

**Committee Name: Audit**

**Committee Date: 11/07/2023**

**Report Title: Internal Audit Progress Update July 2023**

**Portfolio:** Councillor Kendrick, cabinet member for resources

**Report from:** Head of Internal Audit – 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 2022/23.

### **Recommendation:**

It is recommended that members review progress with delivery of the 2022/23 internal audit plan.

### **Policy Framework**

The council has five corporate priorities, which are:

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

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:
  - Any significant changes to the approved Audit Plan;
  - Progress made in delivering the agreed audits for the year;
  - And where applicable will provide any significant outcomes arising from completed audits;
  - Provides an update on outstanding internal audit recommendations.

## Consultation

3. Not applicable for this report.

## Implications

### Financial and Resources

4. There are no specific financial implications from this report; the internal audit plan will be delivered from within the resources available.

## Legal

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

## Statutory Considerations

<b>Consideration:</b>	<b>Details of any implications and proposed measures to address:</b>
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.	Insufficient 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.

### Other Options Considered

6. Not applicable for this report.

### Reasons for the decision/recommendation

7. 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 Progress Update July 2023.

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Eastern Internal Audit Services



Norwich City Council

Progress Report on Internal Audit Activity

Period Covered: 11 March 2023 to 3 July 2023

Responsible Officer: Faye Haywood – Head of Internal Audit for Norwich City Council

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## 1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards (PSIAS) requires 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.
- 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 audits; and
  - Performance Indicator outcomes to date.

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

- 2.1 In accordance with the PSIAS, the annual internal audit plan should be reviewed on a regular basis and adjusted, when necessary, in response to changes on the organisation's business risks, operations, programmes, systems and controls.

Since the approval of the plan in March 2022, a horizon scan of risks with the potential to impact the Council was considered by Senior Management, Internal Audit and the Audit Committee. As a result of this, the 2022/23 Internal Audit Plan was re-profiled. These changes to the Internal Audit Plan 2022/23 were outlined at the November 2022 Audit Committee meeting. Since then, two further audits have been deferred to the 2023/24 plan:

Audit	Justification
NC2312 Staff Wellbeing	This review was due to be completed by the Head of Internal Audit. Due to investigatory work taking priority and a change in senior leadership, it is proposed that the scope is discussed with the Chief Executive with a view to completing this advisory work during 2023/24.
NC2310 Housing Benefits	The auditor assigned to this audit is required to go undergo a Disclosure and Barring Service check to access Department for Work and Pensions data to perform testing. This has resulted in a delay. The audit has therefore been reprofiled in quarter one of 2023/24 and is currently progressing.

## 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 All audits contained within the revised internal audit plan have now been drafted, with the following requiring management responses before they can be finalised:

- NC2317 NRL (Lion Homes) Position Statement
- NC2313 Garden Waste
- NC2314 Trees and Play Equipment
- NC2306 Key Controls and Assurance
- NC2326 Disaster Recovery
- NC2315 Markets.

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

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

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

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

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

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

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

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

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

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

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

- 4.4 During the period covered by the report, Internal Audit has issued nine reports:

Audit	Assurance	P1	P2	P3
NC2309 Payroll	Reasonable	0	4	3

<b>Audit</b>	<b>Assurance</b>	<b>P1</b>	<b>P2</b>	<b>P3</b>
NC2316 Towns Fund	Substantial	0	0	0
NC2320 Contaminated Land and Air Quality	Reasonable	0	4	2
NC2325 Cyber Security	Reasonable	0	2	3
NC2314 Trees and Play Equipment	Reasonable (DRAFT)	0	5	1
NC2324 Safeguarding	Limited	1	1	1
NC2326 Disaster Recovery	Reasonable (DRAFT)	0	5	1
NC2306 Key Controls	Limited-indicated (DRAFT)	5	3	7
NC2315 Markets	Reasonable DRAFT	0	5	1

The Executive Summary of these reports are attached at **Appendix 2**, full copies of final limited assurance reports will be provided to the Audit Committee upon request.

- 4.5 As can be seen in the table above, as a result of these audits 54 recommendations have been raised. There have also been five Operational Effectiveness Matters proposed to management for consideration.

#### 4.6 Enterprise Resource Planning (ERP) Implementation Project

In accordance with the revised internal audit plan, the Internal Audit Team has been working with the ERP project team to obtain assurance that project governance control processes are designed effectively. Our observations are as follows;

The Council plans to implement an application known as Unit4 to manage processes within Finance and HR and replace existing systems within those areas. A company called Embridge are Unit4s preferred implementation partner, and the Council are working together on the implementation of the system under an agreed contract.

