



Committee name: Audit

Committee date: 29/11/2022

Report title: Internal Audit Progress Update 2022/23

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 receive details the results of the outstanding 2021/22 internal audit plan of work and review progress with delivery of the 2022/23 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 the corporate priorities.

Report details

1. The Audit Committee receive 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.

Legal

4. 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

5. Not applicable for this report.

Reasons for the decision/recommendation

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

Background papers:

Appendices: Appendix A Internal Audit Progress Update 2022/23.

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Eastern Internal Audit Services



Norwich City Council

Progress Report on Internal Audit Activity

Period Covered: 8 September 2022 to 18 November 2022

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

CONTENTS

1. INTRODUCTION..... 2

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN 2

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK 3

4. THE OUTCOMES ARISING FROM OUR WORK 3

5. UPDATE REGARDING OUTSTANDING INTERNAL AUDIT WORK FROM 2021/22 4

6. FOLLOW UP OF AGREED AUDIT RECOMMENDATIONS 5

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK..... 6

APPENDIX 2 – EXECUTIVE SUMMARY FOR FINALISED REPORTS 2021/22..... 8

APPENDIX 3 – EXECUTIVE SUMMARY FOR FINALISED REPORTS 2022/23..... 16

APPENDIX 4 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS..... 4

APPENDIX 5 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20 5

APPENDIX 6 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21 5

APPENDIX 7 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22 7

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 have been considered by Internal Audit. As a result of this, the most strategic risks have been considered and following a discussion with the Audit Committee and the Corporate Leadership Team, the 2022/23 Internal Audit Plan has been re-profiled.

- 2.2 The following audits have been suggested for deferral to 2023/24.

| Area | Explanation |
|--|---|
| NC2308 Income | Finance team resources are presently focused on the ERP project. Therefore the team's ability to provide support internal audit with this in-depth review is significantly reduced. A full-service areas audit will be reprofiled into 2023/24. Assurances in this area will still be covered in Quarter Four as part of Key Controls and Assurance work. |
| NC2307 Accounts Receivable | Finance team resources are presently focused on the ERP project. Therefore the team's ability to provide support internal audit with this in-depth review is significantly reduced. A full-service areas audit will be reprofiled into 2023/24. Assurances in this area will still be covered in Quarter Four as part of Key Controls and Assurance work. |
| NC2322 Housing Compliance Validation Checks | NC2322 Housing Compliance Validation Checks audit has been deferred due to external verification work being undertaken as part of self-referral to the regulator. Internal audit will receive the results of this work to inform future planning requirements and where appropriate rely on this work for the annual opinion. A proportion of the days assigned will be made available for advisory work with the Compliance Board. |
| NC2304 Procurement and Contract Management | The Council's Contract Standing Orders are currently being reviewed. It is proposed this audit is undertaken after they have been approved to provide more value-added assurance. As suggested by the Audit Committee this audit will in addition to compliance with CSO's will seek to provide assurances over supply chain risks. |
| NC2324 Community Safety and ASB | Discussions with management have highlighted that this area does not now represent a strategic risk. The resources allocated to this audit will be used to provide assurance over the councils safeguarding procedures. |

- 2.3 Additional audits and advisory work has been added to the 2022/23 Internal Audit Plan as described below.

| Area | Explanation |
|---|--|
| ERP Project Support | To provide support to the ERP board in an advisory capacity to support project management. System integrated controls and system implementation advice will be provided. |
| Civica CRM system/master data management project support | To provide support to the board in an advisory capacity to support project management. System integrated controls and system implementation advice will be provided. |
| NC2328 Safeguarding | A compliance risk is currently highlighted within the Corporate Risk Register covering safeguarding. Due to the impact that the cost-of-living crisis will likely have on residents the audit will provide assurance that the Councils arrangements will contribute towards the mitigation of this risk. Policies, the identification and reporting of concerns, partnership working, and staff training will be reviewed. |

- 2.4 The updated plan with changes can be found at Appendix 1. In addition to the additional audits mentioned above, the number of audit days have increased across the remaining reviews to allow the team to cover a wider scope and carry out a more in-depth review.
- 2.5 As a result of the amendments to the plan, a reduction of 38 days is advised overall. The reduction will ensure the remainder of the plan can be comfortably resourced, allows a more in-depth focus in areas identified as a risk and provides senior management with assurances over the more significant risks facing the council at this time.
- 2.6 The revised internal audit plan 2022/23 will allow for an opinion to be made on the Councils governance, risk management and control framework at year end.

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 108 days of programmed work have now been completed, equating to 36% of the revised Internal Audit Plan for 2022/23.
- 3.3 As advised at the last Audit Committee meeting, delays to completing quarter one and quarter two audits have been experienced. Finalising outstanding work from 2021/22 has had an impact on the team's ability to deliver the first two quarters. One piece of work from quarter one's allocation is yet to be issued in draft. However, it is pleasing to be able to report that good progress has been made on the scoping of quarter three and quarter four work and the expectation is that the revised plan will be delivered ahead of the opinion being drafted.

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 three reports in final:

| Audit | Assurance | P1 | P2 | P3 |
|------------------------------------|-------------|----|----|----|
| NC2319 Food, Health and Safety | Reasonable | 0 | 3 | 2 |
| NC2318 Buildings at Risk | Reasonable | 0 | 3 | 2 |
| NC2301 Annual Governance Statement | Substantial | 0 | 0 | 4 |

The Executive Summary of these reports are attached at **Appendix 3**, full copy of this report can be requested by Members.

- 4.5 As can be seen in the table above, as a result of these audits 14 recommendations have been raised and agreed by management.
- 4.6 In addition, three Operational Effectiveness Matter have been proposed to management for consideration.

