

Audit committee

Date: Tuesday, 23 January 2024

Time: 16:30

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

Committee members:

Councillors:

Price (chair)
Driver (vice chair)
Everett
Francis
Osborn
Sands (M)
Wright
(3 Labour Group vacancies)

Independent person

David Harwood

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Agenda

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1 Apologies

To receive apologies for absence

2 Public questions/petitions

To receive questions / petitions from the public which have been submitted in accordance with the council's constitution.

3 Declarations of interest

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

4 Minutes

5 - 14

To approve the accuracy of the minutes of the meeting held on 21 November 2023

5 Cyber Assurance

15 - 18

Purpose - This report provides audit committee with assurance that we have in place security measures to mitigate our risks around cyber-attacks.

6 Progress Report on Internal Audit Activity 2023-2024

19 - 48

Purpose - This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2023/24

7 Statement of Accounting Policies and State of External Audit

49 - 68

Purpose - To provide members with the opportunity to comment on the draft Accounting Policies and to update members on the state of the audit environment.

8 Work Programme

69 - 80

Purpose - This report sets out the committee's work programme to fulfil its terms of reference as set out in the council's constitution and agreed by council.

9 Exclusion of the public

Consideration of exclusion of the public.

EXEMPT ITEMS:

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

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

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

Page nos

10 Exempt minute

- This report is not for publication because it would disclose information relating to the financial or business affairs of any particular person (including the authority holding that information)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

11 Cyber Assurance - Exempt Appendix 1 Cyber Assurance Dashboard

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

Date of publication: **Monday, 15 January 2024**



Audit Committee

16:30 to 19:15

21 November 2023

Present: Councillors Price (chair), Kidman, Osborn, Packer, Prinsley (substitute for Councillor Fulton-McAlister), Sands (M) and Wright and David Harwood (Independent Person)

Also present: Councillor Kendrick, cabinet member for resources

Apologies: Councillors Driver (vice chair) and Fulton-McAlister (other council business)

1. Public questions and petitions

There were no public questions or petitions.

2. Declarations of interest

None.

3. Minutes

RESOLVED to approve the accuracy of the minutes of the meeting held on 11 July 2023.

(The chair agreed to move the following item forward to facilitate officer resource.)

4. Learning Lessons from Failings in Other Authorities

The chair introduced the report, which had been requested by the committee, and said that he considered it prudent that the committee was aware of the reasons that had led other councils into financial predicaments.

The Interim Head of Finance presented the report on behalf of the Head of Legal and Procurement (Monitoring Officer) and confirmed that both he and the Interim Chief Finance Officer had contributed to the report, particularly around financial governance. The report provided an overview of what was happening to local government around the country, but it was not always possible to anticipate every circumstance or effect. For instance, the cyber-attack at Redcar and Cleveland was debilitating for the authority, whereas, at Hackney, it was better managed due to having more resources available. Several councils had issued S114 notices or warnings that they may be required to do so, with an estimated 10 per cent of councils being considered at risk of doing so this year.¹ He explained that S114 notices were issued by S151 officers and empowered them to take emergency

¹ Further details are available on the Room 151 website (<https://www.room.151.co.uk>)
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measures and restrict expenditure to the provision of statutory services. This council was not in the position of the failing councils. It was in a good financial position, with reserves and a five-year financial strategy, and heeded warning signs. He also referred to the governance arrangements, set out in the report, that provided assurance to the council and included the role of the three statutory officers (Chief Executive, Chief Finance Officer (S151) and Monitoring Officer) and internal audit. Members were advised of the financial governance arrangements of the council in response to challenges, as set out in paragraph 27 of the report.

The Interim Chief Finance Officer (S151 officer) commented on the governance arrangements of the council, including Future Shape Norwich (FSN), which provided the right level of challenge and scrutiny and was credible. There were some areas of concern and more that could be undertaken. However, the council's financial position, and projections going forward were robust. It was unlikely that the council would be in the situation of its S151 officer issuing a S114 notice. All councils were facing challenges financially. Councils also needed to ensure that there were good governance arrangements in place. The issue of a Best Value notice to South Cambridgeshire demonstrated the importance of governance arrangements as set out in the Annual Governance Statement (AGS) and it was important that there was focus on these areas as well. The financial decisions made by the other councils were unique and not difficult to avoid but there was no room for complacency. The key governance controls and the role of members were also important.