The Council's ERP project team and the delivery partner Embridge, reports directly to an ERP project steering board to discuss progress, risks and delivery steps. This board reports to the Corporate and Commercial Service Programme Board as part of the Future Shape Norwich Programme. Examples of meeting minutes, action lists, milestone reporting, decision papers and the issues and risk log have all been provided to Internal Audit to demonstrate good governance and management of the project.

The project implementation plan provided outlines the key tasks required before 'go live' such as; build phase, migration, testing, user acceptance testing and training. The go live date for the project has slipped from the original date of 1 April 2023 to 2 October 2023 due to the Council working through functionality concerns regarding the build of the system with the delivery partner Embridge. The project team continues to monitor any delays and their impact on time, quality and cost objectives. The latest milestone report shows the project in amber status but that it is on route to green now that Integrated Systems Testing (IST) has started.

- 4.7 In addition to the above work, the Head of Internal Audit has also concluded a formal investigation relating to the Social Housing Decarbonisation, Sustainable Warmth Competition and LAD1b grants received by the Council. The outcomes of this work are currently being discussed with senior management. Details of agreed recommendations will be provided to the Audit Committee once finalised.

## **5. FOLLOW UP OF AGREED AUDIT RECOMMENDATIONS**

- 5.1 In addition to providing the Committee with the performance of internal audit relative to its plan, the Public Sector Internal Audit Standards also 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.
- 5.2 To comply with the above this report includes the status of agreed actions.
- 5.3 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to the Committee. Verification work is also undertaken for those recommendations that are reported as closed.
- 5.4 **Appendix 3** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken and identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round. A total of 45 (two urgent, 24 important and 16 needs attention) recommendations are currently outstanding. 21 recommendations are not yet due for completion.
- 5.5 **Appendices 4, 5 and 6** provide the committee with details of urgent and important priority recommendations that are overdue by the year in which they were raised. Management responses and a new deadline have been indicated for each.



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

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
<b>Quarter 1</b>											
FOIs and Complaints	NC2302	10	10	10	Final report issued on 13 February 2023.	Reasonable	0	3	3	0	Mar-23
Anti-Fraud and Corruption	NC2303	10	10	10	Final report issued on 12 December 2022.	Reasonable	0	4	4	1	Mar-23
Food Health and Safety	NC2319	10	10	10	Final report issued on 28 October 2022.	Reasonable	0	3	2	1	Nov-22
Leasehold Management	NC2323	10	10	10	Final report issued on 12 December 2022.	Reasonable	0	2	4	0	Mar-23
<b>TOTAL</b>		<b>40</b>	<b>40</b>	<b>40</b>							
<b>Quarter 2</b>											
Annual Governance Statement	NC2301	10	10	10	Final report issued 15 November 2022	Substantial	0	0	4	1	Nov-22
Leisure	NC2311	12	12	12	Final report issued on 1 December 2022.	Reasonable	0	3	1	1	Mar-23
Buildings at Risk	NC2318	10	10	10	Final report issued 4 November 2022	Reasonable	0	3	2	1	Nov-22
Planned Housing Maintenance	NC2321	15	15	15	Final position statement issued on 16 February 2023.						Mar-23
<b>TOTAL</b>		<b>47</b>	<b>47</b>	<b>47</b>							
<b>Quarter 3</b>											
Accounts Receivable	NC2307	10	0	0	Audit deferred to 2023-24.						
Payroll	NC2309	15	15	15	Final report issued on 18 May 2023.	Reasonable	0	4	3	0	Jul-23
Trees and Play Equipment (previously Parks and Open Spaces)	NC2314	10	12	12	Draft report issued on 9 May 2023.	Reasonable	0	5	1	0	Jul-23
<b>TOTAL</b>		<b>35</b>	<b>27</b>	<b>27</b>							