5. UPDATE REGARDING OUTSTANDING INTERNAL AUDIT WORK FROM 2021/22

- 5.1 The two remaining reports from the 2021/22 Internal Audit plan have now been finalised. The Executive Summaries can be found at **Appendix 2** and full copies provided to Committee members upon request. The outcomes are summarised as follows;

| Audit | Assurance | P1 | P2 | P3 |
|---|-----------|----|----|----|
| NC2213 Environmental Services | Limited | 0 | 8 | 6 |
| NC2219 Capital Programme Management and Accounting | Limited | 2 | 2 | 0 |

6. FOLLOW UP OF AGREED AUDIT RECOMMENDATIONS

- 6.1 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.
- 6.2 To comply with the above this report includes the status of agreed actions.
- 6.3 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.
- 6.4 **Appendix 4** 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 17 (10 medium and seven low) recommendations are currently outstanding. 33 recommendations are not yet due for completion.

Appendix 5, 6 and 7 provide the committee with details of high and medium 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 | |
| Quarter 1 | | | | | | | | | | | |
| FOIs and Complaints | NC2302 | 10 | 10 | 9 | Draft report being prepared | | | | | | |
| Anti-Fraud and Corruption | NC2303 | 10 | 10 | 10 | Draft report issued 9 November 2022 | | | | | | |
| 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 | Draft report issued on 4 October 2022. | | | | | | |
| TOTAL | | 40 | 40 | 39 | | | | | | | |
| Quarter 2 | | | | | | | | | | | |
| 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 | Draft report issued on 28 October 2022. | | | | | | |
| 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 | Position statement issued 18 November 2022 | | | | | | |
| TOTAL | | 47 | 47 | 47 | | | | | | | |
| Quarter 3 | | | | | | | | | | | |
| Staff Wellbeing | NC2312 | 10 | 12 | 1 | Scoping underway. | | | | | | |
| Elections | NC2305 | 10 | 10 | 0 | Position Statement planned | | | | | | |
| Accounts Receivable | NC2307 | 10 | 0 | 0 | Audit replaced with ERP Board assurance | | | | | | |
| Payroll | NC2309 | 15 | 15 | 1 | APM (Audit Planning Memorandum) issued on 3 October 2022. Fieldwork starting on 9 December 2022. | | | | | | |
| Trees and Play Equipment (previously Parks and Open Spaces) | NC2314 | 10 | 12 | 3 | APM (Audit Planning Memorandum) issued on 19 October 2022. Fieldwork start 14 November 2022. | | | | | | |
| TOTAL | | 55 | 49 | 5 | | | | | | | |

| Audit Area | Audit Ref | No. of days | Revised Days | Days Delivered | Status | Assurance Level | Recommendations | | | | Date to Committee |
|---|-----------|-------------|--------------|----------------|--|-----------------|-----------------|-----------|-----------------|----------|-------------------|
| | | | | | | | Urgent | Important | Needs Attention | Op | |
| Quarter 4 | | | | | | | | | | | |
| Procurement and Contract Management | NC2304 | 15 | 0 | | Audit deferred to 2023-24. | | | | | | |
| Key Controls and Assurance | NC2306 | 15 | 20 | 0 | | | | | | | |
| Income | NC2308 | 10 | 0 | 0 | Audit replaced with ERP Board assurance | | | | | | |
| Housing Benefits | NC2310 | 15 | 15 | 0 | | | | | | | |
| Garden Waste Service | NC2313 | 8 | 10 | 0 | | | | | | | |
| Markets | NC2315 | 10 | 10 | 0 | | | | | | | |
| Economic Development incl. Towns Fund | NC2316 | 12 | 12 | 1 | Scoping underway. | | | | | | |
| Norwich Regeneration Limited | NC2317 | 10 | 12 | 0 | Scoping underway. | | | | | | |
| Contaminated Land and Air Quality | NC2320 | 10 | 12 | 0 | | | | | | | |
| Housing Compliance Data Validation Checks | NC2322 | 30 | 0 | | Audit deferred to 2023-24. | | | | | | |
| Housing Services incl. Community Safety and Anti-Social Behaviour | NC2324 | 12 | 0 | | Audit deferred to 2023-24. | | | | | | |
| Safeguarding | NC2328 | 0 | 12 | 0 | Addition | | | | | | |
| TOTAL | | 147 | 103 | 1 | | | | | | | |
| IT Audits | | | | | | | | | | | |
| ERP Project Implementation Support | Advisory | 0 | 5 | 0 | Addition for 2022/23 auditors to provide support to the ERP project in an advisory capacity to support project management. | | | | | | |
| Cyber Security | NC2325 | 10 | 12 | 5 | Fieldwork underway | | | | | | |
| Disaster Recovery | NC2326 | 10 | 10 | 1 | Scoping underway. | | | | | | |
| Housing System Implementation Phase 2 | NC2327 | 10 | 10 | 0 | | | | | | | |
| Civica CRM system/master data management project | Advisory | 0 | 5 | 0 | Addition - specialist auditors to provide support to the project team in an advisory capacity to support project management. | | | | | | |
| TOTAL | | 30 | 42 | 6 | | | | | | | |
| Follow Up | | | | | | | | | | | |
| Follow Up | N/A | 16 | 16 | 10 | | | | | | | |
| TOTAL | | 16 | 16 | 10 | | | | | | | |
| TOTAL | | 335 | 297 | 108 | | | 0 | 6 | 8 | 3 | |
| Percentage of plan completed | | | -38 | 36% | | | | | | | |

APPENDIX 2 – EXECUTIVE SUMMARY FOR FINALISED REPORTS 2021/22

NC2213 – Environmental Services

1. Introduction

- 1.1 This review was agreed as part of 2021-22 internal audit (IA) plan.
- 1.2 Norwich City Services Ltd (NCSL) was established in April 2021 as a wholly owned company of Norwich City Council (NorwCC) to provide operational environmental services such as grounds and tree maintenance, street cleaning and pest control. This replaced the joint venture arrangement with Norse.
- 1.3 The value of the contract is £6.6m for 2021-22, subject to an annual review.
- 1.4 Given the new arrangement, value of the contract and the addition of building repairs and maintenance services, it was agreed by Audit Committee in January 2022 that an audit review should take place as part of the 2021-22 assurance plan.
- 1.5 This area has not been subject to previous internal audit scrutiny.

