

Audit committee

Date: Tuesday, 08 March 2022

Time: 16:30

Venue: Council chamber, City Hall, St Peters Street, Norwich, NR2 1NH

Committee members:

Councillors:

Price (chair)

Driver (vice chair)

Giles

Haynes

Peek

Sands (M)

Stutely

Wright

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Agenda

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1	Apologies	
	To receive apologies for absence	
2	Public questions/petitions	
	To receive questions / petitions from the public which have been submitted in accordance with 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 - 10
	To approve the accuracy of the minutes of the meeting held on 18 January 2022	
5	Internal Audit Q3 Update	11 - 24
	Purpose - This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2021/22 during the period 12 November 2021 to 25 February 2022.	
6	Internal Audit Q1 Update	25 - 36
	Purpose - This report provides the committee with details of any high or medium priority outstanding internal audit recommendations.	

7	Risk Management Update - revised version	37 - 64
	Purpose - To provide an update on progress in relation to risk management.	
8	Strategic and Annual Internal Audit Plans 2022/23	65 - 104
	<p>Purpose - This report provides an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2022/23 to 2025/26 and the Annual Internal Audit Plan for 2022/23.</p> <p>The Annual Internal Audit Plan will then serve as the work programme for the Council's Internal Audit Services Contractor; TIAA Ltd under the new consortium arrangement commencing 1 April 2022.</p> <p>It will also provide the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of Norwich City Council's framework of governance, risk management and control.</p>	
9	Audit Plan Addendum VFM Risk Assessment (Year ended 31 March 2021)	105 - 114
	Purpose - This report presents the report of the external auditors, appended to this report, as an addendum to the External Audit Plan 2020-21 and provides members with an update on the external auditors' Value for Money (VFM) assessment and sets out their responsibilities for reporting Value for Money considerations under the 2020 Code.	
10	Exclusion of the public	
	Consideration of exclusion of the public	

EXEMPT ITEMS:

(During consideration of these items the meeting is not likely to be open to the press and the public.)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part 1 of Schedule 12 A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, members are asked to decide whether, in all circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

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11* Risk Management Update - Appendix

- This report is not for publication because it would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information) as in para 3 of Schedule 12A to the Local Government Act 1972.

Date of publication: **Tuesday, 12 April 2022**



Audit committee

16:30 to 17:45

18 January 2022

Present: Councillors Price (chair), Driver, Giles, Haynes, Sands (M), Stutely and Wright

Also present: Councillor Kendrick, cabinet member for resources

Apologies: Councillor Peek

1. Public questions/petitions

There were no public questions or petitions received.

2. Declarations of interest

There were no declarations of interests.

3. Minutes

RESOLVED to approve the accuracy of the minutes of the meeting held on 23 November 2021, subject to item 6, Update from the Chair of Scrutiny Committee, making the following correction by inserting "1" after "202" so that it reads "2021".

4. Internal Audit Q2 Update

The internal audit manager presented the appended report. The internal audit plan had been reviewed to ensure that it addressed the key identifiable risks and was deliverable within the existing resource. The report provided detail of the review undertaken, the proposed amendments to the planned work and resource implications.

During discussion, the internal audit manager, together with the head of finance, audit and risk, and the executive director of corporate and commercial services answered members' questions. Members were advised that there was a budget allocation of £20,000, which could be drawn down to provide external resources. This was part of the interim arrangements that the council had entered into with South Norfolk Council until it could join the Consortium in April 2022.

A member commented on the risk-based approach and said that she was concerned that "65 days" of audit work was being deferred, and that whilst the reasons for deferral were provided in the table (paragraph 2.2 or page 15 of the agenda papers),

alternatives or an explanation of the risk that deferral of audit work could have on the council were not included. The internal audit manager confirmed that the reasons for deferring audit work were provided in the table. The review of this year's audit plan had looked at what the team of two internal auditors could deliver by 31 March 2022, against the council's risk management register and prioritised areas identified as a risk. When the internal audit plan was drawn up, no justification or reasons for audit work to be delivered or prioritised had been provided but this omission would be addressed in future.

A member referred to an article in the Local Government Association's magazine for councillors "Understanding Cyber Risk" ([Understanding cyber risk | first magazine for councillors \(lgafirst.co.uk\)](https://www.lgafirst.co.uk)), which contained a list of questions that councillors could ask, and suggested that the audit committee used these in an interactive session when the IT Audit had been concluded. The chair acknowledged that the council was working hard to mitigate risk to the council from cyber-attacks but considered it would be prudent for the committee to undergo this exercise. The executive director of corporate and commercial services said that a specialist team of auditors, TIAA, would be conducting the audit work, under the existing arrangements. She suggested that there was a discussion/interactive briefing about what the risks were and what the council could do to mitigate these risks. The committee agreed to conduct this exercise at its June/July meeting.

Commenting on the 65 days of audit work that would be carried forward into the next financial year, a member expressed concern that this was a significant amount of work and would impact on the 2022/23 audit cycle. The internal audit manager said that the council was working towards a rolling three-year programme and would have a better idea what coverage was needed to ascertain what to put into the three-year strategy later in the year. In reply to the member's supplementary question, the internal audit manager said that it was not proposed that every area of the council would be audited every three years and the plan would be based on risk management. Managers should manage risk levels at operational levels and escalate if risk scores increased or were rising. The chair asked whether this put the council at reputational risk by not auditing all areas. The internal audit manager said that a significant risk would score highly on the risk management register and senior management could then add it to the internal audit programme. The internal audit plan needed to be fluid and flexible to meet the needs of the council and focus on risk.

In reply to a member's question, the internal audit manager said that she had not come across any areas where the allocation of days had been too high in this plan.. Any changes to the plan arising from an increase in the risk score, or outcome of an audit review, would be reported to the committee and was included in the new template.

The chair, in conclusion, commented on the report and the reduction of days in the overall plan in recent years as the council moved to a risk-based approach.

RESOLVED to:

- (1) endorse the proposed changes to the Internal Audit Plan for 2021/22;

- (2) consider the outcome of the IT cyber security questionnaire from the LGA suggestion at the June/July committee meeting and conduct an interactive briefing on cyber security with members.

5. Audit Committee Self-Assessment

The internal audit manager presented the report. A revised version of Appendix 1 had been circulated to members proposing target dates for the committee to consider.

The chair thanked members who had participated in the self-assessment exercise in November and the internal audit manager for facilitating the session.

During discussion, the internal audit manager explained that the committee has assessed several areas as “partly” or not fully compliant. The action plan set out target dates to achieve compliance. A member welcomed the report and considered that the proposed target dates for completion of actions was useful but suggested that in relation to item 18, the action target date was moved forward to June 2022 to inform any training that the committee needed and its other actions, such as the appointment of an independent person.

The head of legal and procurement said that the constitution working party had noted the committee’s request to review its involvement in Treasury Management and asked the committee to bring back a proposal for consideration at a future meeting of the working party. During discussion members considered that a proposal for members of the committee to be involved in reviewing Treasury Management could be agreed via email outside the meeting. The executive director of corporate and commercial services said that Treasury Management and the appointment of an independent member should be given due consideration and that she would be pleased to assist members by sharing feedback from research and other information.

The vice chair questioned whether the committee would have sufficient time to fulfil the action plan. The chair said that it was important that there was adequate debate and that meetings should be structured accordingly. He proposed that extraordinary meetings could be arranged if required. Audit committee was one of the four main committees of the council and with four to five meetings per annum, a 2-hour meeting was not too onerous. During discussion officers advised that meetings required attention, and this was lost if meetings were prolonged. It was agreed that it was better to organise extraordinary meetings as necessary rather than cancel scheduled meetings.

The chair commented that going forward self-assessment would be reviewed annually. The committee could improve on those areas that were only partly compliant. The target dates in the action plan were acceptable with the change to action 18. He pointed out that action 4 would raise other councillors’ awareness of the role of the audit committee in the organisation. He welcomed the involvement of the committee in Treasury Management and the appointment of an independent member for the next cycle. He congratulated the committee and officers for their participation in the self-assessment exercise.

RESOLVED to:

- (1) confirm that the report is an accurate reflection of the committee's self-assessment;
- (2) agree the action plan (appended to these minutes) and as amended by moving the target action for action 18 forward to June 2022;
- (3) note that the executive director of corporate and commercial services will share research information on audit committee involvement with Treasury Management and with members to inform their proposals to the constitution working party.

6. Extraordinary Meeting

The chair explained that an extraordinary meeting would be required to sign-off the Annual Governance Statement 2020/21, and the Statement of Accounts and Audit Results Report 2020/21 and, in consultation with the vice chair, he would ask the executive director of corporate and commercial services to convene the meeting when appropriate.

The executive director of corporate and commercial services explained that the completion of the external audit had been delayed. She was meeting with the head of finance, risk and audit and the external auditors regularly, but the external audit team was struggling to resource the audit, and this was causing the delay. This was frustrating as the council had submitted its accounts within the statutory deadlines. It was difficult for the finance team as it was servicing the audit whilst also preparing the budget for 2022/23 and the year-end accounts for 2021/22. In reply to a member's question, she said there were no penalties for the external auditors or the council for signing off the accounts late. The auditors would continue the audit until they could be satisfied that they could provide an audit opinion.

In reply to a member's question on the impact of the delay of the audit on the budget setting process, the executive director of corporate and commercial services confirmed that work was continuing on the budget setting process, and they were on track to deliver the budget. Any audit adjustments that impacted on the council's revenue position would be reported to members if substantiated. A statement would be made in the budget papers to note that the previous year's audit had not been concluded.

In reply to a member's concern that the extraordinary meeting could fall in the pre-election period, the head of legal and procurement said that the council was obliged to sign off the accounts in a timely manner and that this was not an issue. The executive director of corporate and commercial services said that she expected that the meeting could be by the end of March.

Discussion ensued in which members expressed their frustration with the service provided by the external auditors. Councillor Kendrick, cabinet member for resources, shared members' concerns and said that local government external audit was a broken system.

RESOLVED to note that the chair, in consultation with the vice chair and the executive director of corporate and commercial services, will ask for an extraordinary meeting of the committee to be convened to consider the Annual Governance Statement 2020/21 and Statement of Accounts and Audit Results Report 2020/21.

CHAIR

Appendix - Item 5 (above) Audit Committee Self-Assessment – Actions arising from Self-Assessment

Question	Assessment	Action	Proposed Target Date
4	Partly	Training to be considered for members to raise awareness of the role of the Audit Committee. Training to be provided for any independent committee members appointed.	July 2022
8	Partly	Following this initial assessment, it is recommended that an annual self-assessment is carried out by the Audit Committee.	Ongoing annually
9	Partly	Treasury management is included within the list of wider areas of involvement for Audit Committees. The Committee requests that CLT and the Constitutional Working Party considers whether the treasury management framework should be reviewed by the Audit Committee.	April 2022
12	Partly	To enhance knowledge skills and independence of the Committee, an independent member will be appointed using the appropriate process.	July 2022
15	No	The membership of the committee has not been assessed against the core knowledge and skills framework. This has been circulated by the Audit Manager requesting that any training/knowledge requirements are identified by members.	April 2022
18	Partly	Feedback would be received by the Committee as part of the presentation of the annual report. However, the Committee suggests that a survey of staff and other members interacting with the Committee is undertaken to provide feedback.	June 2022
19	Partly	As part of the self-assessment exercise the Committee has evaluated how it is adding value. Part two of the self-assessment will be carried out as a part of next year's review to provide examples of strengths and weaknesses in each area.	October 2022
20	Partly	It is recommended that the actions arising from this assessment are monitored to completion by the Committee.	October 2022



Committee Name: Audit

Committee Date: 08/03/2022

Report Title: Internal Audit Q3 Update

Portfolio:	Cllr Paul Kendrick
Report from:	Internal Audit Manager – Norwich City Council
Wards:	‘All Wards’
OPEN PUBLIC ITEM	

Purpose

This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2021/22 during the period 12 November 2021 to 25 February 2022.

Recommendation:

It is recommended that members note the progress in delivering the internal audit plan of work within this period.

Policy Framework

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report helps to meet all above corporate priorities.

Report Details

1. The audit committee receives updates on progress made against the annual internal audit plan. This report forms part of the overall reporting requirements to assist the council in discharging its responsibilities in relation to the internal audit activity.
2. The Public Sector Internal Audit Standards require the chief audit executive to report to the audit committee the performance of internal audit relative to its agreed plan, including any significant risk exposures and control issues. To comply with the above the report identifies:
 - (a) Any significant changes to the approved Audit Plan;
 - (b) Progress made in delivering the agreed audits for the year;
 - (c) And where applicable will provide any significant outcomes arising from completed audits.

Consultation

3. Not applicable for this report.

Implications

Financial and Resources

4. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2019-22 and Budget.
5. There are no specific financial implications from this report; the internal audit plan will be delivered from within the resources available.

Legal

6. There are no specific legal implications arising from this report.

Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	Not applicable for this report.
Health, Social and Economic Impact	Not applicable for this report.
Crime and Disorder	Not applicable for this report.
Children and Adults Safeguarding	Not applicable for this report.
Environmental Impact	Not applicable for this report.

Risk Management

Risk	Consequence	Controls Required
Failure to undertake the Annual Internal Audit Plan could result in the Head of Internal Audit not being able to provide an annual opinion.	Reductions in Internal Audit coverage could permit on-going weaknesses in the internal control environment at the Council not being detected and reported upon.	Progress against completing the annual internal audit plan is reported to the Audit Committee in accordance with the Public Sector Internal Audit Standards. Additional resources are deployed where required to ensure adequate levels of coverage are provided for the annual opinion.

Other Options Considered

7. Not applicable for this report.

Reasons for the decision/recommendation

8. The committee is receiving this report in conformance with the Public Sector Internal Audit Standards and to assure itself on the progress being made against planned audit activity.

Background papers:

None

Appendices: Appendix 1 Internal Audit Quarter One Update.

Contact Officer:

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Eastern Internal Audit Services



Norwich City Council

Progress Report on Internal Audit Activity

Period Covered: 12 November 2021 to 25 February 2022

Responsible Officer: Faye Haywood – Internal Audit Manager Norwich City Council

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APPENDIX 5 – OUTSTANDING RECOMMENDATIONS 2020-21 **Error! Bookmark not defined.**

1. INTRODUCTION

- 1.1 This report is issued to assist Norwich City Council 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 Council 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 where applicable.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 At the meeting on 9 March 2021, the Annual Internal Audit Plan for the year was presented to the Audit Committee. Since that meeting, the plan has been reduced by 65 days, in response to the resourcing challenges faced by the internal team.

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**.
- 3.2 In summary 131 days of programmed work has been completed, equating to 51% of the Internal Audit Plan for 2021/22.
- 3.3 The Internal Audit team continues to conclude work from quarter two and made progress on quarter three work. The audit's allocated to external resources are scoped and underway.

4. THE OUTCOMES ARISING FROM OUR WORK

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

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Limited Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

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

Risk Priority	Definition
High	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Medium	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Low	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

4.3 During the period covered by the report one report has been issued:

Audit	Assurance	High	Medium	Low
Business Support Grants	Reasonable	0	4	4

The Executive Summary of the report is attached at **Appendix 2**; a full copy of the report can be requested by members of the Committee.

4.3 As can be seen in the table above as a result of the audit a total of eight recommendations have been raised.

5. FRAUD AND ANTI CORRUPTION

5.1 The council participates fully in a national data matching exercise known as the National Fraud Initiative (NFI) which is run by the Cabinet Office to prevent and detect fraud. Data matching, between public and private sector bodies, flags up inconsistencies in data that may indicate fraud and error and helps Councils to complete proactive investigations.

The NFI is conducted every two years and involves data matching across a number of datasets from over 1,200 participant organisations from across the public and private sectors. A data extraction exercise has been undertaken. Data matches have been received and are reviewed by service leads on a risk basis.