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
<b>Quarter 4</b>											
Staff Wellbeing	NC2312	10	0	0	Audit deferred to 2023-24.						
Procurement and Contract Management	NC2304	15	0	0	Audit deferred to 2023-24.						
Elections	NC2305	10	10	10	Final position statement issued on 29 March 2023.						Mar-23
Key Controls and Assurance	NC2306	15	20	20	Draft report issued on 27 June 2023.	Limited	5	3	7	3	Jul-23
Income	NC2308	10	0	0	Audit deferred to 2023-24.						
Housing Benefits	NC2310	15	0	0	Audit deferred to 2023-24.						
Garden Waste Service	NC2313	8	10	9	Draft report in review stages.						
Markets	NC2315	10	10	10	Draft report issued 26 June 2023	Reasonable	0	5	1	1	Jul-23
Towns Fund	NC2316	12	12	12	Final report issued on 18 May 2023.	Substantial	0	0	0	0	Jul-23
Norwich Regeneration Limited	NC2317	10	12	12	Draft position statement issued 26 June 2023						Jul-23
Contaminated Land and Air Quality	NC2320	10	12	12	Final report issued on 19 May 2023.	Reasonable	0	4	2	0	Jul-23
Housing Compliance Data Validation Checks	NC2322	30	0	0	Audit deferred to 2023-24.						
Housing Services incl. Community Safety and Anti-Social Behaviour	NC2324	12	0	0	Audit deferred to 2023-24.						
Safeguarding	NC2328	0	12	12	Final report issued 30 June 2023	Limited	1	1	1	2	Jul-23
<b>TOTAL</b>		<b>167</b>	<b>98</b>	<b>97</b>							
<b>IT Audits</b>											
ERP Project Implementation Support	Advisory	0	5	5	Addition for 2022/23 auditors to provide support to the ERP project in an advisory capacity to support project management.						Jul-23
Cyber Security	NC2325	10	12	12	Final report issued on 5 June 2023.	Reasonable	0	2	3	0	Jul-23
Disaster Recovery	NC2326	10	10	10	Draft report issued on 8 June 2023.	Reasonable	0	5	1	0	Jul-23
Housing System Implementation Phase 2	NC2327	10	0	0	Audit deferred to 2023-24.						
Civica CRM system/master data management project	Advisory	5	0	0	Audit deferred to 2023-24.						
<b>TOTAL</b>		<b>35</b>	<b>27</b>	<b>27</b>							
<b>Follow Up</b>											
Follow Up	N/A	16	16	16							
<b>TOTAL</b>		<b>16</b>	<b>16</b>	<b>16</b>							
<b>TOTAL</b>		<b>340</b>	<b>255</b>	<b>254</b>			<b>6</b>	<b>47</b>	<b>39</b>	<b>11</b>	
<b>Percentage of plan completed</b>				<b>99%</b>							



## Executive Summary – NC2309 Payroll

### OVERALL ASSESSMENT







### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following key risk: Accuracy and statutory compliance of the payroll process.



### SCOPE

This key financial system feeds into the Statement of Accounts and requires regular review to confirm the adequacy and effectiveness of controls in this area.

### KEY STRATEGIC FINDINGS

-  As previously reported, the co-operation agreement with Sefton Borough Council for payroll processing has yet to be formally signed. However, the provider is delivering the service in line with the draft agreement.
-  Controls are required to ensure that all iTrent users remain valid and have appropriate access rights.
-  Evidenced checks of key payroll reports are required prior to payroll authorisation, and payroll control accounts need to be reconciled within thirty days of each month end.
-  Formal, authorised, version controlled process documents are required for the payroll process. In addition, the Gender Pay Gap report should be prominently displayed on the Norwich City Council website.

### GOOD PRACTICE IDENTIFIED

-  The processes for starters, leavers and payroll changes appear well controlled. Required documentation is retained and necessary payroll amendments were timely.
-  Although we are aware that the payroll supplier did not set up a pay award correctly during the year, we found that this error has been mitigated and pay was accurately calculated, and payments made in a timely manner following this. Additionally, accurate, timely, payments were made to third parties (e.g., HMRC).

### ACTION POINTS

	Urgent	Important	Needs Attention	Operational
	0	4	3	0

## Executive Summary – NC2316 Towns Fund

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following key risk: "Failure to appropriately manage the £25 million Towns Fund programme".

### SCOPE

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 evaluated the adequacy of arrangements for the management and governance of the Towns Fund grant, including the effectiveness of partnership working.

### KEY STRATEGIC FINDINGS



Comprehensive business cases were produced and approved for each project, prior to it commencing.



A Town Deal Board was set up at the beginning of the programme to provide governance and oversight for all of the projects.



Performance, finance and risk information are reported on a monthly basis to the Town Deal Board and the Council's Internal Programme Board.



The Council has submitted the required returns to the Department for Levelling Up, Housing and Communities in a timely manner.

### GOOD PRACTICE IDENTIFIED



Grant agreements are in place with partners for all of the projects that are being managed externally.



Consistent documentation and processes are in place for all of the projects, to ensure a uniform approach to project management.

### ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	0	0	0

## Executive Summary – Contaminated Land and Air Quality

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following risk: Increased harm to human health as a result of land contaminants and air pollutants.

### KEY STRATEGIC FINDINGS



The Contaminated Land New Prioritisation List requires a review to ensure that it completely and accurately records all potentially contaminated sites, with correct risk ratings being applied to all entries.