2. Scope

- 2.1 This was an assurance piece of work and audit provides an opinion on the effectiveness of arrangements for managing the high level risks set out below in 2.4.
- 2.2 The objective of the audit was to review the systems and controls in place within the NCSL contract to confirm that these are operating adequately, effectively and efficiently.
- 2.3.1 The audit covered:
 - Contract management arrangements;
 - Financial management;
 - Performance reporting and monitoring.
- 2.4 The objective as stated at 2.2 is to provide independent assurance to management on the control environment in place to mitigate the high-level areas of risk described below:
 - The risk of poor contract management leading to the unsuccessful delivery of contract obligations and breach of contract thereon as well as failure to comply with regulations;
 - The risk of poor financial management leading to the risk of fraud and corruption through overcharging or invoicing for work not carried out;

- The risk of insufficient performance reporting and monitoring thereon leading to poor reputation through inferior services provided to residents and falsification of performance information.

3 Executive summary

- 3.1 We have been able to provide an opinion of **Limited Assurance**¹ over the controls operating within the area under review.
- 3.2 We have found that the following points of good practice, over contract management, have been identified within this review:
- Contract Management Board (CMB) meetings started in June 21 and have continued every month in accordance with the contract. These meetings include finance and performance reviews as well receiving health and safety incident reports and updates on the project register.
 - Operational meetings between Norwich City Council (NorwCC) and NCSL are taking place fortnightly.
 - External quality audits (ISO) have been taking place.
- 3.3 At the start of the audit, invoices received for payment from NCSL totalled £6,929,114. All core payments of £6,606,250 had been invoiced within this total and therefore invoiced non-core payments of £322,864 had been received.

Findings Summary

- 3.4 Improvements were identified in the following areas. As indicated below, progress has been made to address a number of the recommendations raised with some having already been completed at the time of report finalisation.

A total of eight medium recommendations have been raised.

1. Variations to the NCSL contract to be made in accordance with the Change Control Procedure going forward. Any retrospective CCNs to be completed that cover both changes to service specifications and KPIs. This recommendation is now complete.
2. Requests for payment to be supported by documentation such as agreed pricing rates and specification justification in order that the accuracy and validity of the invoice can be determined prior to the receipt of the invoice. In addition, the Bill of Quantities review to take place within agreed timeframe as laid out in the contract.
3. A list of subcontractors to be presented to the CMB at least six monthly or on the proposition of a new subcontractor. This recommendation is now complete.
4. Feedback from the NCSL Board and Shareholder Panel should be received at the CMB so that strategic direction and decisions can be supported and monitored from a contract management perspective.
5. The Corporate Health & Safety Board to receive a Health and Safety report from NCSL and include a set of metrics for agreement.
6. An annual timetable is prepared and shared with NCSL, so that contract requirements that require reviews and documentation by either party are visible and monitored.
7. To provide the Environmental Services team responsible for the day to day operation of the contract with refresher contract management training. This recommendation is now complete.

8. NorwCC to satisfy themselves, through independent verification that the presented KPIs and associated targets are accurate. This recommendation is now complete.

A further six low priority recommendations have been raised.

1. Further investigation into the 19k variance for the asset re-charge from the Council to NCSL
2. If the NCSL invoices continue to be issued under NorwCC format, then the template to be amended to reflect the contract payment terms.
3. Ensure that the business plan is agreed within the timeframes as set out in the contract. This recommendation is now complete.
4. Actions raised within CMB meetings to be fully documented in subsequent meetings. This recommendation is now complete.
5. NCSL to provide the Environmental Services Manager with the ISO Quality Standard reports once issued to aid transparency of non-conformance issues and associated actions.
6. The CMB agenda to include a section on 'development within the markets, technological development and general topics relevant to the field'. in line with the terms of the contract. This recommendation is now complete.

3.5 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. | 8 | 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8 |
| 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. | 6 | 4.9, 4.10, 4.11, 4.12, 4.13, 4.14 |

NC2219 – Capital Programme Management and Accounting

1. Introduction

- 1.1 The council owns and maintains an extensive range of assets including commercial property, housing, a market, heritage assets, walkways/paths and lighting columns. Major investment in these and new assets is funded from the capital programme, which in turn is resourced from the disposal of surplus assets, revenue contributions, grants and borrowing.
- 1.2 The council's proposed capital programme for 2021/22 was £69.456m.
- 1.3 Key areas of risk considered for this audit are:
 - The risk of a high degree of uncertainty in key assumptions for capital project appraisal.
 - The council could be unable to demonstrate capital investment are affordable, prudent or sustainable.
 - The risk of being unable to demonstrate Council policy has been followed.
 - The risk of reputational and financial impact due to project difficulties or failure.

2. Scope

- 2.1 The objective of the audit was to review the systems and controls in place to confirm that these are operating adequately, effectively and efficiently, to provide assurance that:
 - Appropriate policies and strategies are in place are regularly reviewed and have been followed for the development of the capital programme which guides decisions and outcomes with clear intentions/aims.
 - There is a clear process in place for the management of the capital programme for both general fund and HRA.
 - There is a corporate system in place which regularly assesses the achievement of project milestones and outcomes of completed works.
 - Programme monitoring reports clearly identify committed expenditure on approved projects.
 - Actual expenditure compared to the original budget is monitored and reported.
 - Progress against the overall programme is appropriately reported.
- 2.2 This audit provided an initial high-level review of the framework for setting and monitoring of the capital programme, together with sample testing of five projects.
- 2.3 This audit review was undertaken during December 2021 – April 2022.
- 2.4 The audit review did not cover:

- Towns Fund Deal - a separate internal audit review will evaluate controls for monitoring and managing projects associated with those projects in 2022/23.
- Reviewing records of NNBL/NPSN, nor any data transfer from their Codeman property management system to the council's new housing system NEC.