Additional datasets were requested in respect of the various (1st tranche) government business support grants, paid to businesses to alleviate the effects of Covid-19, as a drive to identify illegitimate grant claims and errors. 51 data matches have been received so far from NFI and are being reviewed on a risk basis.

As a result of post payment assurance work, a number of cases have been referred to the Anglian Revenue Partnership Fraud team for further review. Recovery or referral actions have and will be taken in line with the recovery guidance issues by BEIS, an update on this work can be seen within the Business Grants audit report at Appendix 2 of this report.

5.2 The Internal Audit Team has been alerted to a payroll fraud attempt. In response, the quarter four Payroll audit will provide assurance on payroll mandate controls.

6. CONSULTANCY WORK

6.1 The 2021/22 internal audit plan included a total of 185 days allocated to consultancy work. As reported at the January 2022 meeting, it is unlikely that the total number of days planned will be used as no need has yet been identified. A summary of work undertaken to date is provided below:

Consultancy	Days	Delivered	Work to date
Anti-Fraud and Corruption - NFI	20	0	Internal Audit has not been involved in matching exercises in 2021/22.
Anti-Fraud and Corruption - Investigations	10	0	No areas of investigation completed.
Information Governance Group	5	2	Meetings attended where required.
Resources, Performance & Delivery Board	5	1	Meeting attended where required.
Joint Ventures Insourcing	45	2	Internal Audit Manager has been in attendance at each weekly project place board as an advisor. A report summarising this work will be provided to the Committee at year end.
New Housing System	10	2	TIAA has provided IT support provided on reconciliation controls.
Consultancy Contingency	15	7	BSG Support – Covid19 business grants support and advice.
Risk Management	15	10	Preparing cabinet update papers
Data Breach Response	5	0	None raised for IA attention
Annual Governance Statement	10	10	Supporting the preparation of the AGS 2020/21. No further support required.
Audit Management Duties	45	26	Internal Audit Management duties. Reviewing reports. Audit Committee papers, planning, advice and guidance.
TOTAL	185	60	

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
							High	Medium	Low	
Quarter 1										
		0	0	0						
Quarter 2										
Risk Management	NC2206	15	15	15	Final report issued 23 November 2021	Reasonable	0	5	1	Nov-21
Corporate Health & Safety	NC2204	15	15	13	Draft report stage					
IR35 Compliance	NC2205	10	10	10	Draft issued to management 10 Jan 2022					
Grants assurance DFG	NC2201	5	5	5	Completed signed certification issued					
Business Support Grants	NC2203	20	20	20	Final report issued 25 January 2022	Reasonable	0	4	4	Mar-22
TOTAL		65	65	63						
Quarter 3										
Housing Rent/Arrears	NC2208	15	15	15	Draft report issued 7 Feb 2022					
Housing Benefits	NC2209	15	15	0	Scheduled					
Council Tax	NC2210	10	10	5	Audit in progress					
National Non Domestic Rates (NNDR)	NC2211	10	10	5	Audit in progress					
Accounts Payable	NC2215	10	10	1	Audit due to start 15 March 2022					
Debt Recovery		10		0	These days are covered by reviewing debt management procedures in Housing Benefits, Council Tax and NNDR. Accounts Receivable will be added to the 2022/23 plan.					
Treasury Management	NC2212	10	10	10	Draft report issued 3 Feb 2022					
Environmental Services	NC2213	20	20	6	Audit in progress					
New Financial Management Code		10		0	Head of Audit, Finance and Risk has provided an overview of compliance against the financial management code. No further assurance deemed as required.					
Grants assurance Green Homes		15		0	Days for the Green Homes Grants will be deferred and grant certification work will be carried out by the Internal Audit Manager in the 2022/23 plan when requested.					
TOTAL		125	90	42						

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations			Date to Committee
							High	Medium	Low	
Quarter 4										
Payroll	NC2207	10	10	0	Scheduled					
Capital Accounting and Programme Management	NC2214	30	30	3	Capital Accounting and Programme Management Audit Combined. APM with CLT for approval.					
Social Housing Delivery Programme	NC2217	20	20	0	Scheduled - at the request of management, audit will be carried out along with governance arrangements for Norwich Regeneration Ltd from the 2022/23 plan in April 2022.					
Towns Fund Deal		20		0	This review will be deferred into 2022/23 when projects get up and running					
TOTAL		80	60	3						
IT Audits										
IT Governance	NC2220	10	10	1	Audit in scoping phase					
Housing & Tenancy Application	NN2219	10	10	4	Audit underway					
To be determined		10		0	10 days to be carried forward into the 2022/23 plan.					
TOTAL		30	20	5						
Follow Up										
Follow Up		20	20	17						
TOTAL		20	20	17						
TOTAL		320	255	130			0	9	5	
Percentage of plan completed				51%						

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

1. Executive Summary

3.1 We have been able to provide an opinion of **Reasonable Assurance**¹ over the controls operating within the area under review. A summary of the key findings to support this opinion is shown below.

3.2 The audit review has given assurance over:

- Pre-payment checks - the audit testing confirmed that pre-payment checks were carried out for the LRSG and restart grant applications, to confirm:
 - Business bank account details.
 - The business was active and not in liquidation.
 - The business had closed and reopened to be eligible for the restart grant.
- Post payment assurance plans for the earlier three grants have been completed and were update October 2021.
- Risk assessments (RAs) are in place for the earlier three grants, and a copy was provided to BEIS as required. The risk scores were updated following the last audit review, and the latest update was in January 2021.
- A recovery process is in place for those payments identified as being ineligible, and the team have successfully recovered a high proportion of the overpayments identified so far. The statistics collated by the BGPCM show that:
 - Errors and overpayments were 0.7% of total value of grants paid out, with 97% of the errors and overpayments repaid.
 - Fraudulent applications identified so far is 0.2%, with 60% recovered. This excludes those that were identified prior to payment.
 - Total recovered £629.6k, with £88.6k still outstanding.

The team is now commencing sample post-payment reviews of SBGs. It is expected that this will identify further potential fraudulent applications and overpayments.

Staff are aware of the processes for advising BEIS of unsuccessful recoveries, but no cases have yet reached that point.

An arrangement was agreed with Anglia Revenues Partnership (ARP) for the services of the fraud manager to review some cases. ARP have completed interviews under caution, which has so far resulted in the refund of one case of around £20k.

- Good progress is being made with reviewing cases, from the three earlier grant schemes, reported under the National Fraud Initiative (NFI). 51 cases were identified and are under review by the grants assurance team. Of these:
 - 40 are closed, with no further action.

- Three are confirmed as errors, for one no refund was required, and two x £10.000 refunds were requested, one of which has been repaid.
- Eight are under investigation, to consider whether recovery is required. Two have already been identified as probable fraudulent applications. None are yet ready to be passed to ARP for further investigation.

3.3 However, four medium priority recommendations have been raised and are as follows:

- The internal audit sample testing identified one case (various LRSGs and restart grant paid) which is probably systemic fraud. There were several warning signs when the initial LRSG application was received, and it is evident from the bank statement provided with the later restart grant application that three other authorities across the country have also provided grants, which have immediately been paid out to individuals. Given the probable fraud across multiple authorities, reporting to NAFN to investigate is appropriate. Total of grants paid out by Norwich is £28.3k and there is also £12.6k of unpaid business rates. The company is now in liquidation. (See 4.1)
- Prior to reporting the above case to NAFN, consider checking if there are any common directors, relating to businesses that previously occupied the same premises for only a few months prior to going into liquidation, as the probable fraud could be more widespread. (See 4.1)
- Complete the procurement of the external review of businesses receiving SBRR. (See 4.3)
- Complete the post payment assurance reviews for the SBGs, using the higher risk cases already identified and the results from the SBRR review. (See 4.3)

3.4 Four low priority recommendations have been raised and are as follows (for all see 4.2):

- Complete risk assessments for ARGs to evidence whether any post payment assurance checks, proportionate to the potential risks identified, are considered appropriate.
- Complete the risk assessments for all the later schemes with national conditions, include the planned sample checks and prepare a post payment assurance plan to cover the mitigation actions identified.
- Depending on findings of the cases reviewed, consider if the risk assessment scores need updating and whether further cases need to be reviewed.
- Consider updating the scores for the risk assessment for SBGs, given the assessed higher risk for these earlier grants, and the currently ongoing post payment assurance work.

3.5 There is a need for continued resourcing for fraud investigations and advice for some ongoing cases and any that are identified from the post payment assurance work. Audit has been advised that the team will continue to refer to ARP to assist with work that the team do not have the qualifications or access to the information to carry out, such as interviews under caution.

3.6 New burdens funding has been received, some of which is being used to cover additional support in the revenues and benefits service to assist with backlogs as a result of staff being involved with the business support grant payments. There is potential to use this funding to provide additional resources for the grant post payment assurance work if required.

3.7 Action Summary

Risk Priority	Definition	No.	Ref(s)
High	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.	0	
Medium	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	4	4.1 (x 2), 4.3 (x 2)
Low	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	4	4.2 (x 4)



Committee Name: Audit

Committee Date: 08/03/2022

Report Title: Internal Audit Q1 Update

Portfolio:	Cllr Paul Kendrick
Report from:	Internal Audit Manager – Norwich City Council
Wards:	‘All Wards’
OPEN PUBLIC ITEM	

Purpose

This report provides the committee with details of any high or medium priority outstanding internal audit recommendations.

Recommendation:

It is recommended that members note the progress against delivering outstanding high and medium priority internal audit recommendations.

Policy Framework

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report helps to meet all above corporate priorities.

Report Details

1. The Public Sector Internal Audit Standards require the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action. The frequency of reporting and the specific content are for the council to determine.
2. This report therefore provides the committee with details of medium priority recommendations that are currently outstanding.

Consultation

3. Not applicable for this report.

Implications

Financial and Resources

4. Not applicable for this report.

Legal

None applicable for this report.

Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	Not applicable for this report.
Health, Social and Economic Impact	Not applicable for this report.
Crime and Disorder	Not applicable for this report.
Children and Adults Safeguarding	Not applicable for this report.
Environmental Impact	Not applicable for this report.

Risk Management

Risk	Consequence	Controls Required
Recommendations raised by the Internal Audit team are not completed by responsible officers in a timely manner.	The Council is exposed to the risks identified during audit.	Progress against completing Internal Audit recommendation is regularly reviewed. A report on progress is provided to both CLT and the Audit Committee in

		accordance with the Public Sector Internal Audit Standards.
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Other Options Considered

5. Not applicable for this report.

Reasons for the decision/recommendation

6. The Committee receives this report in conformance with the Public Sector Internal Audit Standards.

Tracking Information

Governance Check	Name	Date Considered
Relevant Executive Director		
Legal opinion		
Relevant finance officer		
Chief Finance Officer (or Deputy)		
Monitoring Officer (or Deputy)		

Background papers: None

Appendices: Appendix 1 Internal Audit Quarter One Update.

Contact Officer:

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Norwich City Council

Follow Up Report on Internal Audit Recommendations

Period Covered: 13 November 2021 to 25 February 2022

Responsible Officer: Faye Haywood - Internal Audit Manger

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1. INTRODUCTION

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

2. STATUS OF AGREED ACTIONS

- 2.1 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Manager on a regular basis and reported through to this Committee. Verification work is also undertaken for those recommendations that are reported as closed.
- 2.2 **Appendix 1** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken to enable the Committee to easily identify outstanding recommendations from previous financial years. The table also distinguishes between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round.
- 2.3 For 2018/19 a total of two low priority recommendations remain outstanding.
- 2.4 For 2019/20 a total of six audit recommendations (five medium and one low) are outstanding. A total of three recommendations have been recorded as completed within this period. All outstanding medium priority recommendations can be found at **Appendix 2** to the report.
- 2.5 A total of 13 recommendations from the Contract Management, Housing R&M report continue to be marked as no longer applicable in Appendix 1. Internal Audit is supporting the Council with the project to bring the repairs and maintenance function in-house from 1 April 2022. Once the new arrangements are up and running, internal audit will provide assurance that risks raised during this audit have been mitigated before closing the recommendations.
- 2.6 For 2020/21 a total of 17 audit recommendations (11 medium and six low) are outstanding. A total of six recommendations have been recorded as completed within this period. All medium priority recommendations can be found at **Appendix 3** to the report.

- 2.7 For 2021/22, a total of 14 recommendations have been raised so far. Nine of these are medium priority, and five are low priority. All of these recommendations are not yet due.

Recommendation Status	No.	%
Complete	0	0%
Outstanding	0	0%
Within Deadline	14	100%

- 2.8 Updates have been provided for most of the outstanding audit recommendations. Progress will continue to be monitored by the Internal Audit team and updates will be requested and presented to CLT for consideration before being presented to Audit Committee at each meeting.

APPENDIX 1 – SUMMARY STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

		Completed between 13 November 2021 and 25 February 2022			No Longer Applicable			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for Implementation		
		High	Medium	Low	High	Medium	Low	High	Medium	Low	High	Medium	Low		High	Medium	Low
Audit Area	Assurance Level																
2018/19 Audits																	
Procurement Compliance	Compliance: Satisfactory									2				2			
2019/20 Audits																	
Contract management - Housing repairs & responsive maintenance	Controls: Limited Compliance: Limited				1	6	6		1					1			
Information Security and GDPR	Controls: Satisfactory Compliance: Limited	1	1	1					2					2			
Payroll	Control: Satisfactory Compliance: Substantial								2	1				3			
2020/21 Audits																	
Contract Management - Waste Services	Limited			1					5					5			
Equality Duties	Limited		2							3				3			
Key Policies & Procedures	Limited		2									4	3	7			
Licensing	Reasonable		1						1					1			
Northgate pre-implementation (Core phase)	Reasonable											1		1			
2021/22 Audits																	
Risk Maturity Assessment	Reasonable													0		5	1
Business Support Grants	Reasonable													0		4	4
		1	6	2	1	6	6	0	11	6	0	5	3	25	0	9	5

APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Information security and GDPR	The Council should ensure all suppliers deemed to be high risk or high impact in the aforementioned review sign up to the amended terms and conditions.	Medium	Procurement team	2019/20	31 March 2022	Outstanding	This is currently in progress. The number of contracts which have not included a deed of variation for GDPR terms has now been reduced to 5, of which one contract expires at the end of the financial year. It is intended to work with services to conclude this work.
Information security and GDPR	The Council should complete the schedule such that all fields contain the relevant considerations.	Medium	Data Protection Security Team Leader	Q4 2020/2021	April 2022	Outstanding	This has been put as an agenda item for all Corporate Information Audit Governance meetings to review for completion and updates. Once the IAR work is complete, we will start the Schedule of processing.
Payroll	Complete the signing of the co-operation agreement with Sefton.	Medium	Head of HR and learning	January 2020	N/A	Outstanding	No update received.
Payroll	Continue to liaise with Sefton to obtain evidence of robust controls over their payroll IT system and processes.	Medium	Head of HR learning	January 2020	N/A	Outstanding	No update received.
Contract Management – Housing repairs & responsive maintenance	The council to conduct a review of other contracts to ensure that they have the recommended controls in place detailed in this report.	Medium	Director of corporate and commercial services	N/A	June 2022	Outstanding	<p>At the time the audit work was undertaken, the Council had in place a contract management process that had been in operation for some time. This required officers with oversight for higher risk contracts to complete a checklist, providing evidence where appropriate. However, there is a concern that this process was not adequately highlighting where there may be areas of significant risk of non-compliance.</p> <p>The Corporate Leadership Team have been considering the actions necessary to ensure that in future, robust contract management is consistently employed across the Council”</p>

APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Contract Management – Waste Services	Ensure evidence is retained of the annual year-end contract discount which returns the achieved and applicable savings to the council. This should include supporting document of the savings achieved.	Medium	Environmental Services Manager	May 2021	May 2022	Outstanding	The Council is currently considering the position with regards this contract and the potential for efficiencies and savings with the contractor, supported by external consultancy. It is intended to conclude this work by March 2022.
Contract Management – Waste Services	Prepare a retrospective service plan document for 2020 which summarizes information about the agreed performance indicators incl. their targets and their consequences by non-compliance and how this is monitored by the council. Ensure a full service plan for 2021 is prepared with the contractor.	Medium	Environmental Services Manager	February 2021	N/A	Complete, pending Internal Audit verification	Internal Audit has been advised that this recommendation is now complete, awaiting evidence for independent verification.
Contract Management – Waste Services	Review the arrangements for the reporting of performance data in line with the contract requirements. Ensure that appropriate actions are taken and documented.	Medium	Environmental Services Manager	February 2021	N/A	Complete, pending Internal Audit verification	Internal Audit has been advised that this recommendation is now complete, awaiting evidence for independent verification.
Contract Management – Waste Services	Ensure that service performance data provided by the contractor are verified and independently checked by the council to prime records.	Medium	Environmental Services Manager	February 2021	N/A	Complete, pending Internal Audit verification	Internal Audit has been advised that this recommendation is now complete, awaiting evidence for independent verification.
Contract Management – Waste Services	Ensure that high-level meetings and decisions are documented and files are held in an accessible place.	Medium	Environmental Services Manager	December 2020	N/A	Complete, pending Internal Audit verification	Internal Audit has been advised that this recommendation is now complete, awaiting evidence for independent verification.
Key Policies and Procedures	Decide on a corporate level how often policies should be reviewed and ensure that all policies comply with this decision.	Medium	Strategy Manager	31/01/2022	31/03/2022	Outstanding	IT are working on pulling all policies and strategies into shared area (sharepoint) This shared information will include policy owners and review dates for each policy. Automated update reminders will be sent to all policy owners as and when each policy is due for review. The process will include how to add new policies and will highlight the sign off process for the policies.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Key Policies and Procedures	Once a decision on review frequency has been made, develop a review schedule of all key documents. This could be attached to the code of governance with a reference to this on all relating documents.	Medium	Strategy Manager	31/01/2022	31/03/2022	Outstanding	IT are working on pulling all policies and strategies into shared area (sharepoint) This shared information will include policy owners and review dates for each policy. Automated update reminders will be sent to all policy owners as and when each policy is due for review. The process will include how to add new policies and will highlight the sign off process for the policies.
Key Policies and Procedures	Develop a framework that gives guidance for developing a coherent and relevant policy and ensure the new framework is communicated to staff. The content could include multiple elements (see report).	Medium	Strategy Manager	31/01/2022	31/03/2022	Outstanding	We will develop a briefing note advising Heads of Service that all new corporate policies must be stored in the shared area and reviewed regularly. This will explain that HoS should use existing corporate policy documents as their model and secure agreement from their Director as to the appropriate approval route on a case by case basis.
Key Policies and Procedures	Ensure that all documents are reviewed in accordance with the framework during their next review.	Medium	Strategy Manager	31/01/2022	31/03/2022	Outstanding	The Strategy team will check the policies due for renewal in the shared area on a quarterly basis and highlight any issues to the Head of Strategy, Engagement and Culture, who will resolve with the relevant HoS or escalate to CLT if required.
Licensing	Complete a review of fees and obtain authorisation from licensing committee for implementation 2021-22.	Medium	Public protection (licensing) team leader and Public protection manager	30/04/2021	30/10/2022	Outstanding	Full review of all fees and charges across the service commenced, including discretionary licensing fees. View to implementation Sept/Oct 2022.
Northgate pre implementation	Council management to implement a process whereby Post-Implementation reviews are planned and conducted at appropriate milestones during the project's lifecycle and after implementation. An interim review during or after phase two may be appropriate in the first instance.	Medium	Project Manager	31/12/2021	31/03/2022	Outstanding	Go Live for Phase 1 was deferred until the 31/01/22. A review of Phase 1 implementation will be planned for March 2022. Phase 1a (Repairs module) will Go Live on 01/04/22. A review of Phase 1a implementation will be planned for May 2022. Phase 2 Go Live is currently planned for 01/07/22.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
							A review of Phase 2 implementation will be planned for September 2022. Following the review of all the programmes a single system investment plan will be developed to ensure the system is maintained and used at its maximum efficiency into the future



Committee Name: Audit

Committee Date: 08/03/2022

Report Title: Risk Management Update

Portfolio:	Councillor Kendrick
Report from:	Executive director of corporate and commercial services (S151 officer)
Wards:	All wards
OPEN PUBLIC ITEM	

Purpose

To provide an update on progress in relation to risk management.

Recommendation:

To note the risk management report.

Policy Framework

The Council has five corporate aims, which are:

- Aim 1 - People live independently and well in a diverse and safe city.
- Aim 2 – Norwich is a sustainable and healthy city.
- Aim 3 – Norwich has the infrastructure and housing it needs to be a successful city.
- Aim 4 – The city has an inclusive economy in which residents have equal opportunity to flourish.
- Aim 5 – Norwich City Council is in good shape to serve the city.

This report is relevant for all five corporate aims.

Report Details

Background

1. Risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced.
2. The purpose of this report is to provide an update on the progress made in embedding the council's risk management process and present the Q3 Corporate Risk Register. The report forms part of the twice-yearly updates to the audit committee on risk management, enabling the committee to fulfil its oversight function. At the request of the committee, performance in relation to information security incidents is also covered.
3. The purpose of this report is to provide an update on the progress made in embedding the council's risk management process and present the Q3 Corporate Risk Register.

Actions Taken

4. Several actions have been taken since the last report to further enhance and embed the risk management process. These include:
 - Approval of the risk management strategy and policy by Cabinet in October 2021.
 - Developing Directorate risk registers which are fully populated with clear risk owners and actions identified.
 - Continued review by the corporate leadership team of the corporate risk register as part of the quarterly corporate performance review process and timetable.
 - Internal Audit conducted a Risk Management Maturity Assessment. The assessment has indicated that the council's current level of risk maturity is 'risk defined'. The council can demonstrate that a policy is in place and is communicated and that its risk appetite is defined. The review contained a number of recommendations including: a risk management training programme for relevant staff; review of risk registers against the updated risk management policy; and ensuring projects use the standard corporate risk management template.
 - Training on the council's risk management strategy and policy for the senior leadership team in January 2022, including guidance on risk identification, documentation and scoring.
 - Review and assessment of climate change risk (see paragraphs 6 to 11).
5. Whilst significant progress has been made, further work is needed to review all directorate risk registers to ensure documentation and scoring aligns to the updated policy and strategy. The internal audit recommendations are being taken forward and options for wider training on risk management for the organisation is being explored with the council's learning and development team.

Focus on Climate Change Risk

6. Work is ongoing across the council to identify risks associated with climate change. This quarter each directorate has specifically considered the need to identify any risks associated with climate change.
7. Forecasts for Norwich's climate (for the 2020's, 2050's and 2080's) were updated based on the latest Met Office data, identifying wetter warmer winters and warmer drier summers. This is coupled with a predicted increase in population which will put increased pressure on services regardless of climate risks.
8. Based on these forecasts, initial analysis by the environment strategy team identified likely risk areas for the council's services and for the city. The key risks arise mainly from increased precipitation and storminess, and an increase in mean temperature and frequency and intensity of heatwaves. This presents a number of risks, from flooding of properties in the city to community health risks during periods of increased heat, the effects of which will not be felt evenly across the city, as those already disadvantaged will likely be disproportionately affected by climate change.
9. This initial analysis was followed up by detailed discussions with directorates, to ensure that risks were identified with enough specificity to enable good quality mitigation and decision making around response.
10. The risks identified are:
 - Community Services
 - Disruption to events
 - Risks to community health, with a particular focus on inequality as those affected by inequality are more likely to suffer disproportionately more from the adverse effects of climate change
 - Corporate and Commercial Services
 - Potential disruption to election delivery
 - Loss of staff productivity to heat
 - Risk in failure to properly resource climate change mitigation
 - Development and City Services
 - Increased maintenance of open spaces
 - Increase in emergency situations
 - Increase in demand for regulatory services
 - Cross-cutting risk (across Community Services and Development and City Services)
 - Structural risks to buildings (from increased heat, subsidence, potential flooding and storm damage) and consequent risk to delivery of services delivered via those buildings.
11. Work is currently underway to finalise risk scoring and action plans. Risks will be escalated where necessary to the level of management best placed to manage them effectively, i.e. those with higher scores, or those of a cross-cutting nature, may sit at the corporate level, whilst others will remain on directorate risk registers or sit at service level for ongoing management. It is also the case that for a number of identified risks, such as climate change impact on existing housing stock (e.g. thermal comfort) mitigation is already

in place (for example our strategic asset management plan commits to meeting MEES (minimum energy efficiency) standards, which requires all domestic rented properties to be at least a EPC E, guaranteeing a basic level of energy efficiency and thermal comfort.

Q3 Corporate Risk Register

12. The corporate register has been updated to reflect feedback received from the action owners and reviewed by the Corporate Leadership Team. This is shown in full in **Appendix 1** and summarised in **Table 1**.
13. Two new risks have been escalated to the corporate risk register in relation to the delivery of the 2022 elections and delivery of acceptable levels of performance in regulatory services. The risk scores relating to Brexit has been reduced and the risk relating to cyber security and data protection compliance have been increased.

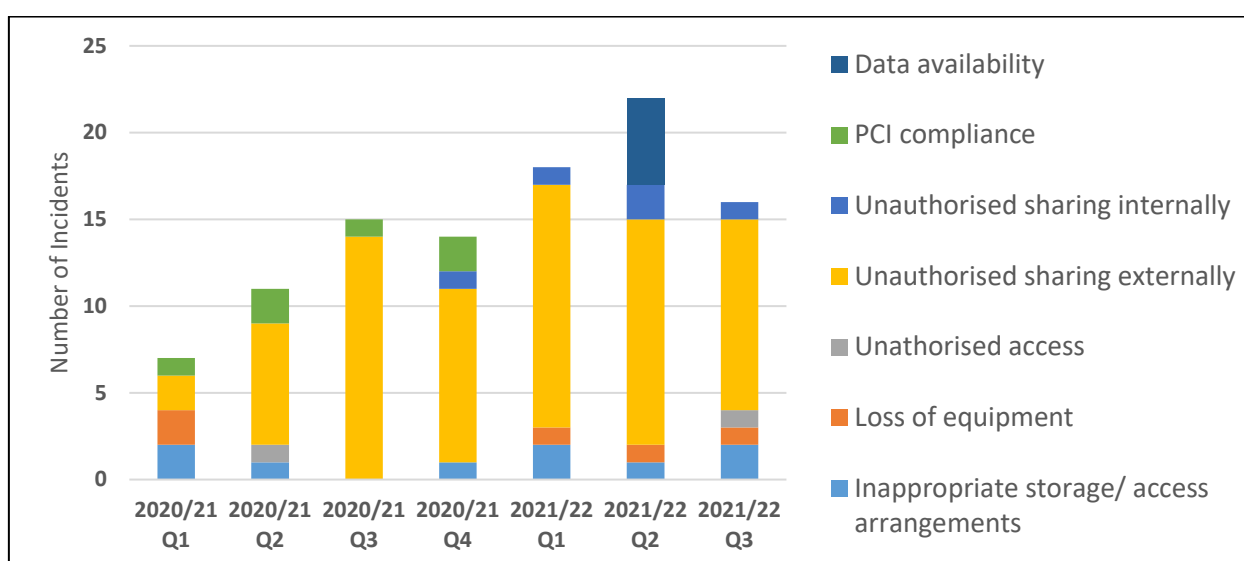
Table 1: Summary of Corporate Risk Register

	Q2 2021/22		Q3 2021/22		
	Current residual	Target	Current residual	Target	Movement from Q2
R1: Council Funding Medium-Long Term	15	10	15	10	↔
R2: Commercialisation	8	8	8	8	↔
R3: Health & safety in the workplace	12	8	12	8	↔
R4: Further Waves of Covid-19	12	12	12	12	↔
R5: Impact of Brexit	15	15	12	8	↓
R6: Business Continuity/Emergency Event	12	12	12	6	↔
R7: Cyber Security	12	12	20	15	↑
R8: Data Protection Compliance	9	9	12	8	↑
R9: Failure to fulfil statutory or legislative responsibilities - safeguarding	15	12	15	12	↔
<i>R10: Removed due to commercial confidentiality – see exempt appendix.</i>					
R11: Antisocial behaviour	16	6	16	6	↔
R12: Contract Management – Governance	12	9	12	9	↔
R13: Waste & Recycling	12	4	12	4	↔
R14: Health, Safety and Compliance in council homes and buildings	20	8	20	8	↔
R15: Anglia Square	16	8	16	8	↔
R16: Elections	New (escalated)		9	6	
R17: Failure to deliver acceptable levels of performance in regulatory services	New (escalated)		16	8	

Information Security Risk Management

14. Information Security Incidents are logged when an employee, member, supplier or customer raises concerns about potential 'data breaches' as defined by the UK GDPR.
15. Incidents are logged and investigated by the Data Protection Officer (DPO) in line with the Corporate Information Incident Response Procedure. Decisions about the notification of both data subjects and the Information Commission's Office (ICO) are done on case-by-case basis taking a risk-based approach.
16. This report does not cover unsuccessful cyber-attacks on the organization. These would not count as a personal data breach, nor would this information be released into the public domain or to those without a business need to access it.
17. This quarter the Council has logged 16 incidents with the DPO. Of these:
- 0 reported to the data subject(s)
 - 1 reported to the Senior Information Risk Owner
 - 0 reported to the ICO
18. The Council has been in receipt of:
- 0 cases being investigated by the ICO
 - 1 case in which compensation has been requested and denied
 - 0 cases in in which compensation has been requested and agreed
 - 0 cases of a formal pre-action disclosure seeking compensation
19. There are no significant incidents that Audit Committee should be aware of for the previous quarter. Chart 1 shows the quarterly incidents by type.

Chart 1: Data incidents by type



20. The overall figure for Quarter 3 is six lower than last quarter and comparable to the same quarter last year.
21. The main type of incident the Council experiences continues to be unauthorised external sharing – usually this is multiple letters in a single envelope or an email to an incorrect recipient. Training needs identified have been addressed within teams to ensure control mechanisms are operating effectively.

Role of Audit Committee

22. CIPFA's Position Statement on Audit Committees in Local Authorities and Police identifies the following core functions in relation to oversight of risk management arrangements:
- ensuring there is assurance over the governance of risk and top-level ownership and accountability
 - keeping up to date with the organisation's risk profile and the effectiveness of risk management actions
 - monitoring the effectiveness of risk management arrangements and supporting the development of good risk management practice.

Consultation

23. The Corporate Risk Register has been reviewed by the Corporate Leadership Team. The full risk register reported to Cabinet on 23rd February.
24. This report forms part of the twice-yearly updates to the Audit Committee on risk management, enabling the committee to fulfil its oversight function.

Implications

Financial and Resources

25. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2019-22 and Budget. There are no proposals in this report that would reduce or increase resources and all risk management activities are currently carried out within approved and available budget provision.

Legal

26. There are no specific legal implications arising from this report.

Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	No direct implications.
Health, Social and Economic Impact	No direct implications.
Crime and Disorder	No direct implications.
Children and Adults Safeguarding	No direct implications.
Environmental Impact	No direct implications.

Risk Management

Risk	Consequence	Controls Required
The full corporate risk register is provided as an appendix to the report. The report itself does not pose an operational, financial, compliance, security, legal, political or reputational risk to the council.		

Other Options Considered

27. There are no alternative options to this report.

Reasons for the decision/recommendation

28. This report forms part of the twice-yearly updates to the audit committee on risk management, enabling the committee to fulfil its oversight function.

