

Audit committee

Date: Tuesday, 24 January 2017

Time: 16:30

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

Committee members:

Councillors:

Price (chair)
Wright (vice chair)
Driver
Harris
Jones (B)
Kendrick
Schmierer
Stonard

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Agenda

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1 Apologies	
To receive apologies for absence	
2 Public questions/petitions	
To receive questions / petitions from the public (notice to be given to committee officer in advance of the meeting in accordance with appendix 1 of the council's constitution)	
3 Declarations of interest	
(Please note that it is the responsibility of individual members to declare an interest prior to the item if they arrive late for the meeting)	
4 Minutes	5 - 8
To approve the accuracy of the minutes of the meeting held on 22 November 2016	
5 Certification of claims and returns annual report 2015-16	9 - 20
Purpose - This report presents the Certification of claims and returns annual report 2015-16	
6 Internal audit 2016-17 – April to December update	21 - 34
Purpose - To advise members of the work of Internal Audit, completed between April to December 2016, and the progress against the internal audit plan.	
The role of Internal Audit is to provide the Audit Committee and Management with independent assurance, on the effectiveness of the internal control environment. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the council's ability to achieve its objectives.	
The 2016-17 Audit Plan was approved by the Committee on 15 March 2016 and endorsed by the Council's Corporate Leadership Team on 30 March 2016. The Audit Committee was previously provided with an update up to 22 November 2016.	

Date of publication: **Friday, 13 January 2017**



Audit committee

16:40 to 17:30

22 November 2016

Present: Councillors Price (chair), Wright (vice chair), Driver, Harris, Jones (B), Kendrick, Schmierer and Stonard

1. Public questions/petitions

There were no public questions or petitions received.

2. Declarations of interest

There were no declarations of interest.

3. Minutes

RESOLVED to agree the accuracy of the minutes of the meeting held on 20 September 2016.

4. Counter Fraud Policies

(Paul Strangward, deputy head of internal audit (west), LGSS attended the meeting for this item. He had facilitated the informal briefing for members which was held before the committee meeting.)

The principal audit manager, LGSS, presented the report. Members noted that the money laundering policy was a new policy. It was good practice to review counter fraud policies on a regular basis and as such was appropriate for the audit committee to consider the three policies, appended to the report. Members were given examples of potential fraud risks such as the use of malware to obtain money from organisations.

During discussion, the principal audit manager, together with the deputy head of internal audit (east), LGSS, the guest deputy head of internal audit (west - see above), and the chief finance officer, referred to the report and answered members' questions.

The committee was advised that the policies reflected the culture of the council as an organisation to its officers, members and people who interacted with the council. Internal audit would review the effectiveness of the counter fraud policies, which were part of the council's internal controls, by monitoring key controls. For instance if senior managers did not complete a register of interest form each year, which was

used as evidence that there was no conflict of interests, internal audit would raise it as a “red” risk with corporate leadership team (CLT) to address.

In reply to a question from the chair, the deputy head of internal audit (east) explained the process where information received from whistle blowers was assessed. Internal audit would flag up concerns if the appropriate action was not taken. The chief finance officer confirmed that low levels of code of conduct issues would be investigated in accordance with HR policies.

The chair asked whether the council ever “named and shamed” perpetrators of fraud to demonstrate that fraudulent behaviour would not be tolerated. Members were advised that members informed the council’s appetite. Some authorities considered publicity as negative because a fraud or corruption had occurred in the first place. The release of information could prejudice the legal process if a case was being taken to court.

Discussion ensued on the process of determining whether or not to pursue fraud or recover debt through the courts. Officers needed to demonstrate that sufficient effort was made to recover the debt. It was important to investigate how the situation had occurred in the first place and to ensure that there were adequate controls to prevent a reoccurrence in the future.

RESOLVED to approve the counter fraud policies, as appended to the report, and recommend them to cabinet.

5. Annual Audit Letter 2015-16

The chief finance officer presented the covering report and drew members’ attention to the scale of fees as set out in Appendix A of the external auditor’s Annual Audit Letter. She explained that the additional fee was for work commissioned by the council to review its Minimum Revenue Provision. The council had saved a considerable amount of money in commissioning the external auditors to carry out this work, with another offer costing significantly more.