A risk-based programme of inspections of potentially contaminated sites requires development. In addition, comprehensive, dated, records must be retained for all desk-based reviews and site visits.



An authorised end to end, version controlled, process document requires establishment for the identification and management of Contaminated Land, and for the measurement and statutory reporting of Air Quality.



The team has been reliant on one officer to manage this service due to long term sickness, paternity leave and vacant posts. An additional resource has been agreed for one year to assist the EP Officers to carry out desk top services for contaminated land.



The Council to ensure that the Air Quality Status Report is submitted to Defra by the due date (30 June each year) following delays experienced in submitting the 2021 report.

### GOOD PRACTICE IDENTIFIED



The Council is currently installing a new Air Quality Monitoring Station (AQMS) on Castle Meadow, replacing the outdated existing station. The new AQMS is DEFRA-compliant, with modern monitors that record oxides of nitrogen (NO<sub>x</sub>, NO and NO<sub>2</sub>) and particulates (PM<sub>10</sub> and PM<sub>2.5</sub>).

### SCOPE

This audit evaluated the adequacy of 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 audit also established whether 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.

### ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	4	2	0

## Executive Summary – NC2325 Cyber Security

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Cyber Risk is the likelihood of suffering harmful disruptions to sensitive data, finances, or Council operations. Common Cyber Risks are ransomware, phishing, malware, data leak, supply chain and nation-state cyber-attacks.

### SCOPE

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 last carried out in 2020/21 and given a reasonable assurance grading however the threat from this risk continues to increase. A cyber security assurance audit was carried out to establish the Council's current level of control to preventing an attack from being successful.

### KEY STRATEGIC FINDINGS



Council lacks formal controls over third-party IT suppliers.



The Bitlocker laptop disk Encryption standard is 128bit, which we recommend is upgraded to 256bit.



The Council does not hold Independent IT accreditations such as Cyber Essentials/ Cyber Essentials Plus or ISO 27001.

### GOOD PRACTICE IDENTIFIED



Incident Management Training procedures and training are in place.



Patch Management arrangements are in place, including third party application updates.

### ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	2	3	0

## Executive Summary – NC2314 Trees and Playground Equipment

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following risk- Trees and playground maintenance are not effectively managed, leading to health and safety risks and potential reputational damage to the Council.

### SCOPE

This area had not been audited before at the Council. Our review provides assurance that inspections and maintenance procedures are effective.

### KEY STRATEGIC FINDINGS



Not all play equipment inspections were undertaken at the scheduled time. A master list of site inspection frequencies requires development, and consistent, accurate records require retention by all inspection parties.



Not all play equipment reactive maintenance issues identified were completely and accurately recorded on the Defect Tracking Summary Report, promptly actioned, with comprehensive supporting notes retained.



Norwich City Services Limited (NCSL) use a separate Excel database to manage tree work orders, instead of the Ezytreev module. This is inefficient, at risk to error, and makes monitoring more difficult.



Approximately 7% of the Council's tree estate (1360 trees) has not been risk assessed and is not included in any inspection programmes. Clarification is required over the responsibility for undertaking inspections of these trees.

### GOOD PRACTICE IDENTIFIED



Tree maintenance and inspections are carried out in accordance with work programmes/contracts, and incidents are tracked and responded to promptly. Tree preservation orders are processed in accordance with government guidance.










Annual and quarterly play equipment inspections occur for every site, with detailed reports produced, risks assessed, and actions taken accordingly.

### ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	5	1	0

## Executive Summary – NC2324 Safeguarding

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS								
<div></div>	<div><div><p>The Council has started work on re-defining its approach to DBS checks, however at the time of the audit a policy had not been agreed and approved covering the criteria for which roles require a disclosure and barring service (DBS) check prior to officer appointment. We are therefore unable to provide assurance that relevant checks have been carried out. Furthermore, no evidence has been provided to confirm DBS checks have been completed for the roles already identified as required.</p></div><div><p>33% of staff have not completed the mandatory e-learning training for safeguarding adults and children and 30% have not completed a renewal every three years. These e-learning courses are under review for update.</p></div><div><p>Safeguarding policies are published on the website. These are to be reviewed and will further clarify what is or is not safeguarding and when to escalate, in order help ensure the validity of referrals.</p></div><div><p>Referrals are promptly made to other partners or agencies where required, and a Safeguarding Issues Log of referrals is completed.</p></div></div>								
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	GOOD PRACTICE IDENTIFIED								
<p>The audit has sought to provide assurance over the following key risk:</p> <p>Failure to fulfil statutory or legislative responsibilities – safeguarding.</p>	<div><div><p>There are various partnership and multi-agency agreements in place for sharing information.</p></div><div><p>Safeguarding meetings take place every two months, with various staff across Council services and all safeguarding champions.</p></div></div>								
SCOPE	ACTION POINTS								
<p>A compliance risk is currently highlighted within the Corporate Risk Register covering safeguarding. The audit covered policies, the identification and reporting of concerns, partnership working and staff training.</p>	<table><tr><th>Urgent</th><th>Important</th><th>Needs Attention</th><th>Operational</th></tr><tr><td>1</td><td>1</td><td>1</td><td>2</td></tr></table>	Urgent	Important	Needs Attention	Operational	1	1	1	2
Urgent	Important	Needs Attention	Operational						
1	1	1	2						