Background papers:

None

Appendices:


Appendix 1: Corporate Risk Register


Exempt Appendix 1: Corporate Risk Register Risk 10 (commercially sensitive) (see green papers of agenda pack)


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Appendix 1: Corporate Risk Register Q3 2021/22


Risk: 1. Council Funding Medium- Long Term			Owner: Executive director of corporate and commercial services				Category: Finance & Resources	Risk Direction:		
			Target Risk				Current Residual Risk			
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
<ul style="list-style-type: none">• Council fails to identify and plan for enough savings over the medium term.• Non-delivery of identified savings• New national funding arrangements reduce government funding (Fairer Funding, Business Rates Retention, New Homes Bonus)• Economic uncertainty increase volatility on business rates and council tax• Risk of inflation on costs and pension deficit increases.• Lack of capital resources to fund the council's asset base – implications	<ul style="list-style-type: none">• Councils financial position goes into deficit, reducing confidence in financial strength and governance• Unplanned use of reserves reducing capacity and flexibility and compromising stability.• Section 114 notice• Government intervention• Failure to deliver Council Plan• Adverse comments by poorer perception of Council by stakeholders.• Overspends arising from activity not in service plans.	<ul style="list-style-type: none">• Reviewed all the assumptions within the MTFS and updated.• Corporate budget planning guidance issued• CLT review of budget options and MTFS refresh• Cabinet give due consideration to latest forecasts and options to close any gap identified during the review of MTFS assumptions.• Consultation will be completed where required for all proposals approved in Feb 2022 budget.• Restructure senior management team to improve service delivery and drive forward transformation programme.• Started process of service reviews to generate efficiencies• Utilising invest to save reserve to deliver transformation programme• Refresh cabinet briefing on the MTFS and approve revised MTFS	Jun 20	5	2	10	Manage	5	3	15
			Risk Control Action							
			Action		Owner		Target Date	Update		
			All budget proposals are monitored on a monthly basis		Executive director of corporate and commercial services		Monthly	Financial reporting continues to CLT on a monthly basis with a dedicated session established at CLT as part of its assurance workplan on a quarterly basis.		
			Comments: The Council is working towards a sustainable budget that does not utilise reserves. Current plans incorporate the use of reserves to bring the general fund reserve back to the risk assessed minimum requirement. Once the detail of the spending review 2021 is available to the council in December 2021, further consideration will be given to how the council can address the medium-term financial challenges as funding for the next three years should be clarified.							

Risk: 2. Commercialisation (investment property, NRL, other commercial income sources)			Owner: Executive director of corporate and commercial services				Category: Finance & Resources		Risk Direction:		
Description/Triggers	Impact	Mitigation	Date Raised	Target Risk			Risk Strategy	Current Residual Risk			
				Impact	Likelihood	Score		Impact	Likelihood	Score	
<ul style="list-style-type: none">• Lack of depth of skills and knowledge to manage commercial activities (reliance on several key staff)	<ul style="list-style-type: none">• NRL – losses in the company result in additional revenue costs to the General Fund• Non-delivery of budgeted income levels to support general fund• Ineffective management of the property portfolio leads to reducing income and poor use of assets	<ul style="list-style-type: none">• Asset Management Strategy• Addressed recommendations from the internal audit review of NRL governance.• Completed a thorough review of the Council's approach to housing commissioning and structure.• Independent assurance sought on NRL business plan for 21/22 prior to approval of business cases for development proposed in to.• NRL Board have commissioned independent advice to aid development of the 2022/23 business plan.• Shareholder panels for NRL and NCSL are established and have participated in the development of the business plans and will approve the final business plan for onward approval by cabinet	Jun 20	4	2	8	Manage	4	2	8	
			Risk Control Action								
			Action		Owner		Target Date	Update			
			Following Cabinet approval, new and revised structures will be put in place for the management of all non HRA properties.		Executive director of development and city services		Dec 21	New and revised structures – Recruitment of delivery director completed. Recruitment of rest of team ongoing and should be completed by December			
			Produce a new asset management strategy.		Executive director of development and city services		Feb 22	Production underway. Timetable has slipped due to be complete during the autumn.			
			Comments: The council stopped its programme of commercial property acquisitions in March 2020 following changes to the Public Works Loan board lending terms. Emerging guidance in this area will continue to be monitored.								


Risk: 3. Health & safety in the workplace			Owner: Executive director of development and city services				Category: Finance & Resources		Risk Direction:		
			Target Risk					Current Residual Risk			
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score	
<ul style="list-style-type: none">A health & safety breach occurs in respect of an employee, contractor or member of the public using a City Council owned asset.	<ul style="list-style-type: none">Serious injury or death to the person/people involved in the breachSignificant cost to the CouncilHSE or other regulator investigation and potentially serious outcomes, e.g., corporate manslaughterReputational Damage	<ul style="list-style-type: none">Corporate Health & Safety Policy and all Performance standards in placeH&S training for staff and managers mandatory with updates for managers every 3 yearsService Area Risk Assessments in place (accepting these need review – see actions)Provision of PPE as required to all staff	May 20	4	2	8	Manage	4	3	12	
			Risk Control Action								
			Action		Owner		Target Date	Update			
			Peer review of CH&S functions to be undertaken <ul style="list-style-type: none">Head of planning and regulatory and EH&PP Manager to write scope and seek tendersReview completedImprovement plan to be draftedImplementation of Improvement plan		Head of Planning and Regulatory services & EH&PPM		March 22 April 22 June 22 To be defined once above completed				
			Review of CH&S Policy and Performance Standards		EH&PPM		April 22				
			Completion of Internal Audit of CH&S (Employees related only)		Internal Audit		March 22				
Comments:											

Risk: 4. Further waves of Covid-19:			Owner: Chief Executive				Category: Customer		Risk Direction:	
			Target Risk				Current Residual Risk			
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
<ul style="list-style-type: none">Adverse impacts associated with further restrictions and pressures associated with Covid-19 that will have on the city, council and local services	<ul style="list-style-type: none">Lack of government funding to support local businesses resulting in local business failuresEconomic uncertainty increase volatility on business rates and council taxInsufficient government funding to local authorities to support the delivery of additional Covid -19 related activitiesFinancial pressure due to down turn in income leading to financial instabilityIncrease in unemploymentIncrease in claims for benefits and consequential impact on staff workloadsImpact of staff absences on essential services including the councilLonger term health inequality increases for deprived neighbourhoods	<ul style="list-style-type: none">Delivery of business support grants and self isolation support paymentsOngoing work with the Norwich BID and Norfolk Chambers of Commerce to support local businessesTCG has been stood back up as of Dec 21. Health Protection Board, attended by Chief Executive, providing oversight, with relevant NRF cells still operatingLocal Coordinating Group continues to oversee partnership response and internal Covid Facilities Group re-established for internal matters,C-19 Support Officer provided in the city to give advice and support to businesses and the publicCentral Covid team established to provide coordinated oversight of marshalling, testing, vaccinations, contact tracing and self -isolation.Reinstatement of some covid business support officers (Dec 21) to ensure mask wearing in relevant shops and SIA contract established to review late night economy use of covid passports	Jun 20	4	3	12	Manage	4	3	12
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Work with the Norwich BID, Norfolk Chambers of Commerce, police and Norfolk County Council to review and implement physical measures and signage in the city centre to support social distancing.		Executive director of development and city services		Completed	New posters, signage and toolkits sent to businesses based on new comms messaging and sector specific guidance changes. This has been updated with all taking part in Local Coordination Groups (LCGs) which meet fortnightly and review all possible actions needed and work together to take action. New posters based on the Dec 21 mask legislation changes are being distributed around the city.		
			Implementation of lessons from scenario planning via Public Health		Executive Director of Community Services		Ongoing	Covid team is now one single team with funding secured until at least Mar 22 with a funding request in with PH for extension until June 22 to mitigate for staff deciding to move on to other jobs.. Escalation route in place for events to LCG for any concerns and Public Health attendance at SAGs if needed. Coordination of additional resource requirements in the event of surge planned and ready for implementation.. LCG continue to monitor good practice regarding outbreak management. Debrief from tabletop scenario complete and learnings used in surge planning.		
Working via Safety Advisory Group to ensure careful scrutiny of public realm events		Executive Director of Community Services		Ongoing	New guidance produced via NRF social distancing cell and escalation routes confirmed. Public Health have an open invitation to invite them to SAGs where needed and all events in scope are discussed at LCGs fortnightly. Nothing upcoming except Love Light Festival in Feb which is being kept under review.					


		<ul style="list-style-type: none"> Continued funding of Financial Inclusion Consortium and successful bids to Community Renewal Fund as mitigation to economic and deprivation risks. Continued work with HIOG (health inequality oversight group) led by CCG to review health equality issues. Close management of COMF budgets and exploration of re-charging opportunities Working with Local Outbreak Management plan colleagues to scenario plan and ensure response is fit for purpose. Reviewed as needed but current wave is being more directed by central NHS teams with limited need to implement Op Eagle planning. Use its licensing powers to support businesses – particularly those in the hospitality sector – where appropriate to vary the use of outside space, whilst ensuring that people with disabilities can move around the city safely 	Communications	Executive Director of Community Services	Ongoing	Communications NRF cell continues with targeted comms and outreach to vulnerable groups. Winter planning in train with Norwich BID and local businesses targeting the night time economy and how to continue to go out over the festive period but safely.
			Continue to deliver grants and wider support to businesses.	Executive director of corporate and commercial services	Ongoing	BAU – new business support grant announced for hospitality sector on 21 December. Awaiting details from government to take forward and open for applications.
			To work effectively with partners through effective networks to minimise spread of virus, provide clarity of local message and for us to provide an effective local track and trace service	Chief Executive	Ongoing	LCG convened fortnightly with key stakeholders including County Council Director of Public Health, East Anglia University. Action plan in place including deployment of Covid officers, more visible communications e.g. regular press conferences, continued review of data to identify hotspots and continued local contact tracing system. Dedicated covid team and management in place within budget and continued shifting of resource as needed depending on current circumstances. Utilising Household Support Fund (HSF) via the covid team to mitigate any financial issues caused by covid and ensure residents aren't leaving isolation to work where possible.
			Working with health colleagues in PH and CCG to review the longer term ambitions to reduce health inequality in deprived neighbourhoods	Executive Director of Community Services	Ongoing	Working with HIOG to ensure partnership working across the city which focused on those most impacted by the pandemic and previous deprivation. Funding secured from vaccine funds, CCG and Norwich Opportunity area to pilot new ways of working in this realm to be evaluated by UEA.
			Comments: While the response is now more embedded and tested with clear plans in place for future waves, the impact is no less than before as the risks themselves are shifting with the changing variants and understanding of the longer-term impacts.			

Risk: 5. Impact of Brexit			Owner: Chief Executive				Category: Customer	Risk Direction:		
				Target Risk				Current Residual Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
<ul style="list-style-type: none">Continued uncertainty over the nature of the UK's exit from European Union.Risks associated with potential no deal scenario	<ul style="list-style-type: none">Public disorder eventsFood availability (panic buying/ stockpiling) - Increased prices for food and fuelPossible disruption to fuel suppliesStaffing issues (EU nationals)Inclement weather may have increased impactsFlood season September – April (impacts on Coastal Districts – provision of mutual aid)Staffing resilience managing concurrent events (e.g. Covid, Brexit, severe weather)Potential political developments (elections/referendums) – these would place increased pressure on some district councils.Increases in environmental crimes i.e. fly tipping etc., as advised by the Environment AgencySignificant impact in cost of labour and resources	<ul style="list-style-type: none">Membership & participation in Norfolk Resilience Forum (NRF)NRF multi-agency plans to deal with significant eventsNRF Brexit StrategyBusiness Continuity PlansBrexit Communications PlanNational guidance/ toolkitsStrategic Brexit Lead Officer	Apr 20	2	4	8	Manage	3	4	12
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Monitor the situation, awaiting further government guidance		Emergency Planning Manager/ Environmental Health & Protection Manager		Ongoing	EPM engaged with NRF EU transition working group. Continuing to monitor any impacts		
			Information sharing through NRF structures		Emergency Planning Manager		Ongoing	NRF EU Transition strategy reviewed and updated to reflect our current position.		
			Participation in NRF Brexit planning meetings		Emergency Planning Manager		Ongoing	Risk assessment reviewed and updated in the strategy. Government Reasonable Worst Case Scenarios used to inform our activities. Update from 22/4 meeting: quiet in terms of immediate impact; supply chain issues seem to be calming down from a business perspective; deadlines ahead which may present challenges (30/6). Group agreed to stand down, can be reinstated quickly if there is a need to. Issues of concern can be escalated through MAFG. 5/7 – Meetings still on pause, no intel to cause concern at present. Not directly Brexit related, media article has highlighted concerns around food supply chain due to acute shortage of HGV drivers		
			Promotion of EU Settlement Scheme		Emergency Planning Manager		complete	Working with comms and service areas to proactively promote the EU Settlement Scheme. Leaflet included in council tax bills; scripts and posters shared with service areas; leaflets and		


						posters sent to businesses; text burst sent to residents. We will continue to promote. TC – 5/7: EU Settlement Scheme closed on 30 June. The scheme has introduced a criteria set for late applications if there are reasonable grounds for missing the deadline. Cllr Walters sent letter to government asking for the deadline to be extended.
			<p>Comments: Impacts from NRF Brexit Strategy</p> <p>Trade deal between the UK and EU finalised late December 2020.</p> <p>Proactive promotion and targeted comms to encourage EU nationals to register for EU Settlement Scheme. If individuals do not register they will become unlawfully resident, in breach of UK immigration laws and could be forcibly removed. They will not be entitled to benefits or support and classed as having No Recourse to Public Funds. Housing to consider if there are implications on housing stock and their service area. This could potentially result in greater numbers of rough sleepers.</p> <p>6/10: Nothing further to report. NRF meetings still on pause, no further intel.</p> <p>6/1/22 NRF meetings still on pause – no intel to cause concern at present. New customs procedures and 'rules of origin' declarations came into force 1/1/22, more complex paperwork to bring goods into Britain, which may cause issues with supply chain of some products.</p>			

Risk: 6. Failure to respond to a critical, business continuity or emergency planning event			Owner: Chief Executive				Category: Processes & Systems	Risk Direction:		
				Target Risk				Current Residual Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
<ul style="list-style-type: none">• Occurrence of a significant event:<ul style="list-style-type: none">○ Loss city hall○ Denial of access to City Hall○ ICT failure temporary○ Cyber Attack○ Contractor collapse○ Supply chain failure○ Severe weather events○ Loss of power○ Sea level rise○ Fuel shortages○ Communications failure○ Pandemic• Insufficient staff representation across strategic, tactical and operational levels to ensure resilience, effective response and enable full engagement within NRF structures	<ul style="list-style-type: none">• Council/services unable to function.• Increase in demand on Council services• Vulnerable service users unable to access services• Reputational damage	<ul style="list-style-type: none">• Service Area Business Impact Analysis and Business continuity plans in place (albeit accepting update required)• ICT Disaster Recovery Plan in place (albeit accepting update required)• Incident Management Team response to business continuity incidents.• Regular training and exercising including of all Emergency Management plans and Service Area BIA/BCPs• Insurance policies• Asset register• Emergency planning strategy in place and maintained• Incident specific response plans• Rest centre and community centre plans• Full participation in Norfolk Resilience Forum meetings• Review of NRF risk assessments and Norfolk Community Risk Register• Norfolk Emergency Response Guidance NRF multi-agency plans for specific risks• Participation in training and exercises• Good contract governance• Services areas to raise at supplier engagement meetings potential risk of contractor for early warning.• Service areas to gain knowledge of alternative suppliers that could deliver key services.• Links in-place to other stakeholder BCPs – e.g. Biffa and NCSL• Service areas to flag with contract managers risk of supplier collapse	Apr 20	2	3	6	Manage	4	3	12
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Reinstatement of Business Continuity steering group, agreement of ToFR and attendees		Head of Planning and regulatory services		Mar 22			
			SLT training on Corporate BCP Review all SA BIA.BCPs Review CBCP Complete all actions identified in mean Arrows Exercise Report including (but not exhaustive): <ul style="list-style-type: none">- Use of Lakenham Office as WAR location- Develop Corporate induction training for new starters- Communications and IT emergency response strategy to be defined including OOH- Cyber Incident Response plan to be prepared- Recruit additional loggists		Head of Planning and regulatory services		Timescale s and lead officers to be agreed at first BCSG meeting (March 22)			
			Comments:							