The external auditor’s audit manager presented the Annual Audit Letter and explained that it was public facing document of the external auditor’s findings of the audit for 2015-16 that it had just completed. He confirmed that Public Sector Audit Appointments (PSAA) had approved the additional fee.

Councillor Wright, vice chair, said that when he had first served on the committee six years’ ago the situation reported in the annual audit letter had been much different. He said that he wished to convey his thanks to the officers for the work that had gone on in the intervening years to get to this point, where the accounts were received on time and received an unqualified opinion. The chair seconded this vote of thanks.

RESOLVED to:

- (1) note the report;
- (2) record the committee’s gratitude to the officers concerned.

6. Risk Management Report

The principal audit manager (LGSS) presented the report.

During discussion members commented on the revised risk register. The principal audit manager, together with the chief finance officer, referred to the report and answered members' questions. A member commented that she was pleased to see the key controls in risk A3 to mitigate the risk to safeguarding for children, vulnerable adults and equalities duties.

Discussion also ensued on risk A8, housing investment strategy, and the key controls to work with registered social housing providers to deliver new social housing where spend by the council was not possible and to avoid the loss of funding. Development of social housing did not always go to plan and it was a balance of working with registered social housing providers to deliver schemes but there was a risk that it would not be delivered and funding would have to be repaid to central government. Members noted that following discussion at a previous committee meeting and further consideration by CLT, the residual risk score for risk A8 had been increased to 20. Members considered that this reflected their concern that the application of government policy was beyond the control of the council. A member expressed her gratitude to the chief finance officer for reviewing government policy and assessing the implications and response required.

A member suggested that the risk register should include the devolution of Suffolk and Norfolk and was advised that this was too specific to be included in the corporate risk register.

The chief finance officer said that the council had approved and submitted its four year efficiency plan and signed up to the multi-year settlement offer. Only four councils had not signed up to it.

RESOLVED to endorse the proposed amendments to the corporate risk register and risk management policy and recommend to cabinet for approval.

7. Internal Audit 2016-17 – April to October Update

The principal audit manager presented the report.

During discussion a member commented on the audit of benefits and council tax reduction. She said that the introduction of universal credit and the cap on housing benefit payments made it very difficult for a small cohort of people to manage financially and there was a risk that they would not be able to pay their rent. The principal audit manager confirmed that the council was taking every opportunity to manage this risk from external factors which were outside its control.

In reply to a question, the deputy head of internal audit (east) explained that the internal audit plan had been reviewed and at the request of the corporate leadership team (CLT) the number of audit days had been increased by fifty. In reply to a further question about whether other district councils had the same amount of internal audit work carried out, the deputy head of internal audit (east) said that it

was up to the committee, external audit and the chief finance officer to determine whether it was sufficient. He commented that other councils had other challenges to Norwich and that the chief finance officer could request further resources as necessary during the year. The chief finance officer explained that as part of the transformation programme the resources for internal audit had been reduced for 2016-17. However CLT had reviewed this and the number of days had been increased for the current year and would be part of budget proposals for 2017-18. Members of the committee confirmed that they were satisfied with this and noted that CLT would continue to monitor the situation.

RESOLVED to note the contents of the report.

CHAIR

Report to	Audit committee	Item 5
	24 January 2017	
Report of	Chief finance officer	
Subject	Certification of claims and returns annual report 2015-16	

Purpose

This report presents the Certification of claims and returns annual report 2015-16

Recommendation

To review and note the attached report from the council's external auditor.

Corporate and service priorities

The report helps to meet the corporate priority Value for money services and the service plan priority.

Financial implications

As a result of the audit findings the DWP will recover £87,915 from the council through its January payment. This is the lowest recovery amount in recent years.

Ward/s: All

Cabinet member: Councillor Stonard, resources and business liaison

Contact officers

Justine Hartley, chief finance officer

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Background documents

None

Report

Introduction

1. The annual grant certification report from the council's external auditors is appended to this report and summarises the findings from the 2015-16 certification work undertaken on claims and returns. The report refers to two returns:
 - (a) the housing benefits subsidy claim; and
 - (b) the capital pooling return.