At the invitation of the chair, Councillor Kendrick, cabinet member for resources, said that the city council was well regarded for its financial management by other local authorities. He had been invited to train so that he could advise other council's facing financial difficulties and stressed the importance of officer/member relations, noting that where these had broken down were a factor of failing councils, for instance at Birmingham, the S151 officer issued a S114 notice without informing the leader of the council. It had not always been the case that this council's finances were in a good place. In 2005 the council had a £3m black hole in its finances. Financial reporting had improved immensely thanks to the Interim Chief Finance Officer (S151) and his predecessors, and financial information was shared. He pointed out that in Thurrock with its high levels of deprivation, 35 per cent of all council tax raised went to the government to repay the council's loan.

The chair said it was important that financial information was shared with members across the council and that he considered that the council's finances had improved in the last 2 to 4 years but it was an ongoing journey.

During discussion, a member said that he was intrigued with the government's power to issue a Best Value Notice as it had in South Cambridgeshire because it did not agree to a policy that had been implemented. The Interim Chief Finance Officer said that councils had a duty to provide best value, in accordance with the "3 e's": economy, efficiency, and effectiveness. In this case if officers were working for 4 days a week at full salary, reducing output to 80 per cent, it could be considered not best value, and the council was therefore not complying with its best value duties. Other authorities had also received Best Value Notices. Commissioners were put in place to oversee these authorities.

A member asked whether the delays in external audit were contributing to the financial failure of councils. The Interim Chief Finance Officer acknowledged the delays in external audit and said that the government was establishing the Office for

Local Government (Oflog), which would be a bastion of good practice for local government and considered that it would be a similar body to the former Audit Commission. As S151 officer he had a statutory duty to check the controls and balances in the accounts before he signed them off. In his experience the external auditors did not find any fundamental weaknesses in the accounts but did provide an independent validation which was important to the public.

In reply to a member's question, the Interim Chief Finance Officer said that the council only paid the external auditors for the service that they provided in accordance with the scale of fees for services agreed with the PSAA (Public Sector Audit Appointments). Therefore, if the External Auditor only provided a best value opinion on the 2021/2022 and 2022/23 accounts, the council would only be expected to pay for that. The chair suggested that the committee could receive additional assurance by inviting the officers with ownership of key risks to provide further information on risk mitigation. The Interim Head of Finance said that officers sought external advice on treasury management matters with the council's consultants rather than external audit as previously. He confirmed that there had been additional checks made on the accounts as part of the audit process, and all amounts of £60k and above, from June to October. It was important that there were no issues to provide certainty of the opening balance for the next year's accounts.

The Interim Head of Finance and the Interim Chief Finance Officer explained the reasons for there being a high level of interim officers at the council. This was attributed to the difficulty of the market, not just in finance but across local government generally, with salaries being lower than London weighting or the private sector, and the geographical location of the council. The council had been successful in recruiting a new S151 officer and would be recruiting a deputy S151 officer and other finance team members in due course. The council had been successful in appointing capable interim staff where other authorities had failed.

A member referred to paragraph 22 of the report and asked if the committee could consider the Local Partnerships review of the governance of the council's wholly owned companies, noting that the outcome of the report on Norwich City Services Ltd (NCSL) had been shared with the shareholder panel. The Interim Chief Finance Officer said that the report could be shared with the committee at the appropriate time following initial consideration at the shareholder panels and boards, and then the committee could review it in the round.

The chair then picked up on the member's second question and asked about the risk of "institutional blindness" to provide members with assurance that they were not "putting good money after bad". In response, the Interim Chief Finance Officer explained the role shareholder panel, which was unique and not found in the private sector, and comprised a group of people who reflected the interests of the sole shareholder, the council. In addition, as S151 officer he had statutory duties to act within the best interests of the council and had oversight of the council's accounts, including the aggregation of the companies' accounts into the council's financial accounts; and in accordance with professional accounting rules and regulations and market forces could set conditions for loans from the council to the companies. Councils that have demonstrated institutional blindness have tried to keep a company going and not looked at other alternatives. There was a point with both wholly owned companies where the option to continue had been considered. When this applied to NCSL, a whole range of options had been considered as would be expected.