		<p>due to Covid or issues with supply change due to Brexit.</p> <ul style="list-style-type: none"> • Completion of outstanding actions from previous EP and BC exercises • Emergency planning duty officer rota and procedures in place • Emergency planning arrangements reviewed and updated • Business continuity plans reviewed • New emergency planning strategy • Gold/Silver rota in place to support EPDO. 	
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Risk: 7. Cyber Security			Owner: Executive director of community services				Category: Processes & Systems	Risk Direction:		
			Target Risk					Current Residual Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
<ul style="list-style-type: none">lack of staff awareness and training in relation to cyber security.An IT vulnerability allows a Cyber-attack on the corporate data networkFailure to address the IT recommendations of IT Health assessments in a timely fashion.Non-compliance with the Data Integrity Principle (GDPR).	<ul style="list-style-type: none">The Cyber-attack on the local authority in NE England is estimated to have cost £10m.Loss of IT systems (such as Web services, Email, Payments, Public Access, Corporate information etc) for several days, weeks or even months)IT systems don't meet service transformational expectations.Customer services disruptedFinancial impact of prolonged IT shutdownPolitical & reputational riskNon-compliance with Payment Card Industry standards which results in financial fines.Non-compliance with Public Sector Network which results in possible loss of DWP information affecting the Benefits' Service.	<ul style="list-style-type: none">Corporate Information Group – monitor information assurance related issues.Independent annual Cyber health assessments provides for a friendly warning of vulnerabilitiesFirewalls & Security ProductsInternal audit of cyber securityRefresh the Staff Awareness ProgrammeAttendance at CyberShare EastMember of Security Information Sharing Partnership (CiSP)Member of NCSC Early Warning system (a service designed to inform the organisation of potential cyber attacks)	Jun 20	5	3	15	Manage	5	4	20
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Review the need to insure against cybersecurity attacks.		Head of Customers, IT & Digital		Feb 22	Brokers have been identified that will provide insurance against cyber attacks. They have requested information about our existing security protection levels. Aim to have this returned to brokers by end of February 2022. A new action will follow this.		
			Address the vulnerabilities identified from the IT Health Assessment		Head of Customers, IT & Digital		Feb 22	The council has achieved PSN compliance status. Further information about planned actions can be obtained from the Head of IT, customers and digital ¹		
			Review of IT Process/Policy Documentation		Head of Customers, IT & Digital		Complete	review is complete.		
			Training session in November 21 to include cyber-attacks and their potential impact		Emergency Planning Manager		Complete	6/1/22: Exercise Mean Arrows delivered to SLT on 22/11/21. The table-top discussion exercise was to evaluate the council's response to a cyber-attack. Exercise report drafted with a number of recommendations, to be presented to CLT		
			Comments:							


¹ Revised wording published 12 April 2022


Risk: 8 Data Protection Compliance			Owner: Executive director of community services				Category: Processes & Systems	Risk Direction:		
				Target Risk				Current Residual Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
<ul style="list-style-type: none">• Technical or procedural non-compliance with UK Data Protection legislation• Unauthorised access to, loss or disclosure of personal data	<ul style="list-style-type: none">• Regulatory / Financial penalties. The Information Commissioner’s Office (ICO) can impose fines of up to £17.5 million or 4% of the total annual worldwide turnover in the preceding financial year, whichever is higher.• Legal action. Data subjects can bring compensation claims based on material or non-material damage including distress for non-compliance.• Political & reputational damage.	<ul style="list-style-type: none">• Mandatory e-learning modules on Data Protection.• Corporate Information Group – monitor information assurance related issues.	Jun 20	4	2	8	Manage	4	3	12
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Review all IT systems to ensure they meet technical data protection requirements		Head of Customers, IT & Digital		Complete	IT roadmap now in place to refresh and replace systems as appropriate. New systems are scrutinised as part of the DPIA process.		
			Deliver staff awareness. Links to Cyber Security Risk actions.		Head of Customers, IT & Digital		Complete	Member Development Training delivered on 06/12/2021 to highlight their roles and responsibilities. Mandatory training for all staff and contactors launched 4 th October 2021.		
			Review Data Protection / Information Assurance Policies		Head of Customers, IT & Digital		Mar 2022	The ‘Appropriate Policy Document’ is published on Norwich.gov but further work required to identify areas where NCC processes criminal data as a ‘Competent Authority’. The IT User Security Policy is being redrafted after feedback from JCNC. This is scheduled for reconsideration at the next meeting on 19 Jan 2022. The Records Management Policy has been approved by JNCN. The User Security and RM Policies will be launched together in Feb 2022. All policies will be reviewed on an annual or bi-annual basis once published.		
			Review Data Protection / Information Assurance Processes and Documentation		Head of Customers, IT & Digital		Jun 22	The Information Security Incident procedure remains under review and is scheduled to be approved at Corporate Information Assurance Group on 21 Jan 2022.		


						<p>It is recognised that the Retention Schedule requires a significant review to appropriately reflect our current processing activities. This is scheduled to commence in Q1 2022.</p> <p>It is recognised that the Records of Processing Activity register requires a review to better reflect our current processes. This is scheduled to commence in Q2 2022. Whilst a legal requirement this offers little useful application or risk assurance.</p>
Comments:						


Risk: 9. Failure to fulfil statutory or legislative responsibilities - safeguarding.			Owner: Executive director of community services				Category: Customer		Risk Direction:	
			Target Risk				Current Residual Risk			
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
<ul style="list-style-type: none">• Lack of understanding the statutory and legislative responsibilities.• Lack of awareness of legislative changes and new legislation.• Failure to implement statutory duties and responsibilities.• Lack of required skills knowledge and experience of key officers tasked to fulfil statutory or legislative responsibilities.• Insufficient organisational capacity.• Ineffective procedures and processes.• Lack of clarity of roles and ownership of legislative responsibilities (H&S, safeguarding, equality etc.).• Delegation of responsibilities where services are with a contractor.	<ul style="list-style-type: none">• Financial costs in compensation & 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	<ul style="list-style-type: none">• Communication Strategy to ensure implementation• Corporate Governance Group in place to oversee compliance• Legal Services in place to provide support• Positive approach to checking compliance with legislation• Professional leads identify legal requirements• Quality assurance processes in place for contracted services• Suitably trained and qualified staff and mandatory reading of key documents for all officers	Apr 20	4	3	12	Manage	5	3	15
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Review risks, impact, mitigations, ownership and actions		Housing Operations Director		Mar 22	Interim Head of Service appointed to undertake review.		
			Increase officer confidence in information sharing and understanding of when and how to do so appropriately		Early Intervention & Community Safety Manager		on-going	The Training audit is on-going as staff are recruited to key roles and inducted into the organisation. A targeted programme of safeguarding training is planned. To be updated following review		
			Safeguarding policy and risk embedded into contractors' and sub contractors' policy and practice		Early Intervention & Community Safety Manager		on-going	Safeguarding champions from NPS attend meetings to create the link into their organisation and the contractors that we work with. To be updated following review		
			Maintain safeguarding champion knowledge, understanding, confidence		Early Intervention & Community Safety Manager		on-going	Safeguarding champions meet every two months and assess their knowledge requirements. To be updated following review		
			Embed learning across council teams		Early Intervention & Community Safety Manager		Ongoing	There are regular learning sessions for Neighbourhoods staff. Learning from Complex Case Strategy Meetings and Safeguarding Adult Reviews is shared at bi-monthly champions meetings for wider organisational dissemination.		
Comments: Populated from 2019-20 section 11 self-assessment action plan										


Risk 10 – Removed due to commercial confidentiality.


Risk: 11. Antisocial behaviour			Owner: Executive director of community services				Category:		Risk Direction:		
Description/Triggers	Impact	Mitigation	Date Raised	Target Risk				Current Risk			
			Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score		
<ul style="list-style-type: none">Failure to adequately manage risk to residents affected by antisocial behaviour	<ul style="list-style-type: none">Death or serious injury to residentMental well-of resident being impactedEscalation of issues leading to increased service demand and/or cost	<ul style="list-style-type: none">Ensure risk assessment process being followed throughout the antisocial behaviour processNew ASB team fully staffed	Oct 20	2	3	6	Manage	4	4	16	
			Risk Control Action								
			Action		Owner		Target Date	Update			
			Successful recruitment to new team so it is fully staffed		Early Intervention & Community Safety Manager		Mar 22	Temporary staff recruited. Recruitment for front-line staff underway			
			New ASB team trained on and conversant with ASB risk assessment procedures		Early Intervention & Community Safety Manager		Jun 22	Temporary trained on corporate and national service standards. Awaiting recruitment of new team			
			Residents know how to report ASB to the council		Early Intervention & Community Safety Manager		Complete	Complete. Online and telephone reporting in place.			
			Review of new ASB response arrangements to ensure effective		Early Intervention & Community Safety Manager		Complete	New process and standards agreed in addition to targets set to improve performance. Customer touch points increased 6 times in first six weeks. This includes a minimum of 1 in-person visit to the victim.			
			Comments: CLT 24/2 agreed to add to corporate register As part of new structure ASB has moved to housing and community Safety Service within community services directorate. Full review of ASB service underway.								


Risk: 12. Contract Management – Governance			Owner: Executive director of corporate and commercial services				Category: Processes & Systems		Risk Direction:	
			Target Risk				Current Risk			
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
<ul style="list-style-type: none">Contract management strategy out of date / not being adhered toResourcing of contract management and training inadequateClarity of service area accountability & roles and responsibilities poorContract managers not fully aware of the risks to service delivery in their contractsInadequate SLA/KPIs/MI identified in tender/contracts documents withLack of escalation of contract issuesPoor due diligence pre-award and during contract	<ul style="list-style-type: none">Third party relationships and contracts not managed appropriately causing:<ul style="list-style-type: none">contract value not realised / obligations not carried outPoor performanceFinancial loss / poor value for moneyLegislative requirements not met / regulatory / legal fine or censureReputational impactLack of visibility of supplier performance	<ul style="list-style-type: none">Contracts and variations available to all contract managers; each contract has an identified leadProcurement and Contract Management Strategy sets principles and actions for contract managementCLT have requested review of how contract management is being delivered within the organisation to identify potential improvements'Driving value through our supply chain' corporate group to monitor value for money delivery in contracts and share practiceIA coverage in audit plans	Aug 20	3	3	9	Assess	4	3	12
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Refresh contract management strategy to become contract management framework, including assessing standard documentation to support effective contract management and evaluating assurance mechanisms within the organisation		Head of Legal and Procurement		Mar 22	This has been identified as an area of focus within the procurement strategy implementation plan. This work will be completed in tandem with the annual contract performance reviews identified below		
			Delivery of contract management fundamentals training		Business Relationship & Procurement Manager		Feb 22	To enhance existing organisational knowledge in the short term, we intend to provide training for lead managers in contract management. Beyond this, we will need to deliver specific training on an ongoing basis to support managers in adhering to the contract management framework.		
			Develop and deliver contract management training based on the framework <ul style="list-style-type: none">NCLS officersNCC officers		Business Relationship & Procurement Manager		Sept 22			
			Undertake commercial contracting challenge diagnostic to understand procurement maturity and potential high risk areas for further action		Head of Legal and Procurement and Business Relationship and Procurement Manager		Mar 22	The diagnostic is an externally commissioned exercise to help the Council understand its relative strengths in commissioning and procurement to then identify further action. The outcomes of this will be reported to the Future Shape Norwich: Driving value through our supply chain group to identify priority areas.		
			Comments: Recent limited assurance audit opinions on both NNBL and waste services contract management. Priority resources have been assigned to review these contracts and improve the performance and outcomes achieved.							

Risk 13: The Council’s approach to waste and recycling becomes financially, environmentally and contractually unsustainable			Owner: Executive Director Development & City Services				Category:	Risk Direction:		
				Target Risk				Current Residual Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
<ul style="list-style-type: none">• The Council's Waste Management services operate in a highly regulated environment. This regime covers the type of collection services that must be provided to households and businesses, and how material can be processed. There are a number of policy and contractual challenges that the Council must address between now and 2024, including the review of the collection contract with Biffa, our recycling processing with NEWS, and our response to the proposals in the proposed Environment Bill	<ul style="list-style-type: none">• Risk to service delivery as a result of appropriate contracts not being in place• Service becomes financially unsustainable• Services provided do not comply with new regulatory regime• Council cannot deliver the objectives of the Environment Strategy as they relate to waste minimisation and recycling• Significant reputational impact on the Council	<ul style="list-style-type: none">• Comprehensive review of financial and contract strategies to identify and address potential barriers to new contracts being agreed with suppliers is about to commence with Biffa and Peopletoo• Peopletoo evaluation will scope review and redesign of services to ensure that they meet current and future regulatory requirements• Staff development programme focussing on procurement, waste strategy and contract management to be designed and delivered• New “variable gate fee” contract with NEWS agreed at November Cabinet to address financial sustainability concerns of previous contract• New Environment Act 2021 does not provide specific dates for implementation of Consistency and Extended Producer Responsibility requirements• Council already provides range of services specified within the Act, although it is unclear on whether Garden Waste should be provided free of charge	May 2021	2	2	4	Manage	4	3	12
			Risk Control Action							
			Action		Owner		Target Date		Update	
			Contract strategy for Biffa to be developed and agreed by CLT		Head of Environment Services		Mar 22		HoES attended CLT in July and resources agreed to allow resources to be released to enable actions identified below to be delivered.	
			Contract strategy for NEWS to be developed and agreed by CLT		Head of Environment Services		Complete		Anticipated that report will be taken to Cabinet in Nov to agree way forward Complete	
			Waste Strategy to be reviewed to address financial, regulatory and climate challenges		Head of Environment Services		Mar 22			
Comments:										

Risk 14: Health, Safety and Compliance in council homes and buildings			Owner: Executive Director of Community Services					Risk Direction:			
				Target Risk				Current Residual Risk			
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score	
<ul style="list-style-type: none">• The council fails to meet its statutory, legislative, and regulatory requirements in relation to Health, Safety and Compliance• The council fails to return its homes and buildings to full compliance within an acceptable period and as expected by the Regulator of Social Housing	<ul style="list-style-type: none">• Risk of serious detriment to tenants and leaseholders• Regulator of Social Housing takes enforcement action against the council• Planned programmes of work to council homes are delayed to ensure H & S and compliance work is prioritised• Cost increase in relation to contract works, insurance and management of homes• Emergence of further Health, Safety and Compliance matters as data is validated and through transfer of JV.	<ul style="list-style-type: none">• Capacity, skills and expertise to be recruited within NCC• Insourcing of JV (NPSN) including health, safety and compliance function• Compliance data validation for transfer to NEC• Compliance Improvement Plan (CIP) to be developed to include a suite of supporting plans• Remedial works trackers across all areas• Housing Health Safety and Compliance Board• Monthly reporting to RSH• Quarterly reporting to Cabinet• Sufficient capital and revenue budget provision• Increased contractor capacity to deliver CIP	October 2021	4	2	8	Manage	5	4	20	
			Risk Control Action								
			Action			Owner		Target Date	Update		
			CIP and suite of documents including: <ul style="list-style-type: none">• Recovery Plan (what we are doing to support/achieve recovery to 100% compliance)• Dashboard (the data that shows progress)• Building Safety Bill Act requirements• Risk assessment plus impact and mitigations			Housing Operations Director		Dec 21	Completed – ongoing as 'live documents'		
			Recruitment to be completed			Exec director of community services		Dec 21	Completed. Additional resource requirement identified to support other council buildings.		
			Budget provision to be recommended for approval November Council			Exec director of community services		Nov 21	Approved and budget provision in place for 2022/23		
			Remedial Works Trackers			Housing Operations Director		Dec 21	Completed – ongoing as 'live documents'.		
			Contractor Capacity			Housing Operations Director		Ongoing to Dec 22	In progress – procurement of additional capacity underway – to be in place by 01/04/2022		
			Data validation in preparation for transfer to NEC			Housing Operations Director		March 22	In progress in line with target date.		
			Comments: The Regulator of Social Housing has found NCC in breach of the Home Standard. The RSH served NCC with a Regulatory Notice on the 27 th of October 2021 setting out details of the breach.								