Key points to note

2. The committee is asked to note the following significant matters:
 - (a) The housing benefits subsidy claim has again been qualified. Details of the qualification are set out in section 1 of the report. Additional work was required by the auditors because of errors found but officers contributed to this work wherever possible to reduce the additional time required to be spent by the auditors and therefore avoid any additional audit fees.
 - (b) Fees for the housing benefits subsidy certification work are summarised in section 2 of the report.
 - (c) As a result of the audit findings the DWP will recover £87,915 from the council through its January payment. This is the lowest amount the council has had to repay in recent years (2014/15 £116,766, 2013/14 £258,486).
 - (d) The capital pooling return work is referred to in section 3 of the report. There were no significant issues arising from this work. The total fee for this certification work was £2,000.

Recommendation

3. The committee is recommended to review and note the attached report from the council's external auditor.

Certification of claims and returns annual report 2015/16

Norwich City Council

12 January 2017

Ernst & Young LLP



The Members of the Audit Committee
Norwich City Council
City Hall,
St Peters Street,
Norwich,
NR2 1NH

12 January 2017

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Dear Members

Certification of claims and returns annual report 2015/16 Norwich City Council

We are pleased to report on our certification work. This report summarises the results of our work on Norwich City Council's 2015/16 claims.

Scope of work

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

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2015/16, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

Summary

Section 1 of this report outlines the results of our 2015/16 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £65,104,197. We met the submission deadline. We issued a qualification letter; details of the qualification matters are included in section 1.

Fees for certification work are summarised in section 2. The housing benefits subsidy claim fees for 2015/16 were published by the Public Sector Audit Appointments Ltd (PSAA) in March 2015 and are available on the PSAA's website (www.psaa.co.uk).



We welcome the opportunity to discuss the contents of this report with you at the 24 January 2017 Audit Committee.

Yours faithfully

Mark Hodgson
Executive Director
Ernst & Young LLP
Enc

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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£65,110,895
Amended/Not amended	Amended (subsidy decreased by £6,698).
Qualification letter	Yes
Fee – 2015/16	£35,780
Fee – 2014/15	£39,759

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

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous years claims. We found errors and carried out extended testing in several areas.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim. We have reported underpayments and uncertainties in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the errors or to claw back the benefit subsidy paid. These are the main issues we reported:

- testing of the initial non-HRA rent rebate sample identified one case where expenditure had been underpaid as a result of miscalculating the claimant's income. Additional testing identified three further errors of this nature resulting in an overpayment of benefit;
- testing of the initial HRA rent rebate sample identified one case where expenditure had been overpaid as a result of miscalculating the claimant's income and two cases where expenditure had been underpaid. Additional testing identified one further error of this nature resulting in an overpayment of benefit;
- testing of the initial rent allowance sample identified three cases where expenditure had been underpaid as a result of miscalculating the claimant's income or applying the incorrect LHA rate. Additional testing identified one further error of this nature also resulting in an underpayment of benefit;
- testing of the initial rent allowance sample identified two cases where expenditure had been overpaid as a result of miscalculating the claimant's weekly rent. Additional testing identified two further errors of this nature, one resulting in an overpayment of benefit and one in an underpayment;
- testing of non-HRA rent rebate eligible overpayments identified one case where the reversal of an eligible overpayment was incorrectly applied resulting in eligible overpayments being overstated. Additional testing identified one case where the information received date had been incorrectly applied also resulting in an overstatement of eligible overpayments;
- testing of HRA rent rebate eligible overpayments identified one case where the eligible overpayment was incorrectly reported resulting in an understatement of eligible overpayments. Additional testing identified one case where the information

received date had been incorrectly applied resulting in an overstatement of eligible overpayments; and

- testing of rent allowance eligible overpayments identified two cases where overpayments were incorrectly classified resulting in an overstatement of eligible overpayments. Additional testing identified three further errors of this nature also resulting in an overpayment of eligible overpayments.