The chair said that whilst he did not consider that the failure of the wholly owned companies, which was a small arm of the council, would cause the council to have a S114 notice, there was a risk and asked members to contact him with any concerns. The Head of Internal Audit suggested that it would be useful to undertake an assurance mapping exercise so that members could see the different levels of assurance received at cabinet, shareholder panel and board meetings on this issue, and she would work with the other officers to provide this to a future meeting.

A member asked that the options appraisal for NCSL should be considered alongside the governance review report. Members needed to understand the role of the shareholder panel and the relationship between the council as client and the contract with the company, and whether there was any conflict of interest. The Interim Chief Finance Officer explained the procedures to ensure that the Interim Executive Director of Housing and Community Safety, who was also the Interim Managing Director of NCSL, handled, any conflict of interest that could arise and kept the interests of housing services and the company's separate according to each of these roles. The Head of Environment Services and Interim Head of Asset Management handled contracts on the client side for the council.

A member praised the council for its good financial management and said that this should be communicated to members of the public.

RESOLVED, having reviewed the report, to:

- (1) ask the Head of Legal and Procurement to report on the Local Partnership's governance review of the arrangements for the council's wholly owned companies to a future meeting of the committee:
- (2) note that the Head of Internal Audit will report back to the committee following an assurance mapping exercise on where assurance is received, and decisions made, in relation to the wholly owned companies.
- (3) note the following actions:
 - (a) ask the Head of Legal and Procurement to consider whether the financial options appraisal of Norwich City Services Limited (NCSL) can be shared with members of the committee.

5. Draft Annual Governance Statement 2022/23

The chair introduced the report and said that since the last meeting members had submitted comments to the Head of Legal and Procurement on the draft Annual Governance Statement (AGS) and these were incorporated into the report as tracked changes.

During discussion, a member said that the discussion on NCSL under the previous item and said that it should be updated to reflect the feedback on the contract performance and the increase in reports on mould and damp, and complaints in the [Ombudsman's report](#). The Interim Head of Finance said that this should be caveated that the period covered by this statement was the financial year 2022/23. He would need to investigate which year the Ombudsman's report referred to. He

said that if any members had any questions, he would be happy to liaise with the Head of Legal and Procurement and get back to members outside the meeting.

The Independent Person said that he would have expected the covering page of the AGS to state the date (2022/23) and that Appendix A should be updated to reflect the progress made on actions in the 6 months since it was originally published. There should be dates given when actions were completed. He also asked for an explanation of why the key performance measures for the Corporate Plan had not progressed (Appendix A, page 37 of the report). Some appeared not to have been completed despite the target date of implementation having been passed. A member also pointed out that actions relating to housing compliance.

The Interim Head of Finance said that he understood that these actions were in progress and that some would be closed off by the time that the AGS would be signed off. He would liaise with the Head of Legal and Procurement to update this. The refresh of the Corporate Plan was being refreshed during the current cycle and it was considered useful to comment in the text of this report.

The chair said that in previous statements there was a section that identified risks in the next cycle and this section was missing in this AGS. The Interim Head of Finance said that he would discuss this with Procurement. The chair said it was important that the public were aware that the council was forward facing and gave assurance to the council. During discussion the Independent Person picked up on comments under the previous item where a member commented that the council needed to publicise its good financial management and show its actions going forward, and suggested that cabinet published an Annual Report. A member suggested that this could be included in part of the council's communications and engagement strategy.

Councillor Osborn moved and Councillor Prinsley seconded a proposal to cabinet that it considers the publication of an Annual Report of what it has achieved and what it hopes to do as part of its wider communications strategy. The Interim Head of Finance said that the Corporate Plan provided a plan for 5 years ahead and that an Annual Report could be part of that. However, members considered that it should be a separate, non-political document and on being put to the vote it was resolved unanimously.

- (1) endorse the draft Annual Governance Statement 2022/23, subject to consideration of the comments of the Independent Person and members as minute above, and will be shared with members outside the meeting;
- (2) recommend to cabinet that an Annual Report is published as part of the council's communications and engagement strategy.

6. Draft Statement of Accounts 2022/23

The chair introduced the report and thanked officers for their support in providing the informal briefing session to members in September. (Members' questions and responses were appended to the report at Appendix 1.)