Risk 15: Failure to be able to draw down £15m of HIF money previously secured from Homes England and under contract to assist with the delivery of Anglia Square leading to failure for successful redevelopment of this key city centre site.			Owner: Executive Director Development & City Services					Risk Direction:		
				Target Risk				Current Residual Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
<ul style="list-style-type: none">Failure to be able to draw down £15m of funding previously secured from Homes England in order to assist delivery of Anglia Square redevelopmentHIF funding needs to be spent by March 2024 at latest. Current HE advice is this means not only being drawn down by the Council from HE but also being able to evidence delivery of eligible infrastructure before payments are drawn downFollowing refusal of previous planning application for the site timetable is challenging insofar as a revised application is due to be submitted in March 2022. Earliest possible planning decision issued likely to be autumn 2022. Start on site prior to 2023 unlikely	<ul style="list-style-type: none">Threat to the redevelopment of Anglia Square – continued blight on northern City CentreNew housing and commercial development not delivered – needs remain unmetLoss of future Council tax and business rates income to CouncilReputational risk to council through failure to draw down allocated funding	<ul style="list-style-type: none">Regular liaison with Weston Homes and Colombia Threadneedle to ensure that consultation and processing of application is handled promptlyRegular engagement with Historic England to minimise prospects of objections/request for call-in of applicationEngagement with Homes England to understand parameters around HIF fundingBriefing of PAC and Cabinet on emerging proposals (programmed for January and March 2022)Requested Homes England reconsider deadline for HIF spend (Director letter sent – awaiting response)	2/11/21	4	2	8		4	4	16
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Commission detailed advice on state aid rules post Brexit and definition of eligible infrastructure for HIF funding		Executive Director Development & City Services		Mar 22	Meeting scheduled with HIF staff to explore additional capacity funding. Meeting with legal advisors planned for 11/01/22 to commission advice. Capacity Funding secured from HE.		
			Commissioning independent viability assessment and programme review. Funded through Homes England capacity Fund (secured £40k)		HofP&RS		Mar 22	Brief for tender written and with procurement for issue through Bloom framework.		
			HofP&RS meeting Outpost artists to consider relocation options		HofP&RS		Feb 22	Meeting arranged for 03.02.22		
			Community Review Panel		HofP&RS					
			Design review panel		HofP&RS					
			Comments: Response from Homes England on possible extension of time on HIF mvf deadline still awaited.							

Risk 16: Elections			Owner: Executive director of corporate and commercial services				Category: Processes & Systems	Risk Direction:		
				Target Risk				Current Residual Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
<ul style="list-style-type: none">• Delivery of a successful and compliant election on a new election system and through the ongoing uncertainty of the covid-19 situation	<ul style="list-style-type: none">• Issues in deployment of the election system could present challenges in managing the electoral register and elections effectively• The Covid-19 pandemic uncertainty could create additional burdens in the general management of the election and impact on voter behaviour (increases in postal and proxy voting)	<ul style="list-style-type: none">• Delivery of the deployment programme for the election system with back-up plan in the event of unsuccessful implementation• Election activities continue to be risk assessed in light of the ongoing pandemic	Aug 20	3	2	6	Manage	3	3	9
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Delivery of election system deployment programme		Application support manager / Democratic and elections manager		Feb 22	A project team is in place with an agreed deployment plan with our chosen provider, Democracy Counts. The deployment plan includes user testing and training. To mitigate any risks of unsuccessful deployment, the IDOX system currently used has been extended to cover the election period if it needs to be called upon.		
			Monitor covid-19 restrictions and evaluate impact on conduct of the elections		Chief Executive / Democratic and elections manager		May 22	A regular programme of elections team meetings has been scheduled. This has been identified as a key risk to election delivery and will continue to be monitored. A full project plan for the election is in development.		
Comments: This risk escalates to a corporate level for Q3 and Q4 of 2021-22. The risk will de-escalate at the end of Q1 and in Q2 to the directorate risk register.										

Risk: 17 Failure to deliver acceptable levels of performance in regulatory services			Owner: Executive Director Development & City Services				Category:		Risk Direction:	
				Target Risk				Current Residual Risk		
Description/Triggers	Impact	Mitigation	Date Raised	Impact	Likelihood	Score	Risk Strategy	Impact	Likelihood	Score
<ul style="list-style-type: none">• Large backlogs of applications needing to be addressed• Failure to avert avoidable harm to public• Increased challenge/complaint re decisions made• Failure to comply with Private Hire vehicle compliance standards	<ul style="list-style-type: none">• Reputational harm, restricted ability to charge• Reputational harm, potential legal risks• Failure to maximise income	Peer Review completed and areas for priority attention identified, resulting in programme of service improvements alongside temporary resource to address backlogs	26/01/2022	4	2	8		4	4	16
			Risk Control Action							
			Action		Owner		Target Date	Update		
			Regulatory services improvement plan to be drafted, to include full business case for digitalisation of services, process review, and policy amends		Sarah Ashurst		Aug 22	Full improvement plan to be costed and presented to CLT for budget sign off through Opening Briefs process and approval of timescales. Once agreed, PID and Improvement plan will form actions to be completed here.		
Comments: Peer review outcomes and restructure proposals taken through CLT and Portfolio holders briefed. Restructure consultation and temporary resources will be consulted on and implemented in the New year. Improvement plan for Peer review services and wider dept to be drawn together in New Year (see action 2 above).										

Risk scoring matrix

Impact	Very High	5	5	10	15	20	25
	High	4	4	8	12	16	20
	Medium	3	3	6	9	12	15
	Low	2	2	4	6	8	10
	Negligible	1	1	2	3	4	5
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
			Likelihood				

Risk direction key



Committee Name: Audit

Committee Date: 08/03/2022

Report Title: Strategic and Annual Internal Audit Plans 2022/23

Portfolio:	Cllr Paul Kendrick
Report from:	Internal Audit Manager – Norwich City Council
Wards:	‘All Wards’
OPEN PUBLIC ITEM	

Purpose

This report provides an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2022/23 to 2025/26 and the Annual Internal Audit Plan for 2022/23.

The Annual Internal Audit Plan will then serve as the work programme for the Council's Internal Audit Services Contractor; TIAA Ltd under the new consortium arrangement commencing 1 April 2022.

It will also provide the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of Norwich City Council's framework of governance, risk management and control.

Recommendation:

That Audit Committee endorses:

- a) the Internal Audit Charter;
- b) the Internal Audit Strategy;
- c) the Strategic Internal Audit Plans 2022/23 to 2025/26; and
- d) the Annual Internal Audit Plan 2022/23.

Policy Framework

The council has five corporate aims, which are:

- Aim 1 - People live independently and well in a diverse and safe city.
- Aim 2 – Norwich is a sustainable and healthy city.
- Aim 3 – Norwich has the infrastructure and housing it needs to be a successful city.

- Aim 4 – The city has an inclusive economy in which residents have equal opportunity to flourish.
- Aim 5 – Norwich City Council is in good shape to serve the city.

This report is relevant for all five corporate aims.

Report

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”.
2. Those standards are set out in the Public Sector Internal Audit Standards (PSIAS) which came into effect in April 2013.
3. The attached report contains;
 - (a) the Internal Audit Charter, outlining Internal Audit Purpose, Authority, and Responsibilities of Internal Audit;
 - (b) 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;
 - (c) the Strategic Internal Audit Plan, which details the plan of work for the next three financial years; and
 - (d) the Annual Internal Audit Plan, which details the timing and the purpose of each audit agreed for inclusion in 2022/23.

Consultation

4. The audit planning approach has been developed through consultation with Heads of Services within the Council, the Council's Senior Management Team and the Council's Chief Financial (S151) Officer.

Implications

Financial and Resources

5. From 1 April in line with Cabinet approval, the Internal Audit Service will be provided by way of a Partnership Agreement with South Norfolk Council. South Norfolk Council will provide the role of the Head of Internal Audit and Contract Manager to Norwich City Council and the service provision i.e. delivery of the audits, will be provided through a contract with TIAA Ltd. The Internal Audit plan for 2022/23 will be delivered in line with the agreed budget.

Legal

6. The maintenance of an adequate and effective internal audit service is a statutory requirement. The provision of an audit plan covering the principal risk areas of the Council is an important part of assuring that the Council is achieving value for money.

Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	Not applicable for this report.
Health, Social and Economic Impact	Not applicable for this report.

Crime and Disorder	Not applicable for this report.
Children and Adults Safeguarding	Not applicable for this report.
Environmental Impact	Not applicable for this report.

Risk Management

7. The consideration of Risk Management measures is a key element of the audit planning process.

Other Options Considered

8. Not applicable for this report.

Reasons for the decision/recommendation

9. To ensure adequate levels of coverage are provided to enable an opinion to be given on the governance, risk management and control.

Background papers:

None

Appendix: Strategic and Annual Internal Audit Plans 2022/23

Contact Officer:

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Eastern Internal Audit Services



NORWICH CITY COUNCIL

Strategic and Annual Internal Audit Plans 2022/23

Responsible Officer: Head of Internal Audit

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1. INTRODUCTION

- 1.1 On 14 April 2021, Cabinet considered options for the future operating model for the council's internal audit function. Cabinet endorsed the decision of the Executive Director of Corporate & Commercial Services to delegate to South Norfolk the provision of internal audit services through the Eastern Internal Audit Services Consortium.
- 1.2 The primary opportunities presented by this arrangement are increased resilience and access to a wider range of specialist skills (e.g. specialist IT audit knowledge and risk-based auditing). Under the arrangement, the role of the Head of Internal Audit is provided by South Norfolk Council and the resources to undertake the audit work provided by an external contractor (currently TIAA Ltd).
- 1.3 The original decision to join the consortium was paused in June 2021 as a result of it being the final year of the current contract between South Norfolk and TIAA Ltd and the related impact on the TUPE of the two NoCC staff. Instead, the council entered into a Memorandum of Understanding (MOU) with South Norfolk District Council to provide the Head of Internal Audit function and manage the delivery of the internal audit plan until new contract takes effect from 1 April 2022. The internal audit employees continued to remain with the council.
- 1.4 South Norfolk have now completed the procurement process for the new supplier with the contract award approved by South Norfolk Cabinet. Consultation will recommence with the two Norwich internal staff regarding their proposed TUPE transfer to the third-party supplier.
- 1.5 The expectation is therefore that the delegation to the South Norfolk and participation in the consortium arrangement will take effect from 1 April and the 2022/23 plan will be delivered using the new operating model.
- 1.6 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".
- 1.7 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.
- 1.8 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.
- 1.9 The following factors have been considered when developing the internal audit plan:
 - The risk profile and maturity of the Council;
 - Previous assurance gradings given in each area;
 - The Council's strategic priorities;
 - Any declarations 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 risk-based reviews, specific key controls testing, value for money and added value reviews;
- The time required to carry out the audit planning process effectively as well as regular reporting to and attendance at Audit Committee, the development of the annual report and opinion and the Quality Assurance and Improvement Programme.

1.10 In accordance with best practice the 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, and the Audit Committee every two years, or as required for review. The Charter has been prepared outlining the Internal Audit arrangements from April 22 onwards when the Council is due to become part of the South Norfolk Internal Audit consortium. The Charter is attached at **Appendix 1**.
- 2.2 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 Trainee 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 Eastern Internal Audit Services.

3. INTERNAL AUDIT STRATEGY

- 3.1 The purpose of the Internal Audit Strategy (**see 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 (**see 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 Corporate Leadership Team to ensure audits are undertaken at the right time, at a time where value can be added, as well as ensuring sufficient coverage for an Annual Opinion on the framework of governance, risk management and control.

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 (**see Appendix 4**). The plan includes 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 and purpose of the review.

- 5.2 The Annual Internal Audit Plan for 2022/23 totals 375 days, encompassing 27 internal audit reviews, three of which cover IT processes.
- 5.4 Audit verification work concerning audit recommendations implemented to improve the Council's internal control environment will also be undertaken throughout the financial year.
- 5.5 Depending on any changes to the control environment over the year, the annual internal audit plan may need to be revised to respond to emerging risks. The Head of Internal Audit will regularly review the Corporate Risk Register and report through to the Committee any necessary changes to the plan of work.

APPENDIX 1 – INTERNAL AUDIT CHARTER



EASTERN INTERNAL AUDIT SERVICES

INTERNAL AUDIT CHARTER FOR 2022/23

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;
 - Broads Authority; and
 - Norwich City Council (April 2022 onwards).
- 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 Head of Internal Audit to confirm its ongoing completeness and validity and presented to Senior Management and the Audit Committee every two 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.

2.3 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 being responsible for ensuring the internal audit activity is undertaken in accordance with the definition of internal auditing, the code of ethics and the standards for all consortium members.

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 them. Any advice that is rejected will be formally reported to senior management and the respective Audit Committee.

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.

At South Norfolk Council, the Chief Audit Executive reports to the Chief of Staff who reports to the Managing Director of South Norfolk and Broadland.

- 3.2.2 The Head of Internal Audit also report functionally to each Section 151 Officer or Section 17 Officer at all other members of the consortium.

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

- 3.2.4 The delivery of the Annual Audit Plans for all consortium members and any specified ad-hoc assignments is provided by an external contractor, TIAA Ltd from 1 April 2015. The Head of Internal Audit manages this contract.

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 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 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 Head of Internal Audit 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 parties.
- 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 are 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 The Internal Audit Team at South Norfolk Council, consisting of the Head of Internal Audit and the Internal Audit Trainee do not have any responsibility or authority over any activities outside of Internal Audit.
- 6.3 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.
- 6.4 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 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 Trainee 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 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, approved with Senior Management and endorsed 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 Senior Management and 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.

11 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 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 Head of Internal Audit 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”

11.4.4 The next External Quality Assessment is scheduled for October 2022.

APPENDIX 2 – INTERNAL AUDIT STRATEGY



EASTERN INTERNAL AUDIT SERVICES

INTERNAL AUDIT STRATEGY FOR 2022/23

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 define the objectives, function, the approach, resources and processes needed to achieve Internal audit service, providing a clear link between the Charter and the annual plan.
- 1.3 Throughout this strategy the term 'The Authority' or 'Authority' references any member of the Eastern Internal Audit Services Consortium. The term 'Audit Committee' is used throughout to refer to each Authorities Audit Committee or equivalent.

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, the Broads Authority and from April 2022, Norwich City Council. 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 at South Norfolk Council. Following a successful procurement exercise the new contract with TIAA Ltd will commence from 1 April 2022 ending 31 March 2028 with the option to extend for a further term of two plus two.

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 Audit and Risk Committee and the Section 17 Officer also receive:
- The Audit Plans Report, which is risk based and forms the next financial year's plan of work; 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 considering:
- 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 of the audits that could be performed; and
 - Previous Internal Audit 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 discussion during which current and future developments, changes, risks and areas of concern are considered and the plan amended accordingly to take these into account.