2. 2015/16 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2015/16, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) in March 2015 and are available on the PSAA's website (www.psa.co.uk).

Claim or return	2015/16	2015/16	2014/15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	35,780	35,780	39,759

The indicative fee for 2015/16 is based on the actual fee for 2013/14 with a 25% reduction in scale fee.

3. Other assurance work

During 2015/16 we also acted as reporting accountants in relation to the Housing pooling return.

This work has been undertaken outside the Audit Commission / PSAA regime, and the fees for this are not included in the figures included in this report. They are referred to here for completeness to ensure Members have a full understanding of the various returns that the Council prepares and on which we provide some form of assurance. We did not identify any significant issues as part of our work on this return that needs to be brought to the attention of Members.

4. Looking forward

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2016/17 is £ 29,819. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2015/16. Indicative fees for 2016/17 housing benefit subsidy certification work are based on final 2014/15 certification fees. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2014/15.

Details of individual indicative fees are available at the following web address:
<http://www.psa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Chief Finance Officer before seeking any such variation.

PSAA is currently consulting on the 2017/18 work programme. There are no changes planned to the work required and the arrangements for certification of housing benefit subsidy claims remain in the work programme. However, this is the final year in which these certification arrangements will apply. From 2018/19, the Council will be responsible for appointing their own auditor and this is likely to include making their own arrangements for the certification of the housing benefit subsidy claim in accordance with the requirements that will be established by the DWP.

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LGSS Internal Audit & Risk Management

Norwich City Council

Quarterly update report

Q3

As at 31st December 2016

1. Progress against the plan

Finalised Assignments

1.1 The following audit assignments have reached completion as set out below:

No.	Directorate	Assignment	Control Assurance	Compliance Assurance	Organisational impact
1	Cross cutting	Safeguarding	Overall substantial		
2	Cross cutting	Right to Buy	Overall substantial		
3	Cross cutting	Icon	Overall substantial		
4	Cross cutting	Council Tax	Substantial	Substantial	Minor
5	Cross cutting	Business Rates	Substantial	Substantial	Minor
6	Cross cutting	Benefits & Council Tax Reduction	Substantial	Good	Minor
7	Cross cutting	Payroll	Substantial	Substantial	Minor
8	Cross cutting	Contract Procedure Rules	Substantial	Substantial	Minor
9	Cross cutting	Housing Rents and arrears	Good	Good	Minor

1.2 Controls are operating effectively for the key financial systems which have been reviewed to date.

1.3 Both the Council Tax and Business Rates systems have substantial control and compliance assurance. There are arrangements in place for maintaining their databases; discounts and exemptions; monitoring of arrears and collection rates; refunds and write-offs; reconciliation of the databases to the ICON cash receipting; and reconciliation of the databases to the general ledger at year end.

1.4 Benefits and Council Tax Reduction has substantial control assurance and good compliance assurance. There are arrangements in place for the review of new claims prior to entering on to the system; daily reconciliation of council tax reduction payments to the council tax control account; system access; classification of overpayments; quality assurance processes; backdated claims; and BACS payments. Authorisations of write-offs up to £2,000 are delegated to team leaders, and write-offs over £2,000 should be authorised by the Chief Finance Officer. Two instances were identified where write-offs, in excess of £2,000, had not been authorised correctly at the time they were written off. Both of these were subsequently authorised by the Chief Finance Officer. Procedure notes have since been reviewed by team leaders, and posted to the intranet training pages to remind employees.

1.5 The Payroll system has substantial control and compliance assurance. There are controls in place for starters; leavers; amendments; reconciliation of human

resources records to the payroll system; reconciliation of payroll costs to the general ledger; confirmation of establishment lists by managers; and production and review of exception reports. The payroll system was operating well, with appropriate separation of duties in place and good controls throughout the process. Testing also confirmed that the controls are complied with, and employees are knowledgeable and experienced.