3. Executive summary

- 3.1 We are providing an opinion of **limited assurance**² over the controls operating within the area reviewed. This opinion is based on two high and two medium priority recommendations being raised.

The following limitations apply;

From 1 April 2022, a new in-house arrangement covering the management of both general fund and HRA capital works was implemented. The sample of capital programme work chosen for this audit was initiated shortly after services had transferred to the new arrangements and it had been identified that controls required review. Action plans have since been put in place and widely reported with the intention of mitigating the inherent risks identified. The following has been considered during the audit.

- Reliability of data from the Codeman system to inform the component replacement programmes for HRA stock. The need for robust and timely stock condition was identified during transfer preparations. Stock condition surveys are now in progress.
- The Council has faced considerable delays to the completion of HRA capital projects further impacted by the requirement to prioritise health, safety and compliance matters in 2021/2022. The windows upgrade programme selected as part of the sample of projects was impacted.
- Management of void works including those relating to HRA new housing under the Opportunities Fund project (2/5 projects sampled). A contractor has been instructed to work on the backlog and the in-house Property Team are having regular meetings to drive progress.

To provide assurance over the new arrangements, the 2022/23 internal audit plan has been designed to assess the new in-house arrangements. Housing Asset Management is scheduled along with an audit of property and asset management for 2023/24. This will allow time for new processes improvements to embed giving greater weight to the assurances that can be provided.

- 3.2 The following strategies and policies are relevant to the capital programme:

- For 2021-22 the capital strategy, as required under the Prudential Code, is included in the budget report approved by Council in February 2021. For 2022-23 the capital and commercial strategy was approved in February 2022.
- The council housing strategy 2020-26 was approved by Cabinet in November 2019.
- The strategic asset management framework (SAMF) was approved by Cabinet in March 2022. This includes:
 - Asset management policy
 - Asset management strategy (covering general fund only)
 - Asset management action plan (covering general fund only) – this is the basis for monitoring progress over the next 12-18 months, which is to be monitored via the asset and investment board, with an updating report due in 18 months' time (September 2023).

Further work is ongoing to develop the asset management strategy, and the budget for 2022-23 includes costs for building surveying consultancy to improve data on assets including condition and energy performance information.

A similar document is planned to be adopted to set out the strategy and action plan for the council's significant housing portfolio. This will be developed when the stock condition survey has been completed. Structural surveys of the tower blocks, procured during 2021-22 have recently been received at the end of April 2022 and will inform the strategy.

- The council's constitution, approved by Council March 2021, updated January 2022 and published on the website, includes responsibilities for virement of budgets, contract procedure rules, and scheme of delegation.

3.3 The Codeman asset management system was used for the upgrades, repairs and maintenance records for housing stock. Following the in-sourcing of this work from 1 April 2022, these records are now included on the council's new housing system NEC. The Codeman system does not interface with the council's e5 finance system, so manual updates for comments on budgetary and work progress were necessary.

3.4 The audit has given assurance over:

- There is a process and timetable for agreeing the annual capital programme.

For the budgets for 2021-22, this was communicated with budget managers in August 2020. Managers are required to provide 'Opening Briefs' (OBs) for any proposed funding requests for the following year, for consideration by finance, CLT and members. Public consultation takes place later for the overall proposed budget, and the Tenant Involvement Panel are consulted regarding rent increases and how this links to the capital programme of housing repairs / improvements.

Some changes were introduced for preparing the processes for 2022-23, including an earlier start date in July 2021 and additional governance with all proposed projects being reviewed by the new Resources, Performance & Delivery Board, prior to discussions at CLT.

- The 2021-22 OBs included a summary, to allow consideration to be made regarding each proposed project prior to its inclusion in the capital programme.

Details in the OB included: which of the council's corporate priorities are met by the proposed project, the overall cost and any expected revenue income when works completed, a brief summary of the request and the options considered. Finance then applied a scoring matrix to each project, for prioritisation considerations.

We have raised two recommendations with the aim of enhancing this process. They relate to adding an assessment of risk to the OB template and ensuring relevant service lead provide confirmation and approval of each proposed project by the Director as outlined within the process. Since the issuing of this draft report, a new project initiation and governance process has been designed which requires Head of Service, and depending on size, appropriate Executive Director sign off. The templates include risk identification.

For housing stock upgrades the Codeman system was used in place of OBs to identify a separate summary detailing the total proposed spend under the various upgrade headings, such as kitchens, doors based on remaining useful life data. These are linked to similar corporate priorities, as detailed in the Council Housing Strategy.

- The capital programme covering the next five years was approved by Council as part of the budget approval in February 2022.

- Expenditure including commitments for the capital project budgets are regularly monitored, via the Collaborative Planning module of the e5 finance system. For most of the projects this includes notes as to reason for delays and overspends. A recommendation has been raised to ensure that all capital project budgets are regularly updated.
- There is regular reporting of budgetary expenditure and commitments to the Resources, Performance & Delivery Board, CLT and Cabinet as part of the quarterly combined assurance report.
- Amendments to budgets are generally well documented, appropriately reported and approved.

Re-profiling of budgets for 2021-22 was included in the combined assurance report for quarter two and approved by Cabinet in November 2021; and amendments to the HRA budgets, these related to funding the backlog of disabled adaptations to housing stock properties, were agreed by Cabinet 9 March 2022.

