reviews by individual Directors will not only give directors the assurance they have requested but will support the annual Head of Internal Audit opinion across the control environment.</i>					
Wholly owned limited companies	15	<b>Assurance</b>	<b>Controls Governance</b>	Cross-Cutting	Review the suite of assurances required by Norwich CC to ensure governance arrangements in place at wholly owned companies are effective & proportionate to ensure NoCC objectives are achieved and interests protected. This could be 3PA and reliance on wholly owned company internal auditors & company director assurance statements.
Commercial property investment	10	<b>Consultancy /advice</b>	<b>Risk Management</b>		CLT request
<b>Total Risk-Based Audits:</b>	<b>25</b>				
<b>Key Policies &amp; Procedures</b>					
<i>Effective policies and procedures drive the culture and risk appetite of the organisation and ensure key control principles are captured. They should review annually to ensure they remain proportionate and effective.</i>					
Annual Key Policies & Procedures Review	5	<b>Assurance</b>	<b>Governance</b>	Cross-Cutting	Following previous year audit reviews of core policies and procedures, this review will provide assurance that there is an effective framework to ensure key policies are reviewed, updated and effectively communicated.



Business continuity plan and procedures	5	Consultancy/advice	Risk Management		CLT request
Emergency planning and resilience procedures	5	Consultancy/advice	Risk Management		CLT request
<b>Total Policies &amp; Procedures:</b>	<b>15</b>				
<b>Compliance</b>					
<i>Compliance checks across the organisation to provide assurance on whether critical controls within key policies and procedures are routinely complied with in practice. Proposed coverage is underpinned by an assessment of the Council's framework of controls and findings from previous audit work.</i>					
Implementing/assessing the council against the new Financial Management Code	5	Consultancy/advice	Assurance		CLT Request
New starters and leavers procedures	5	Assurance	Controls		CLT request
GDPR Governance and compliance	5	Assurance	Controls		CLT request
Business cases	5	Assurance	Governance		CLT request
Equality impact assessments	5	Assurance	Governance		CLT request
Licensing procedures	5	Assurance	Governance		CLT request
Other compliance checks to be identified	15	Consultancy/advice	Governance		
<b>Total Compliance:</b>	<b>45</b>				

<b>ICT and Information Governance</b>					
<i>Reviews of key risk areas around information governance and information security, as well as coverage of key ICT risk areas such as major ICT failure.</i>					
ICT Audits to be identified		<b>Assurance</b>	<b>Controls</b>		To be identified with the internal audit manager
<b>Total ICT and Information Governance:</b>	<b>25</b>				
<b>Governance</b>					
Attend Information Governance Group	5	<b>Consultancy/advice</b>	<b>Governance</b>	Cross-Cutting	Attending corporate information and assurance group.
Attend Data Breach Response	5	<b>Consultancy/advice</b>	<b>Governance</b>	Cross-Cutting	Reviewing effectiveness of internal controls.
Attend/facilitate Corporate Governance and RM Group	5	<b>Consultancy/advice</b>	<b>Governance</b>	Cross-Cutting	Attend Corporate Governance & RM Group; facilitate the agenda items covering Risk Management.
Annual Governance Statement	10	<b>Assurance</b>	<b>Governance</b>	Cross-Cutting	Assurance mapping and draft to accompany statement of accounts
<b>Total Governance:</b>	<b>25</b>				
<b>Grant assurance</b>					
<i>Provision of assurances over grant funding from central government where a Head of Audit opinion is required. These are becoming more in number each year and management will be kept informed of new requirements via the normal reporting mechanisms.</i>					
Disabled facility grant	10	<b>Assurance</b>	<b>Controls</b>		Certification to Norfolk CC - to be completed by 31st May 2020
Grants	5	<b>Assurance</b>	<b>Controls</b>		CLT Request
<b>Total Grant assurance:</b>	<b>15</b>				

<b>Advice &amp; Guidance</b>					
Ad -Hoc Advice & Guidance	15	<b>Consultancy/advice</b>	<b>Governance</b>	Cross-Cutting	Providing support and guidance to staff on ad-hoc queries, and internal controls.
Follow-Ups of Agreed Actions	20	<b>Follow Up</b>	<b>Governance</b>	Cross-Cutting	Confirming agreed actions have been implemented to reduce key organisational risks.
Cross cutting charges	5				CLT request
<b>Total Advice &amp; Guidance:</b>	<b>40</b>				
<b>Reporting</b>					
Committee Reporting	15	<b>Assurance</b>	<b>Governance</b>	Cross-Cutting	Reporting to Audit Committee.
Management Reporting	10	<b>Assurance</b>	<b>Governance</b>	Cross-Cutting	Reporting to CLT, Director of Business Services and S151 Officer.
Audit Plan	10	<b>Assurance</b>	<b>Governance</b>	Cross-Cutting	Development and full consultation on the Annual Internal Audit Plan and any in-year revisions / updates.
<b>Total Reporting:</b>	<b>35</b>				
<b>Operational Plan Total - 2020/21</b>	<b>505</b>				