- 1.6 Contract Procedure Rules has substantial control and compliance assurance. Policies and guidance are reviewed and updated; linked to Council Strategy; and are accessible and promoted to employees and partners. There has been a recent review of documents, which support the procurement framework, to reflect latest legislation and good practice. This includes a procurement strategy, supporting guidance, plus a contract management framework and contract procedures. Internal Audit supported this review of the draft policies, and the procurement strategy was approved by Cabinet. The finalised documents have been posted on the intranet and promoted to employees and partners.
- 1.7 Housing Rent and Arrears has good control and compliance assurance. The team follows an 'arrears procedure' timetable to maximise recovery of debt, and manage debt write-off and large refunds in accordance with financial procedures and authorised delegations. Introduction of Universal Credit, plus a recent team restructure, provides an opportunity to review the process for financial delegation of smaller refunds and to revise procedure notes within the team.
- 1.8 The levels of both Control and Compliance assurance are explained further in Appendix B – Audit Definitions

Draft/Interim Reports

1.9 The following audit assignments are in progress:

No.	Directorate	Assignment
1	Cross cutting	Accounts Receivable
2	Cross cutting	Council Tax
3	Cross cutting	Debt recovery
4	Cross cutting	NNDR
5	Cross cutting	Procurement Governance
6	Cross cutting	Accounts Payable and Procure to Pay
7	Cross cutting	Treasury Management
8	Cross cutting	Current capital contracts audit
9	Cross cutting	Scheme of delegation – policy
10	Cross cutting	Lease Hold services
11	Cross cutting	Financial systems IT General Controls

- 1.10 Further information on work planned and in progress may be found in the Audit Plan, attached as Appendix A.
- 1.11 Work has commenced on all of the reviews classed as Key Financial Systems. Due to their significance, reviews of these systems are prioritised.
- 1.12 Testing has been completed on Accounts Receivable, Accounts Payable & Procure to Pay. There are no significant areas of concern and, following closing of working papers, the reports will be issued shortly.

Performance

- 1.13 The team has made good progress to deliver the plan. To the end of December 2016, 344 productive days have been delivered against a revised audit plan of 470 days.
- 1.14 It is good practice to keep audit plans under review and update them to reflect current issues and risks, and revisions to corporate priorities which may affect the delivery of the audit plan. These are discussed and agreed with the Corporate Leadership Team quarterly. Internal Audit met with the Corporate Leadership Team on 18th January.
- 1.15 The re-profiled plan is illustrated in Appendix A.

2. Fraud and corruption update

Counter fraud awareness

- 2.1 The Council has completed a review of its Anti-Fraud and Corruption framework to ensure that it reflects best practice. Consequently Internal Audit authored three counter fraud policies:
 - Anti-Fraud and Corruption Strategy
 - Anti-Money Laundering Policy
 - Whistle-Blowing Policy
- 2.2 The policies have been reviewed by the LGSS Counter Fraud team and have been formally approved by Audit Committee and Cabinet. Consultation included the Corporate Leadership Team, the Joint Consultative and Negotiating Committee, the Corporate Governance Group and nplaw. The policies are being promoted so that employees and partners are aware they have been updated. The policies have been uploaded to the internal [citynet](#), plus uploaded to the [website](https://www.norwich.gov.uk/downloads/20195/council_policies_and_strategies) (https://www.norwich.gov.uk/downloads/20195/council_policies_and_strategies)
Promotional material has been produced, and posters have been circulated throughout the premises. An example poster is at Appendix C. The policies will be uploaded to the employee training program “HR Workforce”.

Data matching

- 2.3 The Council participates in a national data matching service known as the National Fraud Initiative (NFI), which is run by the Cabinet Office. Data is extracted from Council systems for processing and matching. It flags up inconsistencies in data that may indicate fraud and error, helping Councils to complete proactive investigation.

Nationally it is estimated that this work has identified £1.17 billion of Local Authority fraud, errors and overpayments since 1996. Historically this process has not identified significant fraud and error at Norwich, which provides assurance that internal controls continue to operate effectively. The Council has carried out the current exercise to the deadlines set by the Cabinet Office.