3.5 A total of two high priority recommendations have been raised:

- Capital Project Management – Limited records of meetings held to discuss project progress have been provided for projects sampled for 2021/22. It is therefore recommended that minutes of meetings held to discuss progress against all Capital Programme projects are consistently recorded, with a link to any supporting reports. Reports to include highlights, risks and issues as appropriate.
- Although there is monthly monitoring of capital budgets, the projects sampled during audit testing showed delays with works that were not noted in the schedule of capital projects in the quarterly performance reports presented to Cabinet. We are unable to provide assurance that these were reported at regular meetings. We noted that there was a comment relating to progress and budget as appropriate in the performance report to Cabinet, however it is recommended that all capital projects are closely monitored for delays in works going forwards, to ensure the expenditure to date is reasonable, records are retained as to reasons with agreed actions to be taken, and that for each capital project on the schedule. In addition to the recommendation, a new Asset Management Board is being set up to monitor performance across property services that encompasses capital and reactive works by both value and volume. The first of these meetings is planned for November 2022.

Two medium priority recommendations have also been raised:

- The procedures for budget managers detail that the appropriate Executive Director must confirm the proposed capital projects prior to submission to finance. The OB template has a section for name of Executive Director and date, however testing indicated that this is rarely completed. It is acknowledged that directors will later be involved with the approvals across all directorates via CLT. Given the high volumes of OBs, it is recommended that consideration is given as to the most efficient way of evidencing Executive Director's prior approval for any proposed projects, including confirmation of review of costings where appropriate.
- The OB template does not include a section for the identification of risk to project delivery and objectives. It is recommended that a section is added to allow officers to demonstrate that if there are any risks to outcomes, they can be mitigated to assist with the decision-making process.

Ongoing developments

3.6 The Interim Head of Asset Management advised that following the in-sourcing of Property Services on 1 April 2022 there are regular meetings with property services management, team meetings to discuss processes and budget monitoring and operations meetings with NCSL. Contract management

training has been provided and will continue, for contract and project managers, this covering general contract management, managing delivery of projects, and ensuring the procurement of contracts are fit for purpose.








- 3.7 There is intention to replace the Housing Commissioning Board with two separate new group meetings to oversee new housing delivery progress and HRA asset management.
- 3.8 The council's proposed capital programme for 2021/22 was £69.456m. The Council's provisional Q4 outturn position reported an underspend of £10.23m on the general fund capital programme and for HRA an underspend of £23.200m.

3.9 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. | 2 | 4.1, 4.2 |
| Medium | Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk. | 2 | 4.3, 4.4 |
| 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. | | |

APPENDIX 3 – EXECUTIVE SUMMARY FOR FINALISED REPORTS 2022/23

Executive Summary – NC2319 Food, Health and Safety






| OVERALL ASSESSMENT | KEY STRATEGIC FINDINGS | | | | | | | | |
|--|---|-----------------|-------------|-----------------|-------------|---|---|---|---|
|  | <div><div></div><div>The Council is adhering to the Food Standards Agency's (FSA) Covid-19 Recovery Plan and is on track to achieve all milestones contained within. A backlog of low-risk business inspections has built up, due to Covid-19 restrictions. An action to reflect this within the service area risk register is now complete.</div></div> <div><div></div><div>Testing of inspections and complaint investigation identified instances where evidence had not been attached to the records on the system.</div></div> <div><div></div><div>The Council's procedure notes in some areas are out of date and in need of review.</div></div> <div><div></div><div>Records of re-rating inspections include details of improvements made but do not show the updated scores that are used to calculate the food hygiene rating. This recommendation is now complete.</div></div> | | | | | | | | |
| ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE | GOOD PRACTICE IDENTIFIED | | | | | | | | |
| <p>Assurance was provided over the following risk- The Council failing to deliver its statutory responsibilities for food safety, leading to a risk of illness to the public and reputational damage to the Council.</p> | <div><div></div><div>Inspection reports are uploaded to the Council's website, alongside the business' food hygiene rating, so that they can be viewed by members of the public.</div></div> <div><div></div><div>Officers use tablets for recording inspection outcomes, which include stock phrases for common issues. This improves efficiency by reducing the amount of time spent writing reports.</div></div> | | | | | | | | |
| SCOPE | ACTION POINTS | | | | | | | | |
| <p>This area has not been audited at the Council previously. The audit evaluated the Council’s arrangements for food safety inspections and handling of complaints and provided assurance that clearing of the backlog following the pandemic is on track.</p> | <table><tr><th>Urgent</th><th>Important</th><th>Needs Attention</th><th>Operational</th></tr><tr><td>0</td><td>3</td><td>2</td><td>1</td></tr></table> | Urgent | Important | Needs Attention | Operational | 0 | 3 | 2 | 1 |
| Urgent | Important | Needs Attention | Operational | | | | | | |
| 0 | 3 | 2 | 1 | | | | | | |

**Directed Risk:**

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

| Ref | Expected Key Risk Mitigation | | Effectiveness of arrangements | Cross Reference to MAP | Cross Reference to OEM |
|-----|------------------------------|---|-------------------------------|------------------------|------------------------|
| GF | Governance Framework | There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation. | Partially in place | 1, 4 & 5 | 1 |
| RM | Risk Mitigation | The documented process aligns with the mitigating arrangements set out in the corporate risk register. | Not in place | 2 | - |
| C | Compliance | Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance. | Partially in place | 3 | 2 |

Other Findings

-  Governance Framework - All interventions are conducted in accordance with applicable legislation and guidance, including the Food Law Code of Practice, Food Hygiene Rating Scheme and FSA Brand Standard.
-  Governance Framework - The Council is following the FSA's Covid-19 Recovery Plan. It has achieved the milestones to date and is on track to achieve the remaining ones by the end of the Recovery Plan period.
-  Governance Framework - The Council publishes full inspection reports on its website along with the food hygiene rating for each business.
-  Risk Mitigation- No additional findings to report. Please refer to Recommendation 2 in the Management Action Plan for details of the findings and recommendation raised in this area.
-  Compliance - New food business registrations are triaged promptly, and risk assessed so that they can be appropriately prioritised for inspection.