## Norwich City Council

Risk		01. Failure to fulfil statutory or legislative responsibilities, including safeguarding												
Likelihood	5													
	4													
	3													
	2													
	1													
		1	2	3	4	5								
		Consequence												
Risk Owners							Director of People and Neighbourhoods		Current Score		15	Last Review		15/01/2020
									Target Score			Next Review		01/07/2020
									Previous Score					
Triggers							Likelihood Factors (Vulnerability)					Potential Consequences		
1. Lack of understanding the statutory and legislative responsibilities. 2. Lack of awareness of legislative changes and new legislation 3. Failure to implement statutory duties and responsibilities. 4. Lack of required skills knowledge and experience of key officers tasked to fulfil statutory or legislative responsibilities. 5. Insufficient organisational capacity. 6. Ineffective procedures and processes. 7. Lack of clarity of roles and ownership of legislative responsibilities (H&S, safeguarding, equality etc.) 8. Delegation of responsibilities where services are with a contractor.												• Financial costs in compensation and fines. • Intervention if complete failure. • Acting illegally • Negative impact on the Council's reputation. • Wrong decision being made. • Harm, abuse, accident or death linked to failure of the Council to act within safeguarding arrangements. • Being held to account by overseeing organisations (e.g. children safeguarding) maybe included in reputation.		

Controls	Adequacy	Critical Success
Communication strategy to ensure implementation	Good	
Corporate governance group in place to oversee compliance	Good	
Legal services in place to provide support	Good	
Positive approach for checking compliance to legislations	Good	
Professional leads identify legal requirements	Reasonable	
Quality assurance process in place for contracted services.	Good	

Action Plans	Responsibility	Target Date
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Suitably trained and qualified staff and mandatory reading of key documents for all officers	Good	
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**Risk Path:** New Norwich City Council/Norwich City Council

**Risk Category:**

**Linked Objective(s):**

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Risk		02. Failure to deliver corporate plan objectives: Great neighbourhoods housing and local environments; Inclusive economy; Live well									
Likelihood	5										
	4										
	3										
	2										
	1										
		1	2	3	4	5					
		Consequence									

**Risk Path:** New Norwich City Council/Norwich City Council  
**Risk Category:**  
**Linked Objective(s):**

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Risk		03. Failure to deliver responsive financial planning														
Likelihood	5						Risk Owners	Chief finance officer	Current Score	12	Last Review	15/01/2020				
	4												Target Score		Next Review	01/07/2020
	3															
	2								Triggers	Likelihood Factors (Vulnerability)	Potential Consequences					
	1															
		1	2	3	4	5										
Consequence						1 Failure to achieve savings as a result of insourcing JV. 2 Reduced levels of funding by central government and/or restrictions on the ability to raise funding locally. 3 Failure to address in year and medium term financial pressures in a sustainable way. 4 Funding insufficient to resource demand and associated plans. 5 Increased levels of demand over and above that which is capable of being funded (e.g. increased population, changes in demographics, legislative changes, local expectations and priorities). 6 Major failure of IT and/or key systems. 7 Inefficient Commissioning cycle including: o Identification of service need and analysis o Ineffective option appraisal/ business case/ financial modelling. 8 Fraud and corruption. 9 Housing rents change. 10 Commercial property investment strategy is challenged by central government and restrictions imposed. 11 Commercial property investments do not make the return required by the strategy. 12 NRL doe snot meet its financial and business plan targets.										

Controls	Adequacy	Critical Success
	Good	
1Financial Governance Framework oThis includes financial procedure rules, contract management procedure rules, budget setting process and monitoring and close-down.	Good	
2Accountability for budget delivery	Good	

Action Plans	Responsibility	Target Date
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oColleagues recognise and embrace their personal accountability for delivering on time, to standard and within budget and deliver their savings/income objectives. oAccountability letters issued to all budget managers.		
3Budget Development oDeliverable proposals are generated. Those with significant lead-in times or require a change in policy are sufficiently worked up before being subject to political scrutiny and approval.	Good	
4Budget monitoring, forecasting and reporting oRegular monitoring of revenue and capital budget forecasts is undertaken - with corrective action identified and taken to mitigate overspends/underfunding/reduced income at the earliest opportunity oMonthly reports to CLT and quarterly reports to Cabinet (?) on revenue and capital budget forecasts. oExternal Audit oInternal Audit opinion	Good	
5Revenue Generation  oDebt Recovery Policy	Good	

**Risk Path:** New Norwich City Council/Norwich City Council

**Risk Category:**

**Linked Objective(s):**

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Risk		04. Failure to deliver services with/from partners										
Likelihood	5						Risk Owners	Director of resources	Current Score	12	Last Review	15/01/2020
	4								Target Score		Next Review	01/07/2020
	3				X		Triggers		Likelihood Factors (Vulnerability)		Potential Consequences	
	2						1LGSS, NPS Norwich, NpLaw, Norwich Norse environmental and building, CNC building control partners not delivering.		oChange of strategic direction of partner organisation		oThe council does not get VfM	
	1						2Poor relationship management		oChange in political direction		oBenefits of partner and contract arrangement not realised	
		1	2	3	4	5	3Partnerships not managed effectively and key service outcomes not achieved				oConstant negotiation around the service delivery agreement	
							4Contracts not managed effectively due to lack of contract management skills				oSpecification not adhered to	
						5Contracts not flexible enough to meet council changing requirements				oServices not provided at an acceptable level		
						6Partner organisation becomes insolvent				oCustomer and staff complaints		
										oUnable to deliver corporate plan performance levels		