3.2.8 The outcome of this populates the annual internal audit plan, which is discussed with and approved by senior management prior to these being endorsed by the Audit Committee. In addition, External Audit is also provided with details of the plans.

3.3 Internal Audit Annual Opinion

3.3.1 The annual opinion provides Senior Management and the 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 Public Sector Internal Audit 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 each Authorities 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, all help to ensure developments are noted and incorporated where appropriate.

4.4 Each Authorities risk profile will be evaluated throughout each year, and if required, amendments to the Internal Audit Plan will suggested for approval to ensure that Internal Audit coverage continues to focus on providing assurance over the Authorities key risks.

4.5 Coverage and testing plans for each audit are determined using the following principles:

- The number of days allocated to each review is considered based on the complexity of the area being audited factoring in audit scoping, testing time and quality assurance processes.
- Key management assurance controls will be prioritised during testing to confirm that risks identified by the service area and internal audit during scoping are being monitored and managed.
- Ordinarily, samples for each control tested will be selected to cover a 12-month period to ensure that internal audit coverage supports the annual internal audit opinion.
- Testing sample sizes will ordinarily be based on the frequency of the control. By way of example; for each key financial control carried out weekly, a sample of four, one in each quarter across the year will be selected.
- Testing samples will be selected randomly and objectively to provide a balanced view on the strength of the controls in place.

5. How internal audit resource requirements have been assessed

- 5.1 The in-house Internal Audit team at South Norfolk Council consists of the Head of Internal Audit who is a Chartered professional and an Internal Audit Trainee, currently training to become part qualified with the Chartered Institute of Internal Auditors.
- 5.2 These resources are used to contract manage the outsourced provider effectively, ensuring that the key performance measures of the service are met on behalf of consortium members. The team also provides Internal Audit management support to one other Council outside of the Consortium.
- 5.3 The Internal Audit Trainee has recently been appointed to enhance continuity arrangements and contribute towards building succession opportunities within the Consortium.
- 5.4 Through utilising a 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.
- 5.5 A core team of staff is provided by the contractor 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. information technology auditors, contract auditor, fraud specialists, can be drafted in to assist in completing the internal audit plan and focusing on particular areas of specialism.
- 5.6 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.
- 5.7 The above-mentioned arrangements ensure that the Internal Audit Service is able to respond effectively to the assurance needs of each Authority whilst ensuring that the core team used are sufficiently qualified and experienced.

APPENDIX 3 – STRATEGIC INTERNAL AUDIT PLAN

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
Annual Opinion / Governance audits							
Corporate Governance	2019/20 - Scheme of delegation: Control environment - good, Compliance - substantial.			10		10	A periodical review of this area will be scheduled to provide assurance over the reporting of decisions and exempt information in accordance with the Constitution and in accordance with the Openness of Local Government Bodies Regulations 2014.
Annual Governance Statement	New Area		10				A fact finding review to provide assurance the Council's Code for Corporate Governance reflects requirements and the AGS is prepared and monitored appropriately.
Risk Management	2021/22 - Reasonable			10		10	Risk Management Framework will be reviewed periodically to feed into annual opinion and Annual Governance Statement.
Information Security & GDPR	2019/20 Control environment - satisfactory; Compliance - limited 2017/18 - Information Governance Policies Adequacy of system - good; Compliance - good	Medium risk in CRR		12			Medium risk of 12 raised in CRR in relation to non compliance with GDPR leading to ICO involvement. Review suggested to follow up from audit in 2019/20. Compliance with Council policies to be regularly reviewed due to regulatory risk including CCTV management.
FOI and Complaints	New Area		10				At request of senior management. Assurance provided.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
Annual Opinion / Governance audits							
Business Strategy and Performance Management.	2016/17 - Transformation programme, governance and strategy Control Environment - good, Compliance - substantial 2019/20 - KPIs Control Environment - good, Compliance - satisfactory 2020/21 - Annual Key Policies & Procedures - Limited				12		No significant risks raised in this area. Assurance over strategy development and performance management to be carried out in 2024/25. This review will provide follow up assurance over the Limited 2020/21 Policies audit.
Programme and Project Management - Future Shape Norwich	2018/19 - Control Environment - good, Compliance - satisfactory			12			No significant risks raised in this area. However the Council plans to enhance its project management framework through the Future Shape Norwich programme. Internal Audit will be providing consultative support to these developments as and when required with a full service review scheduled for 2023/24 when the framework updates are embedded.
Key Controls and Assurance	New Area	Medium risk raised in CRR	15	15	15	15	Risk of 15 for Council funding/economy and impact on MTFP. A review of key controls will be carried out annually.
Corporate Health and Safety	2021/22 - Audit Due	Medium risk raised in CRR			10		Audit result from 2021/22 pending. Risk of 12 for spread of Covid-19 across the workforce.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
Annual Opinion / Governance audits							
Counter Fraud and Corruption Arrangements	New Area		10				New guidance recently issued on Fighting Fraud and Corruption Locally. Increase of risk in this area has been highlighted nationally.
NCSL Governance	New Area			10			Once the company is up and running a review of governance arrangement will be undertaken providing assurance that contractual arrangements are being adhered to and adequate management assurance is provided to support this. The audit will compliment the first Open Book audit.
Procurement and Contract Management	2016/17 - Procurement Governance Control environment - substantial; Compliance - substantial 2016/17 - Contract procedure rules Control environment - substantial; Compliance - substantial.	Medium risk raised in CRR	15		15		Medium risk of 12 raised in relation to contract management strategy not being fit for purpose. The impact is cross cutting. This area will be regularly reviewed as a key control due to its impact on governance and VFM risks.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
Fundamental Financial Systems							
Accountancy Services includes control accounts, banking, bank reconciliation, asset register, budgetary control and treasury management	2020/21 - Banking reconciliation and cash controls - Substantial 2021/22 - Treasury - Reasonable	Medium risk raised in CRR		16		16	Risk of 15 for Council funding/economy and impact on MTFP related to budget setting/management. This area will be reviewed periodically.
Accounts Payable	2020/21 - Substantial 2020/21 - Purchase cards - Reasonable			12		12	This area will be reviewed periodically. Full service area reviews feed into the assurance provided for the Annual Opinion and Annual Governance Statement.
Accounts Receivable	2018/19 - Debt Recovery Control environment - good; Compliance - good. 2020/21 - Accounts Receivable - Reasonable		10		10		This area will be reviewed periodically. Full service area reviews feed into the assurance provided for the Annual Opinion and Annual Governance Statement.
Income	Previously included within other areas		10		10		This area will be reviewed periodically. Full service area reviews feed into the assurance provided for the Annual Opinion and Annual Governance Statement.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
Fundamental Financial Systems							
Payroll and Human Resources (includes officer expenses)	2017/18 - Travel & Subsistence Adequacy of system - satisfactory; Compliance - satisfactory 2020/21 - Payroll - Audit Due			15		15	A periodical review of this area will be scheduled to provide assurance over HR processes, such as workforce planning, recruitment, performance reviews and objective setting.
Council Tax and National Non-Domestic Rates	2020/21 - Council Tax - Reasonable 2020/21 - National Non-Domestic Rates - Reasonable		15		15		This area will be reviewed periodically. Full service area reviews feed into the assurance provided for the Annual Opinion and Annual Governance Statement.
Housing Benefits and Council Tax Reduction Scheme	2020/21 - Reasonable			15		15	This area will be reviewed periodically. Full service area reviews feed into the assurance provided for the Annual Opinion and Annual Governance Statement.
Housing Rents and Arrears	2020-21 - Reasonable 2021-22 - Audit Due		15		15		This area will be reviewed periodically. Full service area reviews feed into the assurance provided for the Annual Opinion and Annual Governance Statement. Due to system being changed, review will be carried out in 2022/23
Capital Programme Contracts	St James sheltered housing redevelopment Control environment - limited; Compliance - limited. 2021/22 - Capital Programme & Accounting - Audit Due						Capital programme and accounting reviewed in 2021/22. Await outcome to conclude whether further assurance is provided. Going forward coverage will be incorporated into service area reviews.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
Service area audits							
Procurement and Legal and Governance							
Elections	New area	Medium risk raised in CRR	10				Medium risk raised of 6 regarding management of a compliant May election. This area has not been audited recently at the Council.
Democratic Services	New area			10			No risks raised in the strategic register, however area not subject to audit review at the Council before. The audit would consider management of reporting meetings, agendas, deadlines as well as considering support and training provided to member.
Legal Services Arrangements	New area				10		This area has not been reviewed at the Council recently. No significant risks have been raised, a review will however be scheduled for 2024/25 to provide assurance over the agreement between the Council and NPLAW.
Human Resources and Organisation Development							
Staff Wellbeing	New Area		10				No significant risks raised. Area not reviewed before. This area will be reviewed as a position statement to provide assurance over the wellbeing of staff following pandemic as a number of ambitious projects are planned.
Performance and Training Needs	New Area			10			A review of performance reviews and objective setting including training has not taken place at the Council before.
Housing Development							
Norwich Regeneration Ltd	New Area	Medium risk on CRR	10				Risk scored 8 on CRR in relation to skills to manage NRLcommercial activities. Audit review to assess the governance arrangements of the company have been scheduled.
Social Housing Delivery	Elements covered during Capital Programme Audit 2021/22			10			Social housing feasibility processes are being developed at the company. An audit of this area will assess progress in defining commissioning and governance arrangements in 2023/24.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
Service area audits							
Planning and Regulatory Services							
Business Continuity and Emergency Planning	2017/18 - Business continuity policy and management Adequacy of system - satisfactory; Compliance - Satisfactory	Medium risk on CRR		10			Risk score of 12 on CRR in relation to failure to respond effectively to a critical event.
Planning inc Policy, CIL, Heritage Enforcement, Landscape and Buildings at Risk	2013/14 - Planning Income - Moderate Review of CIL income, Apr 2015, substantial.	High risk in CRR	10		15		Area not reviewed since 2013/14. An operational risk around buildings at risk has been identified and an audit therefore scheduled. A planning enforcement/policy and CIL audit is scheduled for 2024/25. High risk of 16 raised regarding funding for Anglia Square. Audit scheduled pending discussion during planning in 2022/23.
Building Control	New area				10		Service delivered by CNC. No concerns raised but not reviewed before. Added to 2024/25.
Development Management	New area					10	No significant risks raised in this area however not reviewed recently. Scheduled for 2025/26.
Private Sector Housing - HMOs	New area			10			Peer review has highlighted need for improvement plan. Audit scheduled for 2023/24 to confirm progress and provide assurance over regulatory risks.
Food Health and Safety	New area		10				No significant risks raised. Backlogs being worked through in agreement with FSA. Audit to provide assurance over regulatory risks.
Environmental Health - Contaminated Land and Air Quality	New area		10				Area not reviewed before at the Council. A new contaminated land strategy is being developed. Internal Audit will evaluate management of regulatory risks in this area.
Licensing and Street Trading	2020/21 Reasonable			10			Peer review has highlighted need for improvement plan. Audit scheduled for 2023/24 to confirm progress and provide assurance over regulatory risks.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
Service area audits							
Property and Economic Development							
Property & Asset Management	2018/19 - Commercial rents Control environment - satisfactory; compliance - satisfactory 2019/20 - Commercial property and Investment Strategy Control environment - good; Compliance - good.	Medium risk raised in CRR		12			Medium risk of 8 raised on the CRR in relation to knowledge and skills to manage commercial properties. Review scheduled in 2023/24 to provide assurance over management of non HRA assets and the Councils new Asset Management Strategy.
Economic Development inc Towns Fund	New Area	Medium risk on CRR	12				Medium risk of 12 raised on the CRR in relation to impact of Covid19 on local business. Review of Towns Fund deferred from 2021/22.
Non Housing Capital Programme Management	2021/22 Capital Programme Audit - Audit Due						Awaiting results of Capital Programme Audit to determine assurance needs.
Housing Needs RTB Strategy	2016/17 Substantial				10		No significant risk raised. Covid recovery plan theme.
Private Sector Housing and Commissioning to NRL	New Area				10		Review of social housing commissioning to NRL included within Housing Delivery for 2023/24.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
Service area audits							
Housing & Housing Delivery							
Housing Compliance - NCSL	2013/14 - Safety of Council Properties - Substantial	High risk in CRR	30	20	10	10	High risk of 20 raised in CRR raised in relation to Project Place and regulator involvement with H&S compliance failings. Data sets testing scheduled 2022/23 and full service reviews in later years.
Housing Asset Management - NCSL	New Area	High risk in CRR	15				High risk in CRR raised in relation to Project Place and exiting service not being a success for residents and VFM. Housing Asset Management and component replacement programme scheduled for 2022/23.
Housing Repairs and Void Management - NCSL	Contract mgmt NNBL - 2019-20 (Feb 2020), control environment - limited, compliance - limited.	High risk in CRR		20			High risk in CRR raised in relation to Project Place and exiting service not being a success for residents and VFM. Audit scheduled for 2023/24.
Housing Services inc Community Safety and Anti Social Behaviour	New Area	High risk in CRR	12				High risk of 16 raised in relation to handling of ASB cases. An audit of Housing Services is scheduled in 2022/23 to compliment above mentioned audits and will evaluate the management of ASB and repairs and maintenance complaints specifically. This audit will also evaluate the Councils ability to respond to the governments white paper on the Social Housing Residents Charter.
Safeguarding	Audit of annual key policies and procedures review - safeguarding policy, 2018-19 (Mar 2019), control env - substantial.	Medium risk in CRR			10		Medium risk of 15 raised in relation to failing to comply with safeguarding policy/regulations. A review was undertaken in 2018/19. A follow up to this will be scheduled in 2023/24.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
Service area audits							
Housing & Housing Delivery							
Leasehold Management	2016/17 - Leasehold properties Control environment - moderate; compliance - moderate		10				This area has not been reviewed recently. An audit of leasehold management will be scheduled for 2022/23 at the request of senior management.
Housing Needs, Allocations, Homelessness & Housing Register	2013/14 - Homelessness, use of temporary accommodation - Substantial			10			No significant risks raised, however area not reviewed recently. Audit scheduled for 2023/24 to allow for a new strategy and structure to be implemented.
Housing Adaptations	New Area				10		No significant risks raised. For consideration in the 2024/25 plan.
Disabled Facilities Grants & discretionary loans	2015/16 - Financial Assistance for Home Improvements - Moderate			10			No significant risks raised but IA responsible for signing grant determination. Assurance required in 2022/23.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
Service area audits							
Environmental Services							
Waste Management - Contract and NCSL	Contract Management – Waste, Refuse & Recycling service 2020-21 (Jan 21) - limited. NCSL 2021/22 Audit Due	Medium risk raised in CRR	8		10		Medium risk of 12 raised regarding approach to waste becoming unsustainable. NCSL Contract is being audited in 2021/22. Further in-depth review of the garden waste service has been scheduled for 2022/23.
Parks and Open Spaces	New Area		10				A review scheduled to evaluate tree management and management of play equipment due to inherent Health and Safety risks associated.
Allotments	2015/16 - Full						Area determined as low risk. Full assurance given in 2015/16.
Markets	2014/15 - Provisions Market - Moderate		10				This area was last reviewed in 2014/15. Audit scheduled for 2022/23 to evaluate the strategy for managing this key asset.
Cemeteries	2015/16 - Moderate			10			A new strategy for this area is being developed. An audit is scheduled for 2023/24 to evaluate its design and implementation.
Parking and Civil Enforcement	2015/16 substantial				12		No significant risks raised in this area. An audit scheduled for 2024/25 will look to provide assurance over the management of fees and charges, income, parking enforcement, and management of Council owned multistorey car parks.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
Service area audits							
Strategy Engagement and Culture							
Sustainable Warmth Grant - 200 private sector solar panels	New Area						No significant risks raised in this area. Head of Internal Audit to provide assurance for grant sign off at request.
Event Management and Tourism	New Area				10		No significant risks raised due to reduced activity during the Pandemic. Due to the potential for health and safety and reputational risks, review proposed for 2024/25
Environmental Sustainability	New Area			10			No significant risks raised. A position statement will be provided giving independent assurance over progress against the Council's Environment Strategy Action Plan.
Leisure	2013/14 - Norman Centre - Substantial 2013/14 - The Halls - Substantial 2015/16 - Go4Less - Substantial		12				Leisure has not been raised as a significant risk, however this area has not been reviewed recently.
Equalities	2020/21 - Limited			10			A number of recommendations from the 2020/21 audit are being followed up. An audit will be carried out in 2023/24 to provide assurance recommendations are embedded.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
Service area audits							
Customer, IT and Digital							
Customer Contact Team	New area			10			An audit of this area has not been undertaken at the Council recently. An audit scheduled in 2023/24 to provide assurance over call handling processes and performance.
Disaster Recovery	New area	Medium risk in CRR	10				Medium risk of 12 raised in CRR in relation to impact of Cyber Security event. A review of disaster recover included in the 2022/23 plan.
Software Licensing inc Cloud applications	New area				10		No significant risks raised. Council plans to where possible use Cloud based applications. A review is scheduled to evaluate management of the licencing strategy.
Starters, Movers, Leavers	New area			10	10		An audit scheduled in 2023/24 to provide assurance over access management of the Councils core applications.
Change Control & Patch Management	New area					10	No significant risks raised. Review to evaluate the management of changes to IT systems at the Council scheduled for 2025/26.
IT Strategy and Governance	New area			10			A review of this area has not been done before at the Council. Audit for 2023/24 scheduled.
Cyber Security	2020/21 - Cyber Security - Reasonable	Medium risk in CRR	10			10	Medium risk of 12 raised in CRR in relation to impact of Cyber Security event. A cyber security maturity assessment will be included in the 2022/23 plan.
Application Audits	2014/15 - Bacstel - IP - Moderate 2014/15 - Parking Gateway - Moderate 2014/15 - Civica system - process and documentation management - Moderate		10	10	10	10	Housing system phase 2 will be audited in 2022/23. A new CRM system is planned for implementation in modules from December 2022. Review scheduled for early 2023/24 to evaluate progress and feed into later modules.