## Executive Summary – NC2326 Disaster Recovery

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following risk- Trees and playground maintenance are not effectively managed, leading to health and safety risks and potential reputational damage to the Council.

### SCOPE

This area had not been audited before at the Council. Our review provides assurance that inspections and maintenance procedures are effective.

### KEY STRATEGIC FINDINGS



Not all play equipment inspections were undertaken at the scheduled time. A master list of site inspection frequencies requires development, and consistent, accurate records require retention by all inspection parties.



Not all play equipment reactive maintenance issues identified were completely and accurately recorded on the Defect Tracking Summary Report, promptly actioned, with comprehensive supporting notes retained.



Norwich City Services Limited (NCSL) use a separate Excel database to manage tree work orders, instead of the Ezytreev module. This is inefficient, at risk to error, and makes monitoring more difficult.



Approximately 7% of the Council's tree estate (1360 trees) has not been risk assessed and is not included in any inspection programmes. Clarification is required over the responsibility for undertaking inspections of these trees.

### GOOD PRACTICE IDENTIFIED



Tree maintenance and inspections are carried out in accordance with work programmes/contracts, and incidents are tracked and responded to promptly. Tree preservation orders are processed in accordance with government guidance.



Annual and quarterly play equipment inspections occur for every site, with detailed reports produced, risks assessed, and actions taken accordingly.

### ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	5	1	0

## Executive Summary – NC2315 Markets – DRAFT

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following key risk: ineffective management of the market leads to financial or reputational loss to the Council.

### SCOPE

An audit of Markets was last undertaken in 2014/15. The fixed market is a key asset for the Council. This audit evaluated the strategy for the Market whilst establishing the effectiveness of maintenance, inspections, billing and debt management processes.

### KEY STRATEGIC FINDINGS



There is not a written procedure for debt recovery. Consequently, there are some longstanding debts for which more recovery action could be taken.



Although there is a budget for planned maintenance on the market, there is no programme of planned maintenance or rolling replacement programme.



Traders are responsible for regular inspection of their equipment, such as gas and electrical appliances. However, the Council does not have records of these tests.



The Norwich City Council market does not have a dedicated risk register to capture all relevant risks.

### GOOD PRACTICE IDENTIFIED



A consultant was commissioned to produce a report and draft strategy for Norwich Market. This informed the Council's strategy, which is in the process of being finalised and approved.



Vacant stalls are offered to applicants on the waiting list based on the quality of their offer and application, rather than on a first come, first served basis.

### ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	5	1	1

## Executive Summary - NC2306 Key Controls and Assurance - DRAFT

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risk: "Non-compliance with key financial controls".

### KEY STRATEGIC FINDINGS



Debt collection was reviewed in multiple areas within the audit with weaknesses identified where debt had not been subject to regular and recent recovery action.



We are unable to verify that supplier changes are made with appropriate verification.



One write-off for housing rents has been identified where a team leader approved a write-off above their delegated limit.



No reconciliation has been completed between the housing rent system and the general ledger. Several further reconciliations across finance lacked evidence of being independently prepared and reviewed.

### GOOD PRACTICE IDENTIFIED



A new finance system is due to be implemented in July 2023. The new system will enable stronger built-in controls for various areas including electronic authorisation of journals, segregation of duties between raiser and approver of purchase orders and monitoring of supplier amendments.



No recommendations or OEMs have been raised in respects of controls relating to: control accounts, asset management, and income.

### SCOPE

This annual review of key controls feeds into the Statement of Accounts and the Head of Internal Audit's Annual Audit Opinion.