Compliance - Businesses with poor food hygiene ratings are followed up with further visits and actions to ensure that necessary improvements are made.



Compliance - Complaints about food businesses are investigated, with actions taken as appropriate, and outcomes are notified to complainants.







Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

| Ref | Expected Key Risk Mitigation | | Effectiveness of arrangements | Cross Reference to MAP | Cross Reference to OEM |
|-----|------------------------------|---|-------------------------------|------------------------|------------------------|
| PM | Performance Monitoring | There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner. | In place | - | - |
| S | Sustainability | The impact on the organisation's sustainability agenda has been considered. | Out of scope | - | - |
| R | Resilience | Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted. | Partially in place | - | - |

Other Findings

-  Performance Monitoring - There are three performance measures on the Regulatory Directorate Performance Dashboard, which are reported on monthly. These measure the number of inspections completed, percentage of businesses with non-compliant ratings moving to compliant, and progress against the FSA Recovery Plan.
-  Resilience - The Food and Safety team was significantly disrupted by the outbreak of Covid-19, which caused a large backlog of work. The Council has been following the FSA Recovery Plan and risk assessing new businesses in order to prioritise interventions.
-  Resilience - Although the Council has been able to continue delivering higher priority inspections, resources within the Food and Safety Team at the time of review were not sufficient to also deliver the normal inspections programme for low-risk premises and there is a significant backlog of these. See Recommendations 1 and 2.
-  Resilience - Officers use tablets for recording inspection outcomes, which include stock phrases for common issues. This improves efficiency by reducing the amount of time spent writing reports.

Executive Summary NC2318 – Buildings at Risk

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

This audit sought to provide assurance over the following key risk:
 “Regular review of buildings at risk being not being undertaken, resulting in them falling into disrepair.”

SCOPE

This area has not been audited at the Council before. The audit provides 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.

KEY STRATEGIC FINDINGS



While external policies are used as a guidance, the Council would benefit from producing internal procedures that complement the external guide helping to ensure an efficient and consistent process is followed.



Prior to December 2021, Meeting minutes show review of the buildings at risk register. Meetings were held six-monthly with Historic England and other stakeholders. No meeting has taken place since December 2021.



Further actions for each building are agreed during the six-monthly meetings. However, there is no process in place to monitor progress on actions assigned to Officers, or to track when a contact has been agreed with building owners.



A Heritage Investment Strategy is in place, but it has not been reviewed since March 2014. A review of the Strategy from 2014 identified seven properties which were owned by the council at that time. Since then, six buildings have been removed from the register and brought back to use.

GOOD PRACTICE IDENTIFIED



Whilst there is no capital budget in place to improve or secure Council owned buildings, a joint venture is in place with the Norwich Preservation Trust (NPT). As a charitable trust, NPT are able to access grants from charitable bodies and access loan finance from the Council, which has enabled them to restore over 18 buildings since they were formed in 1966.

ACTION POINTS

| Urgent | Important | Needs attention | Operational |
|--------|-----------|-----------------|-------------|
| 0 | 3 | 2 | 1 |

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

| Ref | Expected Key Risk Mitigation | | Effectiveness of arrangements | Cross Reference to MAP | Cross Reference to OEM |
|-----|------------------------------|---|-------------------------------|------------------------|------------------------|
| GF | Governance Framework | There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation. | Not in place | 1, 2, 3, & 5 | - |
| RM | Risk Mitigation | The documented process aligns with the mitigating arrangements set out in the corporate risk register. | In place | - | - |
| C | Compliance | Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance. | Partially in place | 4 | - |

Other Findings



Risk Mitigation - Risk is reported and monitored at both a Corporate and Directorate level. Risk registers at both levels were reviewed for the past 12 months, and no risks were recorded that directly related to the scope of our audit. While none were reported, a framework is in place for the tracking of the risk, and associated mitigating actions.



Compliance - A sample of five properties on the current Buildings at Risk register has been tested to determine whether Risk and Priority grading were appropriately applied to buildings on the register. No evidence could be obtained of the rationale behind the risk and priority level. A related finding has been raised under the Governance Framework section, which will also address this finding. See Management Action Plan, recommendation 1.



Compliance – A sample of five properties on the current Buildings at Risk register has been tested to determine whether agreed actions from the HRA meetings have been completed in a timely manner. Two of those buildings had follow-up actions outlined in the December 2021 HAR meeting. No documentation was maintained to determine the outcomes of those actions. A related finding has been raised under the Governance Framework section, which will also address this finding. See Management Action Plan, recommendation 3.







Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

| Ref | Expected Key Risk Mitigation | | Effectiveness of arrangements | Cross Reference to MAP | Cross Reference to OEM |
|-----|------------------------------|---|-------------------------------|------------------------|------------------------|
| PM | Performance Monitoring | There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner. | Out of Scope | - | - |
| S | Sustainability | The impact on the organisation's sustainability agenda has been considered. | Partially in place | - | 1 |
| R | Resilience | Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted. | In place | - | - |

Other Findings

-  Performance Monitoring - There are no performance monitoring arrangements or KPI in place and there are no statutory requirements to have such. Due to the various level of complexity and priority of buildings, implementation of such would be difficult and not aid in measuring the success/effectiveness of the service.
-  Resilience - A Direct Action Fund of £30,000 is in place to cover the cost of actions the council undertakes through the listed building enforcement process. Any cost would be recovered from the building owner either directly or by placing a charge on the land. To this date nothing of the budget has been spent this financial year.
-  Resilience - While no capital budget is in place to improve or secure Council owned buildings, a joint venture is in place with the Norwich Preservation Trust (NPT), who, as a charitable trust, are able to access grants from charitable bodies and access loan finance from the council which has enabled them to restore over 18 buildings since they were formed in 1966.
-  Resilience - The service is currently undergoing a restructure which a new team leader post being proposed to take on the direct management responsibilities of the team. A recruitment exercise is currently in progress, therefore no additional recommendation is being raised.