APPENDIX 4 - ANNUAL INTERNAL AUDIT PLAN 2022/23

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Annual Opinion / Governance audits						
Annual Governance Statement	10		10			A deep dive review will be undertaken to provide assurance that compliance with the Council's governance code can be evidenced and that Annual Governance Statement is compiled following the Cipfa and Solace Delivering Good Governance in Local Government. This review has been carried out consortium wide in 2021/22 and will allow us to draw on similarities good practice interpretations where relevant.
FOI and Complaints		10				A review of this area has not been carried out at the Council recently. At the request of senior management, a review of Freedom of Information Requests and Complaints will be undertaken to provide assurance on the Council's response to requests for information and the handling of complaints about services provided. Response times and management information will be evaluated to ensure that the Councils procedures and expectations of its customers are being met.
Anti Fraud and Corruption	10	10				The latest Fighting Fraud and Corruption Strategy has highlighted an increasing threat of fraud related risks for local authorities. Our review will examine the Council's approach to Fraud in line with the checklist provided as part of this new strategy and suggest practical recommendations for improvement where required. Our view will cover the Councils RIPA policy as part of this work.
Procurement and Contract Management	15				15	A review of compliance with the Councils Contract Procedure Rules will be undertaken to provide assurance procurements are being carried out in conformance with the Public Contract Regulations 2015. In addition a sample of contracts will be taken to provide assurance across a range of Council contracts to confirm contract terms are being well monitored and managed.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Annual Opinion / Governance audits						
Elections	10			10		A review of Elections has not been carried out recently at the Council. A medium risk has been raised on the Corporate Risk Register in relation to the management of a compliant election in May 2022. Our review will provide assurance that controls in place to manage electoral registration and electoral administration are operating effectively. This audit will also evaluate the implementation of the Elections system.
Key Controls and Assurance	15				15	This is an annual review of key controls and feeds into the Statement of Accounts. This audit covers; accounts payable, accounts receivable, asset management, treasury management, general ledger, control accounts, budget control, cash income, payroll, and the assurance framework. For those systems not subject to a full audit review within the year, additional coverage will be required.
Fundamental Financial Systems						
Accounts Receivable	10			10		These key financial systems feed into the Head of Internal Audit Opinion and Statement of Accounts and require regular review to confirm the adequacy and effectiveness of controls. Where reviews are undertaken in earlier quarters, top up testing will be completed if required in the key controls audit to provide adequate coverage.
Income	10				10	
Council Tax and NNDR	15			15		
Housing Rents	15				15	

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Strategy, Engagement and Culture						
Leisure	12		12			Leisure provision has not been raised as a significant risk on the CRR, however this area has not been reviewed recently. An audit of this area will look to provide assurance that the leisure strategy is adapting to the impacts of the pandemic and that contracts in this area are being effectively managed.
HR and Organisational Development						
Staff Wellbeing	10	10				This area has not been reviewed at the Council before. A position statement will be carried out to gather a range of information regarding the wellbeing of staff at the Council as they recover from the impacts of the pandemic and aim to progress a number of ambitious projects. This review will collate health check data regarding sickness, annual leave carry forward, overtime, turnover, hours worked. We will gather information about the Councils approach to managing staff mental health and will confidentially survey a number of staff across a range of departments to indicate their wellbeing levels, suggesting pragmatic improvements where appropriate.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Environmental Services						
Garden Waste Service	8			8		A review of the Garden Waste Service will be undertaken to establish the effectiveness of the process for managing billing and charging of garden waste and evaluate the operational effectiveness of the service delivered for residents.
Parks and Open Spaces	10			10		This area has not been audited before at the Council. Due to Health and Safety risks regarding the management of trees and play equipment, a review is scheduled for 2022/23 to provide assurance that inspections and maintenance procedures are effective.
Markets	10				10	An audit of Markets was last undertaken in 2014/15. The fixed market is a key asset for the Council. This audit will evaluate the strategy for the Market whilst establishing the effectiveness of maintenance, inspections, billing, debt management processes.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Property and Economic Development						
Economic Development inc Towns Fund	12			12		An audit of this area has not been undertaken at the Council recently. The Towns Fund audit was deferred from the 2021/22 plan to allow for more activity to take place before involvement. This audit will evaluate the newly developed Economic Development strategy along with the adequacy for arrangements for the management and governance of the Towns Fund grant, covering the effectiveness of partnership working.
Housing Development						
Norwich Regeneration Ltd	10			10		This area has not been subject to an audit recently. A position statement will be provided evaluating the arrangements for demonstrating good governance of the company. Areas such as Board TOR, information to Council and the SLA will be reviewed as part of this work.
Planning and Regulatory Services						
Buildings at Risk	10		10			This area has not been audited at the Council before. The audit will provide assurance that the Buildings at Risk register is well managed and the Council is supporting conservation through inspection and engagement with building owners and Historic England.
Food Health and Safety	10	10				This area has not been audited at the Council recently. The audit will evaluate the Council's arrangements for food safety inspections, handling of complaints and provide assurance that clearing of the backlog following the pandemic is on track.
Contaminated Land and Air Quality	10				10	An area not subject to review at the Council before. This audit will evaluate the adequacy in place for the management of the Council's contaminated land strategy, that a register is being maintained and an inspection programme has been devised based on risk. This review will also establish how the Council is complying with its statutory requirements (National Air Quality Strategy (NAQS) / Local Air Quality Management (LAQM) with regard to reviewing and assessing air quality.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Housing Delivery						
Planned Housing Maintenance	15		15			A Position Statement will be carried out on the Councils housing asset management strategy. An audit of this area has not been carried out recently. The review will focus on the development of the housing asset management plan considering the compliance with the decent homes standard and approach to Stock Condition Surveys. Improvements will be suggested where applicable to feed into the Councils planned maintenance process as the function moves in-house.
Housing Compliance Data Validation Checks	30			15	15	Internal Audit will interrogate a full set of housing compliance data starting with Gas and Fire safety in 2022/23 to provide independent assurance that performance figures can be relied upon.
Leasehold Management	10	10				An audit of this area has not been undertaken since 2016/17. At the request of senior management an audit will be undertaken of billing and notification of works for Leaseholders at the Council. This audit will review centrally held records to verify all relevant properties are contained, provide assurance that arrangements for billing including S20 notices are being well managed.
Housing Services inc Community Safety and Anti Social Behaviour	12				12	A high risk has been raised on the strategic risk register for ASB. This review will evaluate the processes in place to manage ASB. This review will also provide assurance over the management of resident complaints and consider how the Council is preparing for the white paper on Charter for Social Housing Residents.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
ICT Audits						
Cyber Security	10		10			A risk has been raised in the Corporate Risk Register relating to the impact of a critical cyber security incident. An audit of this area was carried out in 2020/21, however the threat from this risk continues to increase. A cyber security maturity assessment will be carried out to establish the Council's current level of control to preventing an attack from being successful.
Disaster Recovery	10			10		A risk has been raised in the Corporate Risk Register relating to the impact of a critical cyber security incident. An audit of Disaster Recovery will provide assurance that in the event of an incident the Council is able to respond quickly in line with expectations.
Housing System Implementation Phase 2	10			10		An application audit focusing on the second phase of the housing system implementation.
Follow Up of audit recommendations						
All audit recommendations	16	4	4	4	4	Bi-monthly follow up of agreed audit recommendations
Internal Audit Management Days including consultancy						
Audit Committee attendance, reporting, quality assurance, contract management, advice and guidance.	40	10	10	10	10	
Total number of days	375	64	71	124	116	

Committee Name: Audit

Committee Date: 08/03/2022

Report Title: Audit Plan Addendum VFM Risk Assessment (Year ended 31 March 2021)

Portfolio:	Councillor Kendrick
Report from:	Executive director of corporate and commercial services (S151 officer)
Wards:	All wards
OPEN PUBLIC ITEM	

Purpose

This report presents the report of the external auditors, appended to this report, as an addendum to the External Audit Plan 2020-21 and provides members with an update on the external auditors' Value for Money (VFM) assessment and sets out their responsibilities for reporting Value for Money considerations under the 2020 Code.

Recommendation:

It is recommended that the committee reviews and notes the attached report from the external auditor.

Policy Framework

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report meets all the corporate priorities

This report addresses healthy organisation strategic action in the Corporate Plan

This report helps to meet council's financial objective of the COVID-19 Recovery Plan

Report Details

Introduction

1. At its meeting on 13 July 2021, the committee approved the Annual External Audit Plan 2020-21 report, which set out the external auditor's proposed approach to the audit of the accounts for the 2020-21 financial year.
2. The external auditor's report, appended to this report, is an addendum to the Annual External Audit Plan 2020-21 and provides members with an update on the external auditors' Value for Money (VFM) assessment and sets out the changes to their responsibilities for reporting Value for Money considerations under the 2020 Code.
3. There are no other changes to the external auditor's planned approach and risk assessment to the audit of the accounts 2020-21, as set out in the Annual Audit Plan 2020-21.

Key points to note

4. The external auditor has concluded their work in relation to VFM planning and risk assessment. No significant weaknesses have been identified at this stage. The auditor will revisit this work before the audit opinion on the accounts 2020-21 is finally issued. The VFM commentary, as required under the new Code will be issued within the external auditor's Annual Report.

Consultation

5. Audit committee and with officers.

Implications

Financial and Resources

6. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2019-22 and Budget.
7. There are no proposals in this report that would reduce or increase resources.

Legal

8. There are no specific legal implications arising from this report.

Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	None identified
Health, Social and Economic Impact	None identified
Crime and Disorder	None identified
Children and Adults Safeguarding	None identified
Environmental Impact	None identified

Risk Management

Include operational, financial, compliance, security, legal, political or reputational risks to the council

Risk	Consequence	Controls Required
None identified		

Other Options Considered

9. Production of the attached report is a statutory requirement and as such there are no alternative options to the consideration of this report.

Reasons for the decision/recommendation

10. It is a statutory requirement for the auditor to comment on the Council's provision for value for money, and for the committee to review and note the report from the council's external auditor, making any recommendations for action as required.

Background papers:

None

Appendices: Norwich City Council Audit Plan Addendum VFM Risk Assessment (Year ended 31 March 2021) Ernst & Young

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Norwich City Council

Audit Plan Addendum - VFM Risk Assessment

Year ended 31 March 2021

21 January 2022



21 January 2022



Audit Committee
Norwich City Council
City Hall
St Peter's Street
Norwich
NR2 1NH

Dear Audit Committee Members,

Audit Plan Addendum - VFM Risk Assessment

We are pleased to attach our Audit Plan Addendum - VFM Risk Assessment, ahead of the upcoming meeting of the Audit Committee.

The purpose of this report is to provide the Audit Committee with an update on our VFM Risk Assessment, which we flagged as requiring completion in our Provisional Audit Plan dated 30 June 2021.

The Audit Committee should note that there are no other changes to our planned audit approach and risk assessment that we set out in the Provisional Audit Plan dated 30 June 2021.

Yours faithfully

Mark Hodgson

Mark Hodgson
For and on behalf of Ernst & Young LLP
Enc



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Value for Money Risks



Value for money

Norwich City Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

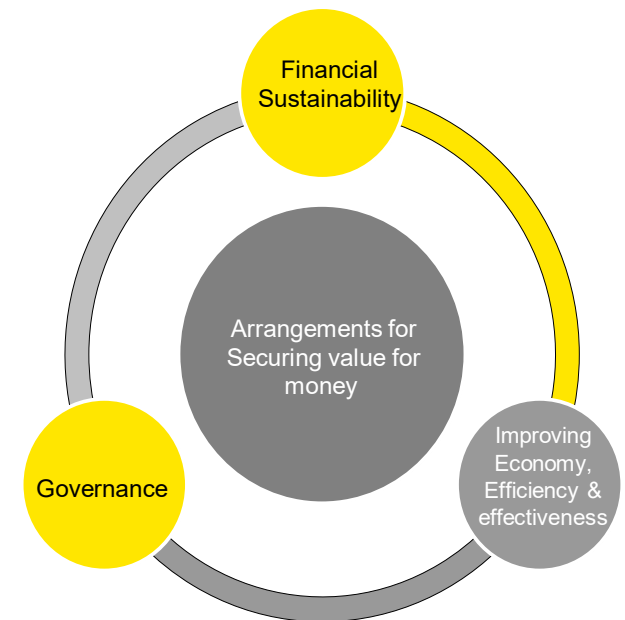
As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability
How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance
How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.





Value for money risks

Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the Council's arrangements, we are required to consider:

- The Council's governance statement
- Evidence that the Council's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates and other bodies and
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes - or could reasonably be expected to expose - the Council to significant financial loss or risk;
- Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Council's reputation;
- Leads to - or could reasonably be expected to lead to - unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Council;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Council's reported performance;
- Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Council has had to respond to the issue.

Value for money risks

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the audit committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the 2020 Code has the same requirement as the 2015 Code, in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Value for money (VFM) risk assessment

We have concluded our detailed VFM planning and risk assessment.

We have based our assessment on a combination of our cumulative audit knowledge and experience, our review of Committee reports and policies the Council has in place, meetings with key officers, and the evaluation of associated documentation through our regular engagement with Council management and the finance team.

As a result of this work, we have not identified any risks of significant weaknesses in the Council's arrangements. As a result we have no risk based procedures to carry out. We will revisit the risk assessment prior to issuing the audit opinion on the 2020/21 accounts and at this stage anticipate having no matters to report on VFM.

We plan to issue the VFM commentary, as required under the new Code, in March / April 2022, within our Auditor's Annual Report.