### ACTION POINTS

Urgent	Important	Needs attention	Operational
5	3	7	3

### APPENDIX 3 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

		Completed between 1 March 2023 to 14 June 2023			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
		Urgent	Important	Needs Attention	Urgent	Important	Needs Attention	Urgent	Important	Needs Attention		Urgent	Important	Needs Attention
Audit Area	Assurance Level													
<b>2019/20 Audits</b>														
Payroll	Control: Satisfactory Compliance: Substantial					1					1			
<b>2020/21 Audits</b>														
Equality Duties	Limited						1				1			
Key Policies & Procedures	Limited		1								0			
<b>2021/22 Audits</b>														
Risk Maturity Assessment	Reasonable					2					2			
Off-payroll working (IR35) compliance	Reasonable						3				3			
Accounts Payable	Reasonable			1		2					2			
NNDR	Reasonable					1	1				2			
Environmental Services	Limited								1		1		1	
Health and Safety	Limited								7	2	9			
Capital Accounting & Management	Limited				2						2			
<b>2022/23 Audits</b>														
Food Health and Safety	Reasonable						1		1		2			
Annual Governance Statement	Substantial			2						1	1			
Anti-Fraud and Corruption	Reasonable		2	3							0		2	1
Leasehold Management	Reasonable									1	1		1	2
Leisure	Reasonable		1			1					1			1
FOIs and Complaints	Reasonable		2	1					1	2	3			
Cyber Security	Reasonable			1							0		2	2
Contaminated Land and Air Quality	Reasonable									1	1		4	1
Payroll	Reasonable								4	2	6			1
Safeguarding	Limited										3	1	1	1
Buildings at Risk	Reasonable					2			1	1	4			
		0	6	8	2	9	6	0	15	10	45	1	11	9

## APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Payroll	Complete the signing of the co-operation agreement with Sefton.	Important	Dawn Bradshaw, Head of HR and OD	31/12/2021	31/07/2023	Outstanding	Continuing discussions regarding the terms of the co-operation agreement. Agreement reached on the majority of the final few points outstanding. One final clause under discussion and hoping to finalise by end July 2023. If unable to reach agreement NCC to consider options.  The service continues to operate to the service standards agreed.