Controls	Adequacy	Critical Success
1Governance structure is in place to manage the individual partnership agreements (eg NPS Norwich Board, LGSS liaison group, NP Law Board, all major contracts have strategic and operational governance arrangements with officer and member representation	Good	
2A contract and business relationship management toolkit has been deployed. This aims to create consistency of management of both financial and performance objectives and monitoring and management of all economic, social and environmental issues associated with the service	Good	
3Regular reviews of joint ventures	Good	
4Internal Audit reviews	Good	
5Partnership Risk Registers	Good	
6Business Continuity plans for key partners/contractors	Good	

Action Plans	Responsibility	Target Date
1. Bringing Services back in house	Anton Bull	01/04/2020
2. Renegotiation with NPLaw	Anton Bull	01/04/2020

7Exit strategy	Good	
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**Risk Path:** New Norwich City Council/Norwich City Council

**Risk Category:**

**Linked Objective(s):**

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Risk		05. Failure to respond to a critical, business continuity or emergency planning event									
Likelihood	5						Risk Owners Director of resources	Current Score Target Score Previous Score	12	Last Review Next Review	15/01/2020 01/07/2020
	4										
	3				X						
	2										
	1										
		1	2	3	4	5					
Consequence						Triggers 1 Occurrence of a significant event: oLoss of City Hall oICT failure oContractor collapse oSevere weather events – storms, heatwaves, strong winds oFlooding oSea level rise oFuel shortages oCommunications failure oPandemic oLoss of power 2 The council, businesses and members of the public in the city will also be at risk from the local effects of climate change in the medium to long term.	Likelihood Factors (Vulnerability) Wider effects of climate change		Potential Consequences 1.Council unable to function 2.Increase in demand on Council services. 3.Vulnerable Service Users unable to access services 4.Reputational Damage		

Controls	Adequacy	Critical Success
1The council is a member of the Norfolk Resilience Forum, which has produced a Norfolk Community Risk Register	Good	
10Insurance policies	Good	
2Business continuity team with access to resources; action plans have been used to deal with actual total City Hall IT failure; alternative site for customer contact team; disaster recovery plan.	Good	
3The council has a major emergency management strategy and emergency planning room established at City Hall. Approach has also been used to test business continuity in the event of the main works contractor changing.	Good	

Action Plans	Responsibility	Target Date
Review of Business Continuity Plan	Anton Bull	31/03/2020

4Flu pandemic plan.	Good	
5Adaptations to protect the council from the local effects of climate change and address the causes are covered by corporate strategies such as the environmental strategy, together with team plans.	Good	
6A business continuity management policy and framework was approved by cabinet 25 June 2014.	Good	
7A business impact analysis for each service is signed off by the head of service and directors.	Good	
8Overall business continuity plan reviewed by CLT.	Good	
9Periodic business continuity exercises, and lessons learnt communicated through BMG.	Good	

**Risk Path:** New Norwich City Council/Norwich City Council

**Risk Category:**

**Linked Objective(s):**

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<b>Risk</b>		<b>06. Failure to change at the pace required and adapt to change</b>										
<b>Likelihood</b>	5						<b>Risk Owners</b>		<b>Current Score</b> <b>Target Score</b> <b>Previous Score</b>		<b>Last Review</b> <b>Next Review</b>	01/07/2020
	4											
	3											
	2							<b>Triggers</b>		<b>Likelihood Factors (Vulnerability)</b>		<b>Potential Consequences</b>
	1											
	1	2	3	4	5	<b>Consequence</b>						

<b>Controls</b>	<b>Adequacy</b>	<b>Critical Success</b>	<b>Action Plans</b>	<b>Responsibility</b>	<b>Target Date</b>
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**Risk Path:** New Norwich City Council/Norwich City Council

**Risk Category:**

**Linked Objective(s):**

<b>Risk</b>		<b>07. Lack of adequate skills and capacity</b>										
<b>Likelihood</b>	5						<b>Risk Owners</b>		<b>Current Score</b> <b>Target Score</b> <b>Previous Score</b>		<b>Last Review</b> <b>Next Review</b>	01/07/2020
	4											
	3											
	2							<b>Triggers</b>		<b>Likelihood Factors (Vulnerability)</b>		<b>Potential Consequences</b>
	1											
	1	2	3	4	5	<b>Consequence</b>						

<b>Controls</b>	<b>Adequacy</b>	<b>Critical Success</b>	<b>Action Plans</b>	<b>Responsibility</b>	<b>Target Date</b>
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**Risk Path:** New Norwich City Council/Norwich City Council

**Risk Category:**

**Linked Objective(s):**