3. *Implementation of management actions*

- 3.1 Where reviews identify opportunities for improvement, these are agreed with management as part of an action plan.
- 3.2 The actions are prioritised according to the significance of the control weakness, and the urgency of implementing the improved control. These are explained further in Appendix B – Audit Definitions
- 3.3 High level actions are actively monitored to ensure they implemented promptly.
- 3.4 There are currently no outstanding high level actions, and this provides positive assurance of the Councils commitment to maintain the internal control environment.

4. *Summaries of completed audits with moderate or less assurance*

- 4.1 At the conclusion of an audit an assurance opinion of the system is reported. This reflects the effectiveness of control, compliance and organisational impact. These are explained further in Appendix B – Audit Definitions
- 4.2 Reviews, which highlight there is only moderate or less assurance, are reported to the Committee for awareness. No such audits have been issued this quarter.

5. *Other audit activity*

- 5.1 In addition to completing ongoing audit reviews, the Internal Audit team is conducting work in the following areas.

Corporate Risk Register

- 5.2 The team has facilitated updates of the Corporate Risk Register. The current register, approved by the Audit Committee, was reported to Cabinet because two risks exceeded the Council's risk appetite:
 - risk B1, public sector funding, and
 - risk A8, housing investment strategy.
- 5.3 It was agreed that all appropriate mitigation had been considered and the residual score would remain above the level of the Council's risk appetite. In addition, the annual review of the Risk Management Policy was completed, and the committee approved that it provided the Council with an effective approach to risk management.
- 5.4 A further review is scheduled for February 2017.

Advice and assurance

- 5.5 The team provides both proactive and responsive advice where it helps to improve the control environment. We have assisted the Council with several areas to date.
- 5.6 We reviewed the short term impact of Brexit on treasury management and investments, for assurance that risks were continuing to be managed effectively.
- 5.7 We supported a review of income and banking controls for parking, where a potential control weakness was identified.
- 5.8 We reviewed disabled facility grant capital expenditure. This enabled Council to provide a statement of assurance, to Norfolk County Council, that capital expenditure had been spent according to their grant conditions.
- 5.9 Examples also include reviewing proactive anti-fraud controls for housing, and informing employees of the importance of using privacy notices for data sharing. This work has helped to support the National Fraud Initiative work, and also helps the Council to meet the requirements of the Data Protection Act.
- 5.10 Also the team has supported the corporate information assurance group, by evaluating information security resilience. This helps to ensure that the Council can react promptly to incidents, and identify opportunities to improve controls which could reduce the risk of future incidents.
- 5.11 A recent example included the Local Audit and Accountability Act 2014, which brings changes to the appointment process for external auditors. The team supported the process by writing a report for the Audit Committee to consider various options. This was presented to Cabinet, with a final decision on the appointment process approved by full Council.

Appendix A – Internal audit plan

Norwich 2016/17

Audit title (CLT Plan)	Status	Qtr opened	Qtr closed	Profiled days
Operational plan grand total				470.0
Making Every Penny Count Total				43.5
Business Planning Benefits Realisation	Not started	Q4		7.0
HRA Business Planning	Open	Q4		15.0
Making Every Penny Count - Strategy	Not started	Q4		15.0
Travel & Subsistence - Compliance	Open	Q4		6.5
Anti-Fraud & Corruption Total				40.2
Fraud Investigations	Open	Q1-4	NA	14.2
National Fraud Initiative	Open	Q1-4	NA	20.0
Preventative & Pro-Active Fraud Work	Open	Q1-4	NA	6.0
Key Financial Systems Total				152.4
Accounts Receivable	Open	Q2		12.0
Council Tax	Open	Q4		12.0
Debt Recovery	Open	Q3		12.0
Financial Systems IT General Controls	Open	Q4		8.0
Housing Benefits	Closed	Q1	Q2	23.9
Housing Rents/Arrears	Closed	Q1	Q3	15.0
NNDR	Open	Q4		12.0
Payroll	Closed	Q1	Q2	18.5
Procurement Governance	Open	Q2		12.0
Purchase to Pay	Open	Q2		15.0
Treasury Management	Open	Q3		12.0
Commissioning & Contracts Total				50.0
Current Capital Contracts Audit	Open	Q1		50.0
Policies & Procedures Total				13.1
Contract Procedure Rules	Closed	Q2	Q3	5.1
Financial Regulations	Not started	Q4		4.0
Scheme of Delegation - Policy	Open	Q3		4.0
Compliance Total				13.0
Agency Staff Compliance	Not started	Q4		4.0
Off-Contract Spend	Not started	Q4		5.0
Scheme of Delegation - Compliance	Open	Q4		4.0
ICT & Information Governance Total				12.0
General Computer Controls	Not started	Q4		12.0
Governance Total				25.0
Corporate Governance	Open	Q1-4	NA	25.0
Strategic Risk Management Total				10.0
Risk Management	Open	Q1-4	NA	10.0