The Interim Head of Finance introduced the report. The council's net equity had increased by £2m over the last two years due to increased value of the council's assets and long-term investments. The council had benefited from higher interest rates on its investments and had significantly reduced its borrowing. The accounts had been submitted on 31 May 2023. Further clarity was expected from central government about local government external audit delays and outstanding audits for 2021/22 and 2022/23, so that progress could be made on the accounts for 2023/2024. External validation was important to the taxpayer. He considered that these accounts demonstrated prudent financial management and accountancy and had a good level of reserves.

During discussion, the Interim Head of Finance answered member's questions, including a question to explain the pooling of business rates in the county (the response is set out to question 20 in Appendix 1 of the report) and that although the council benefits from this it received less than it would under a fairer system.

Members were also advised that with reference to Section 4 of the Statement of Accounts (SoA) (page 63 of the agenda papers) there had been a cross-cutting review of contract management and that a report had been received by the committee (Audit Committee, 7 December 2022).

Discussion ensued on the contract with NCSL and that the accounts were part of the council's overarching group accounts. It was noted that these included details of the wholly owned companies' profits and losses. The shareholder panel and company board would sign off the company's accounts. The Independent Person expressed concern that there had been several requests at this meeting for assurance on the wholly owned companies and that the committee should have a discussion outside the meeting about what information it needed to provide assurance. The Head of Internal Audit said that the assurance mapping exercise previously agreed would provide the committee with details of sources of assurances and identify any gaps. The committee concurred that a report on this should be considered ahead of drafting the AGS 2023/24.

In reply to a member's question, the Interim Head of Finance referred to his response on the maximisation of income from its heritage assets (Appendix 1, question 14) and agreed there was an opportunity to generate income from the Halls. The council was using reserves to fund the capital programme and reduce the need to borrow. The council did not need a large cashflow. The council might consider cheap loans in the future if it was the best value. The chair referred to discussions at the Treasury Management Committee (20 November 2023) and said that the Corporate Finance Business Partner was bringing forward the Treasury Management Strategy for the next cycle which would include options for repayment or refinancing of the two £50m loans due to mature in 2026 and 2028. The Interim Head of Finance explained the rules that meant that capital receipts from monetising heritage assets could only be used to finance capital and not be used for revenue expenditure. He also explained that councils needed to act prudently and that loans must be affordable and sustainable.

RESOLVED, having reviewed the Draft Statement of Accounts, to note that the audited Statement of Accounts 2022/2023 will come back to a future committee meeting to be signed off.

7. Internal Audit Progress November 2023

The Head of Internal Audit presented the report.

The Independent Person referred to the key strategic findings in relation to the internal audit review of NC2310 Housing Benefits and asked what was being done to address the issue of no reconciliations being completed between the housing benefits system and the general ledger since the adoption of the new system in April 2022. The Interim Head of Finance said that the Revenues and Benefits service had shared information that this had been resolved and were awaiting validation from Internal Audit. The difference had been a correction of a few thousand pounds. It was important to ensure that reconciliations were of sufficient quality and signed off appropriately. A process was in place to manage reconciliations on a monthly and quarterly basis as part of the improvements to the financial controls of the council. He confirmed that the key controls assurance follow-up audit when undertaken would confirm this and there had been no risk to the council.

In reply to a question from the Independent Person, relating to the Internal Audit Progress report considered at the July meeting, the Interim Head of Finance confirmed that the committee would receive details of the recommendations arising from the formal investigation into the Social Housing Decarbonisation, Sustainable Warmth Competition and LAD1b grants received by the council at the next progress report.

The chair commented on the 49 outstanding actions despite the focus of this committee to ensure that recommendations from internal audit reviews were carried out by agreed target dates, and making it clear that heads of service or responsible officers should attend committee and explain reasons for not implementing actions. Discussion ensued in which the Interim Head of Finance explained that Internal Audit were not at fault and there was an issue of communication. The Head of Internal Audit said that she was liaising with the Interim Head of Finance to improve the process for updating receiving and updating information by giving them access to the system. The process needed to be tightened up as it was important to close-down items. Members considered that to be aware of the whole picture, the information provided to the committee should include the date that the request was made to the named officer and record if a response was not received.