Executive Summary NC2301 Annual Governance Statement

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

This audit sought to provide assurance over the following key risk:
 “Non-compliance with the Accounts and Audit Regulations 2015 as amended in 2022 and the CIPFA and Solace Delivering Good Governance in Local Government guidance.”

SCOPE

A deep dive review was undertaken to provide assurance that compliance with the Council's governance code can be evidenced and that the AGS is compiled following the CIPFA and Solace Delivering Good Governance in Local Government. This review was carried out consortium wide in 2021/22 and allowed us to draw on good practice where relevant.

KEY STRATEGIC FINDINGS



The draft AGS for 2021-22 provides a corporate overview of governance that has taken place and a detailed action plan going forwards.



The draft AGS 2021-22 was published on the Council's website in July 2022. The final AGS will be approved after the deadline of 30 November 2022, due to delays in external audit completion.



We have suggested that a formal and documented timetable is prepared for AGS completion to outline expectations and deadlines. Where annual assurance statements are not received by key officers within the stipulated timeframe, we suggest that this is escalated to CLT.



We have suggested that the Council publishes the revised Code of Corporate Governance (July 2022) on the Council's website.



The full extent of work done by internal/external audit and Anglian Revenue Partnerships in managing the exposure to fraud to be included within the AGS.

GOOD PRACTICE IDENTIFIED



A revised Code of Corporate Governance, aligned to CIPFAs Delivering Good Governance in Local Government 2016, was approved by Audit Committee in July 2022.

ACTION POINTS

| Urgent | Important | Needs attention | Operational |
|--------|-----------|-----------------|-------------|
| 0 | 0 | 4 | 1 |

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

| Ref | Expected Key Risk Mitigation | | Effectiveness of arrangements | Cross Reference to MAP | Cross Reference to OEM |
|-----|------------------------------|---|-------------------------------|------------------------|------------------------|
| GF | Governance Framework | There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation. | Partially in place | 1, 2, 3, & 4 | 1 |
| RM | Risk Mitigation | The documented process aligns with the mitigating arrangements set out in the corporate risk register. | Out of scope | - | - |
| C | Compliance | Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance. | In place | - | - |

Other Findings



Governance Framework- The draft AGS for 2021-22 provides a review of governance that has taken place, with more explanation on the covering report to Audit Committee on how the report was compiled including the assurance questionnaires completed by the heads of service. It is written in an open and readable style with many sub headings and bullet points. However the document is very detailed. It is intended that this will be shortened for the next AGS for 2022-23.

The role of the governance structures involved (such as the authority, the audit and other committees) is included, and it provides a high level corporate overview. The overall assurance from internal audit for the year is included, and the action plan includes completion of actions raised by internal audit for the audits of health and safety (2021-22) and policy and procedures (2020-21). The other will be reflected in the final version.



Governance Framework- The draft AGS 2021-22 was published on the Council's website before the end of 31 July 2022, and presented to Audit Committee on 4 October 2022. Comments raised by members will be taken into account for final version of the AGS.

Approval of the final AGS will be at the same time as the statement of accounts, although the Council is aware this will be after the national deadline of 30 November 2022, as they have been advised that the external auditors will commence their work in December 2022.



Governance Framework- A revised Code of Corporate Governance, aligned to CIPFAs "Delivering good governance in local government, guidance notes for English authorities, 2016 edition", was approved by Audit Committee in July 2022. The seven core principles of good governance are clearly detailed in table format, with details of how the Council complies with these, and a column for areas for development. It is intended that the Code will be refreshed annually.



Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

| Ref | Expected Key Risk Mitigation | | Effectiveness of arrangements | Cross Reference to MAP | Cross Reference to OEM |
|-----|------------------------------|---|-------------------------------|------------------------|------------------------|
| PM | Performance Monitoring | There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner. | Out of scope | - | - |
| S | Sustainability | The impact on the organisation's sustainability agenda has been considered. | In place | - | - |
| R | Resilience | Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted. | In place | - | - |

Other Findings



Sustainability- There are various references within the draft AGS that demonstrate consideration of the Council's sustainability agenda, including:

- Actions related to climate change for completion by 31 December 2022 - developing a new biodiversity strategy and ongoing review of the existing environmental strategy, and development of a net zero 2030 carbon management plan.
- The forward to the AGS notes the establishment of the Norwich Climate Change Commission.
- An emerging issue noted in the AGS is nutrient neutrality, which is delaying residential planning applications.



Resilience- There are various references within the draft AGS that demonstrate consideration of the Council's ability to respond to business interruption events and to enhance the economic, effective and efficient delivery of services, including:

- Revision of the business continuity framework.
- Future Shape Norwich - internal transformation programme, encompasses staffing, service delivery, good practices, efficiency, peer review recommendations, policy updates.
- Aligning resources to support the Norwich 2040 vision.
- The Covid Recovery Plan - a Covid 19 update is included in the current and emerging issues area of the AGS.