Audit title (CLT Plan)	Status	Qtr opened	Qtr closed	Profiled days
Work in progress Total				17.8
Council Tax - 15/16	Closed	Q1	Q2	5.7
ICON	Closed	Q1	Q2	1.6
Leasehold Services	Open	Q1		10.5
NNDR - 15/16	Closed	Q1	Q2	0.0
Advice & Guidance Total				93.0
A&G - Data Breach	Open	Q1-4	NA	2.0
A&G - Regeneration Company	Open	Q1-4	NA	1.0
Advice & Guidance	Open	Q1-4	NA	20.0
Audit Plan	Open	Q1-4	NA	7.0
Committee Reporting	Open	Q1-4	NA	21.0
Follow-Ups of Agreed Actions	Open	Q1-4	NA	30.0
Management Reporting	Open	Q1-4	NA	12.0

Appendix B – Audit Definitions

There are three elements to each internal audit review, and an assurance opinion is provided against each element at the conclusion of the audit. The following definitions are used by Internal Audit in assessing the level of assurance which may be provided against each key element, and in assessing the impact of individual findings:

Control Environment Assurance

Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place which mitigate the risk of those objectives not being achieved.

Control Environment Assurance	
Level	Definitions
Substantial	There are minimal control weaknesses that present very low risk to the control environment.
Good	There are minor control weaknesses that present low risk to the control environment.
Moderate	There are some control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

Compliance Assurance

However, controls are not always complied with, which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

Compliance Assurance	
Level	Definitions
Substantial	The control environment has substantially operated as intended although some minor errors have been detected.
Good	The control environment has largely operated as intended although some errors have been detected.
Moderate	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact

The overall organisational impact of the findings of the audit will be reported as major, moderate or minor. All reports with major organisational impact will be reported to SMT along with the relevant Directorate's agreed action plan.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

Findings prioritisation key

When assessing findings, reference is made to the Risk Management matrix which scores the impact and likelihood of identified risks.

For ease of reference, we have used a high/medium/low system to prioritise our findings, as follows:

H	<p>Failure to respond to the finding has a high probability of leading to the occurrence or recurrence of an identified high-risk event that would have a serious impact on the achievement of service or organisational objectives, or may lead to significant financial/ reputational loss.</p> <p>The finding is critical to the system of internal control and action be implemented immediately.</p>	M	<p>Failure to respond to the finding may lead to the occurrence or recurrence of an identified risk event that would have a significant impact on achievement of service or organisational objectives, or may lead to material financial/ reputational loss.</p> <p>The finding has a significant effect on the system of internal control and action should be implemented as a matter of priority.</p>	L	<p>The finding is important to maintain a reasonable system of internal control, provide better value for money or improve efficiency. Failure to take action may diminish the ability to achieve service objectives effectively and efficiently.</p> <p>Management should review, make changes if considered necessary or formally agree to accept the risks.</p>
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Appendix C – Fraud awareness poster

FRAUD

Prevent it...
Detect it...
Stop it...

We all have a responsibility to protect the council from fraud.

- Have you spotted a weakness in our systems?
- Are you suspicious about some financial activity?
- Would you know how to report a possible case of fraud?

Find our fraud prevention and whistleblowing policies, as well details about training, on citynet.

You can report any concerns by emailing reportfraud@lgss.co.uk



NORWICH
City Council