## APPENDIX 5 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Risk Maturity Assessment	A risk management training programme to be developed for relevant Council staff, highlighting roles and responsibilities and give practical tips for the identification and articulation of risk.	Important	Neville Murton, Interim Head of Finance, Audit and Risk	30/09/2022	30/09/2023	Outstanding	Currently working with the Head of Internal Audit to deliver a training programme.
Risk Maturity Assessment	The Risk Management Policy and Strategy to be reviewed to clarify the following points: 4.5.1 Review the wording of the updated Risk Management Policy & Strategy and ensure that it includes details about when risks should be de-escalated. 4.5.2 The council should specify responsibilities for risk control action owners.	Important	Neville Murton, Interim Head of Finance, Audit and Risk	30/09/2022	31/07/2023	Outstanding	The policy has been updated, however SLT approval is due for 28 <sup>th</sup> June. The due date has therefore been revised to allow time for implementation.
Accounts Payable	The council's 'No PO, no Pay' policy to be formally documented and re-launched with staff and suppliers.	Important	Neville Murton, Interim Head of Finance, Audit and Risk	31/10/2022	31/10/2023	Outstanding	A new finance system is due to be in place at the end of October. This recommendation will be actioned as part of the system implementation.
Accounts Payable	As part of formalising the 'No Purchase Order No Pay' policy, an 'Exceptions' List be created, listing the instances in which a PO is not required prior to purchasing.	Important	Neville Murton, Interim Head of Finance, Audit and Risk	31/10/2022	31/10/2023	Outstanding	As above.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
NNDR	Review, agree and document how the process for discretionary charity top up relief is awarded covering the applicable financial delegations for the responsible officers. Regular reports on discretionary charity top ups to be provided to the Head of Revenues and Benefits quarterly.	Important	Tanya Bandekar, Head of Revenue and Benefits	31/12/2022	31/07/2023	Outstanding	The existing policy is currently being used. The new policy has been drafted and is undergoing final tweaks before presenting to the Section 151 Officer.
Environmental Services	The Corporate Health & Safety Board to receive a Health and Safety report from NCSL and include a set of metrics for agreement. In future years to be presented and agreed in line with the provisions of the contract, which is "the Parties shall agree a set of such Metrics not more than four (4) weeks before the anniversary of the Service Commencement Date".	Important	Andy Summers, Head of Environment Services	30/04/2023	31/07/2023	Outstanding	It has been requested that NCSL present a report to the next Health and Safety Board.
Health and Safety	The Council to ensure that all reportable Health and Safety incidents/accidents and near misses from other areas of the business such as the Norman Centre and the Halls are provided to the Health and Safety Officer so that these can be included within the Council's overall statistics and reported to the H&S boards and JCNC.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	30/04/2023	31/03/2024	Outstanding	Following an audit carried out by Human Applications (a company specialising in H&S), a number of recommendations have been identified. An action plan is place and is being worked through based on priority and risk. Progress is reported to the JCNC Board. Once more progress is made, recommendations that are completed will be signed off accordingly.
Health and Safety	The approach to general risk assessments and office inspections as well as the completion of the office inspection checklists should be documented and implemented within the Health and Safety policy and communicated to staff.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/03/2023	31/03/2024	Outstanding	As above.
Health and Safety	Develop a system to ensure that risk assessment actions are adhered to and compliance reported to the H&S Officer.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/03/2023	31/03/2024	Outstanding	As above.
Health and Safety	Develop a system to ensure that the office inspections are regularly undertaken and supported by a Health and Safety trained individual. A log should be kept of outcomes and identified actions should be followed up. Consider whether to reinstate annual walkarounds with a member of Unison around City Hall. Ensure that:- A log is kept	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/03/2023	31/03/2024	Outstanding	As above.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
	of the findings and resulting actions- Outcomes are reported to the H&S Board.						
Health and Safety	The Health and Safety officer to quarterly request data from the L&D team for the mandatory introductory e-learning H&S module. This data to be sorted by directorate and presented to H&S quarterly and CLT annually for awareness and to prompt an improvement in uptake. Overall uptake figures to be included within H&S performance statistics provided to the JCNC for monitoring.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/03/2023	31/03/2023	Outstanding	As above.
Health and Safety	Develop measurable objectives for improvement of H&S at the council. Such as:• number of reported accidents and incidents per employee• Lost time injury incidence rate• Actions taken to address/reduce in future.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/01/2023	31/03/2024	Outstanding	As above.
Health and Safety	Consider resource and qualification requirements for corporate Health and Safety at the council to ensure there is a designated responsible resource who is suitably qualified and has the capacity to cover corporate proactive health and safety management.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	30/09/2022	31/03/2024	Outstanding	As above.
Capital Accounting and Management	Minutes of meetings to discuss capital project progress are taken and include agreed actions, with a link to any supporting reports from Property Services. Reports to include highlights, risks and issues as appropriate.	High	Resources, Performance and Delivery Board	30/11/2022	31/07/2023	Outstanding	New Capital Programme Board to be set up that would bring together all capital projects for monitoring purposes and all board reports that pick up capital elements would feed through into this Board.
Capital Accounting and Management	All capital projects for the year are monitored for delays in works, to ensure the expenditure to date is reasonable for the works that have been completed, records are retained as to reasons with agreed actions to be taken, and that for each capital project, on the schedule included in the performance reports to Cabinet, there is a brief comment relating to progress and budget as appropriate.	High	Neville Murton, Interim Head of Audit, Finance and Risk	30/11/2022	31/07/2023	Outstanding	New reference terms to be created and responsibilities noted in the Constitution. Governance is being reviewed across the piece to identify gaps and ensure there is no unnecessary duplication.  Existing reporting will be reviewed to see where standardisation can be utilised to reduce workflows. However, central board would need to have certain key requirements, includes one tied to FM Code.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
							<p>Therefore, a standardised template will be created, as well as monitoring documents. It will need to include lifetime spend, in-yr spend, variances as well as traffic light review with three key variables (spend to budget, timeliness and quality of delivery/benefit realisation).</p> <p>Decisions regarding the capital programme, wider risk management and reviews of financing options would also be reviewed here so that the Board was explicitly strategic in nature. Equally, all business cases would get internal sign off, even if concepts would only be agreed by CLT.</p> <p>The goal is that the Capital Programme Board would have a clear remit covering:</p> <ol style="list-style-type: none"> <li>1) Corporate Monitoring of Capital</li> <li>2) Internal review of capital business cases, even if lower level ones were de facto approved at sub-Boards (Concepts are approved at CLT)</li> <li>3) Strategic recommendations regarding the capital programme allied to quarterly updates on financing and borrowing projections, so that the Capital Strategy, Treasury Management Strategy and Asset Management Strategy feed directly and consistently into the MTFP and 30-Year HRA Business Plan</li> </ol> <p>Meetings would be set up and aligned to external requirements (4 quarterly monitors, budget setting requirements and the need to report on Capital Strategy, Asset Management Strategy and July Finance Review/MTFP Strategy and Budget Setting).</p>