APPENDIX 4 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

| | | Completed between 8 September 2022 to 18 November | | | 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 |
| Audit Area | Assurance Level | | | | | | | | | | | | | |
| 2019/20 Audits | | | | | | | | | | | | | | |
| Information Security and GDPR | Controls: Satisfactory Compliance: Limited | | 1 | | | | | | | | 0 | | | |
| Payroll | Control: Satisfactory Compliance: Substantial | | | 1 | | 1 | | | | | 1 | | | |
| 2020/21 Audits | | | | | | | | | | | | | | |
| Equality Duties | Limited | | | 1 | | | 1 | | | | 1 | | | |
| Northgate pre-implementation | Reasonable | | 1 | | | | | | | | 0 | | | |
| Key Policies & Procedures | Limited | | | | | 4 | 2 | | | | 6 | | | |
| Licensing | Reasonable | | 1 | | | | | | | | 0 | | | |
| 2021/22 Audits | | | | | | | | | | | | | | |
| Risk Maturity Assessment | Reasonable | | | | | | | | 2 | | 2 | | | |
| Off-payroll working (IR35) compliance | Reasonable | | | | | | 2 | | | | 2 | | | 1 |
| Housing Rents and Arrears | Substantial | | | 2 | | | | | | | 0 | | | |
| Accounts Payable | Reasonable | 1 | | 3 | | | | | 2 | | 2 | | | 1 |
| Council Tax | Reasonable | | | 1 | | 1 | 2 | | | | 3 | | | 2 |
| NNDR | Reasonable | | 1 | | | | | | | | 0 | | 1 | 2 |
| Environmental Services | Limited | | 4 | 3 | | | | | | | 0 | | 4 | 3 |
| Capital Accounting & Management | Limited | | | | | | | | | | 0 | | 2 | 2 |
| Treasury Management | Reasonable | | | | | | | | | | 0 | | 1 | |
| Business Support Grants | Reasonable | | 2 | | | | | | | | 0 | | | |
| 2022/23 Audits | | | | | | | | | | | | | | |
| Food Health and Safety | Reasonable | | | | | | | | | | 0 | | 3 | 2 |
| Annual Governance Statement | Substantial | | | | | | | | | | | | | 4 |
| Buildings at Risk | Reasonable | | | | | | | | | | 0 | | 3 | 2 |
| | | 1 | 10 | 11 | 0 | 6 | 7 | 0 | 4 | 0 | 17 | 0 | 14 | 19 |

APPENDIX 5 – 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. | Medium | Dawn Bradshaw, Head of HR and OD | 31/12/2021 | 02/12/2022 | Outstanding | The agreement is in its final stages and being prepared for sign off. |

APPENDIX 6 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21

| Audit | Recommendation | Priority | Responsible Officer | Due Date | Revised Due Date | Status | Latest Response |
|-----------------------------|---|----------|---|------------|------------------|-------------|---|
| 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 | Helen Chamberlin, Head of Strategy, Engagement and Culture | 31/01/2022 | 31/05/2023 | Outstanding | <p>IT are working on pulling all policies and strategies into a 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.</p> <p>IT are now proposing migrating from Sharepoint 2013 to Sharepoint Online. This requires rebuilding, which is going to take a considerable amount of time. The corporate document library cannot be built until after the departmental sites and citynet structure are in place and content-owners have been trained; this means it will be April/May next year before it's completed.</p> <p>A schedule of policies and due dates has already been produced: the outstanding element of this recommendation is the IT solution to automate the process of alerting policy leads when their policies need updating.</p> |

| Audit | Recommendation | Priority | Responsible Officer | Due Date | Revised Due Date | Status | Latest Response |
|-----------------------------|---|----------|--|------------|------------------|-------------|---|
| | | | | | | | Given the timeline for the IT solution to support this recommendation, we are undertaking a manual process each quarter to identify policies that are becoming due, and to alert policy owners to update them. This process will be continued until the IT solution is in place. |
| 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 | Helen Chamberlin, Head of Strategy, Engagement and Culture | 31/01/2022 | 31/05/2023 | Outstanding | As above. |
| 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. | Medium | Helen Chamberlin, Head of Strategy, Engagement and Culture | 31/01/2022 | 31/05/2023 | Outstanding | <p>We will develop a brief 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.</p> <p>Through the quarterly manual alert process described above, we will provide guidance to policy owners as above on the model for development of corporate policies and sign off procedures.</p> |
| Key Policies and Procedures | Ensure that all documents are reviewed in accordance with the framework during their next review. | Medium | Helen Chamberlin, Head of Strategy, Engagement and Culture | 31/01/2022 | 31/05/2023 | Outstanding | <p>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.</p> <p>In the interim, until the IT solution is in place, the manual process described above will deliver this recommendation.</p> |

APPENDIX 7 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22

| Audit | Recommendation | Priority | Responsible Officer | Due Date | Revised Due Date | Status | Latest Response |
|--------------------------|--|----------|---|------------|------------------|-------------|--|
| Risk Maturity Assessment | 4.1 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. | Medium | Neville Murton, Interim Head of Finance, Audit and Risk | 30/09/2022 | March 2023 | Outstanding | This is being arranged for delivery early next year. |
| Risk Maturity Assessment | 4.5 Please see recommendation at 4.2 regarding the update of Corporate and Directorate registers. 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. | Medium | Neville Murton, Interim Head of Finance, Audit and Risk | 30/09/2022 | June 2023 | Outstanding | This will be incorporated into the policy update planned for June 2023. |
| Accounts Payable | 4.2 The council's 'No PO, no Pay' policy to be formally documented and re-launched with staff and suppliers. | Medium | Neville Murton, Interim Head of Finance, Audit and Risk | 31/10/2022 | 30/04/2023 | Outstanding | The no PO no pay is not yet a formalised policy but is something that will be picked up as part of the implementation of the new ERP system on 1st April. All user PO email sent 12/10/22 to underline current E5 arrangements and remind them of the importance of raising a PO. Revised implementation date in line with the implementation of the new system. |
| Accounts Payable | 4.3 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. | Medium | Neville Murton, Interim Head of Finance, Audit and Risk | 31/10/2022 | 30/04/2023 | Outstanding | As above. |
| Council Tax | Ensure that all delegated officers have a signed financial delegation record form which is retained appropriately to verify and validate approval of transactions. | Medium | Tanya Bandekar, Head of Revenue and Benefits | 31/08/2022 | N/A | Outstanding | DOA forms are signed. One updated signature is required before this recommendation can be fully signed off. |