## APPENDIX 6 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2022/23

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Buildings at Risk	Set up Heritage at Risk meeting timetable with all relevant stakeholders	Important	David Jones, Conservation and Design Team Leader	30/11/2022	30/09/2023	Outstanding	A timetable will be put into place following the September 2023 meeting.
Buildings at Risk	A process to be implemented which monitors progress on agreed actions assigned to Officers arising from HAR meetings. In addition, it is suggested that a mechanism should be developed for monitoring when properties have last been inspected/contacted.	Important	David Jones, Conservation and Design Team Leader	30/11/2022	30/09/2023	Outstanding	This recommendation will be addressed as part of the September 2023 meeting.
Buildings at Risk	To produce internal procedures that complement and expand upon the external policies produced by Historic England. Consideration given to the following: - Standard means of applying and documenting rationale for allocated risk level and priority- Outline process for inspections/outreach with owners, including risk-based timescales, and reference to the Heritage England guide for enforcement actions - Requirements for evidence retention and file management.	Important	David Jones, Conservation and Design Team Leader	31/05/2023	31/12/2023	Outstanding	Procedures will be discussed at the September 2023 meeting, following which this recommendation will be completed.
Leisure	Finalise and sign the contract for Riverside Leisure Centre.	Important	Helen Chamberlin, Head of Strategy, Engagement and Culture	31/01/2023	31/07/2023	Outstanding	The Riverside contract, which ends in 2024 is being extended; a deed of variation has been prepared and has been signed off by SLT; this will be signed alongside the original contract - everything is agreed on the DoV and the original contract – currently waiting for a contract signing slot with the relevant officer. This is expected to happen within a couple of weeks.
FOIs and Complaints	The Customer Experience Lead to consider the following activities with a view to further improve the Councils approach to responding to FOI/EIR and Complaints; Lean process review to understand whether the current process can be streamlined as the new CRM platform (Civica D360) is deployed. Providing training/guidance for service areas responding to complaints (complaints handling) to outline how complaints should be responded to in accordance with the council's values. A sample check of complaints regularly	Important	Julia Medler, Head of Customers, IT and Digital	31/03/2023	30/09/2023	Outstanding	In progress - the new CRM system continues to be developed and revised processes are being drafted within it.

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
	undertaken to highlight themes for lessons learned. Where responses are consistently not provided by service area in accordance with the agreed timeframes, this to be formally escalated to CLT.						
Food Health and Safety	Once the details of the new regulatory scheme are known, a plan needs to be devised for how the Council will clear the backlog of low-risk business inspections post March 2023 and how this will be resourced.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/05/2023	N/A	Complete, awaiting evidence	Internal Audit have been informed this recommendation is complete. Once evidence is received, this recommendation will then be closed.
Payroll	Management to implement controls to ensure that: - all iTrent users are regularly reviewed at defined intervals for continued appropriateness, including correct profile, and access promptly disabled where not required; - all iTrent user IDs are specifically allocated to individuals, and not generic (e.g. SYSADMIN) ; - MHR developers have access revoked immediately once their necessary activity on iTrent has been completed.	Important	Dawn Bradshaw, Head of HR and OD	30/06/2023	N/A	Complete awaiting evidence.	Confirmation on 18/4/23 that MHR accounts had been deactivated and process put in place by IT to activate access when needed and deactivate access at the end of each day . Quarterly reporting commenced and report received 5 June 2023 regarding iTrent accounts that had been inactive for 3 months.
Payroll	Management to continue to ensure that evidenced checks of all net pay discrepancies from the previous month over £10, reported on the Core Payroll Reports, are performed each month, prior to payroll authorisation. Brief explanations for the discrepancies to be recorded.	Important	Dawn Bradshaw, Head of HR and OD	N/A	N/A	Complete, awaiting evidence	Internal Audit have been informed this recommendation is complete. Once evidence is received, this recommendation will then be closed.
Payroll	Management to ensure that evidenced checks of all monthly gross pay discrepancies over £5 between the independent HR and Payroll iTrent systems are performed each month, prior to payroll authorisation. Brief explanations for the discrepancies should be recorded.	Important	Dawn Bradshaw, Head of HR and OD	N/A	N/A	Complete, awaiting evidence	Internal Audit have been informed this recommendation is complete. Once evidence is received, this recommendation will then be closed.
Payroll	Management to ensure that the Payroll Control Account is reconciled within 30 working days of the month end, with all reconciling entries promptly investigated and actioned. The reconciliations should be signed and dated by the preparer and an evidenced reviewer performed by an appropriate officer.	Important	Gareth Robinson, Head of Finance	30/06/2023	N/A	Outstanding	Management have reported that the reconciliation is imminent. Internal Audit Awaiting evidence.