Discussion ensued on the progress against the internal audit plan. The chair expressed concern that internal audit reviews of the Waste Management – Biffa Contract, Non-Housing Capital Programme Management and Corporate Governance were in quarter 4 and could slip. The committee should receive the outcomes of the quarter 2 internal audit reviews on Environmental Sustainability, Housing Repairs and Void Management (NCSL) and Contract Management at the next meeting. The Head of Internal Audit said that she expected that by the end of December the team would have completed 50 per cent of the plan. Some items in quarter 4 might slip. A new protocol and ways of working was being introduced and as a contingency it might be possible for the contractor to pull in more resource, or we may have to risk

assess and prioritise audits. The chair said that he was concerned that this was the second year that the audit plan had slipped.

The Head of Internal Audit said that there were three bodies in the protocol, who have responsibilities, officers and senior managers, the contractor (Eastern Internal Audit Services) and the Head of Internal Audit. It was important that everyone did their part when it was due and that officers responded to requests for information from the contractor promptly. Following discussion, it was agreed that the chair, supported by the cabinet member for resources, could help escalate the need for officers to respond so as not to delay the audit process. A member suggested that the Chief Executive Officer and senior managers should also be informed.

RESOLVED, having reviewed the progress of the delivery of the 2023/24 Internal Audit Plan to note that:

- (1) the Interim Head of Finance will provide an update on the Outstanding Internal Audit Recommendations as set out in Appendix 4, and that the responsible officers will be required to attend the next committee if they have not implemented recommendations by the revised due date.
- (2) the chair will email responsible officers who fail to respond to requests from Internal Audit, supported by the cabinet member for resources.

(Councillor Packer had left this meeting at this point.)

8. Risk Register

The Interim Head of Finance presented the report.

During discussion, the chair noted that the risks were static. Members commented that details of mitigation were missing in this report and that the committee required a breakdown of each of the high-level risks and the proposed actions in mitigation to manage the risk. The Interim Head of Finance said that the report had been considered at cabinet (15 November 2023). The chair suggested that the committee required information on the actions in full and that if there was commercial or other sensitivity, then that item would be considered in private session.

During discussion members noted that in relation to CORP15 Failure to draw down £15m of Housing Infrastructure Funding there was some progress on Anglia Square as an extraordinary cabinet would be considering an application from Community Infrastructure Levy exemption (cabinet, 22 November 2023). Members noted that CORP 20 Cost of Living remained high. Members also noted that CORP 21 Risk to Council and its Residents was included, and the chair expressed an interest in seeing the metrics around that.

RESOLVED to note the report and ask the Interim Head of Finance to provide members with details of mitigation and actions to reduce residual risks.

9. Exclusion of the Public

RESOLVED to exclude the public from the meeting during consideration of 10* (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

10*. Risk Register (Exempt Appendix) (Paragraph 3)

(There is an exempt minute on this item.)

RESOLVED, having considered the report, to ask for a full break down of the KPIs and mitigation in relation to the risks contained in the exempt appendix.

(The committee then returned to public session).

(Councillors Wright and Kendrick left the meeting at this point.)

11. Work Programme

The committee discussed the work programme report and the progress against the self-assessment recommendations.

The chair said that the committee should review the council's "Whistleblowing Policy".

Members noted the terms of reference of the other authorities and agreed to consider these as part of the self-assessment exercise.

RESOLVED to:

- (1) note the report.
- (2) hold an informal session as part of the committee's self-assessment process, .
- (3) amend the work plan to include:
 - (a) the report on the outcome of the assurance mapping exercise of levels of assurance on the council's wholly owned companies at the March meeting.
 - (b) consideration of the Local Partnership's report on the governance arrangements for the council and NCSL when appropriate.
 - (c) note that members have requested that the committee reviews the council's "Whistleblowing Policy".

CHAIR



Committee name: Audit

Committee date: 23/01/2024

Report title: Cyber Assurance

Portfolio: Councillor Packer, cabinet member for customers and digital

Report from: Head of customers, IT and digital

Wards: All wards

OPEN ITEM

Purpose

This report provides audit committee with assurance that we have in place security measures to mitigate our risks around cyber-attacks.

Recommendation:

The local government association (LGA) recommends that members receive regular updates, and this report provides audit committee members with a quarterly cyber security update that includes an assurance dashboard, independent health check status, and email protection summary.

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 meets Norwich City Council is in good shape to serve the city corporate priority and being cyber secure is fundamental for the delivery of our corporate plans.

Background

1. The audit committee has asked for regular updates to receive assurance that the council is protected from cyber-attack. This is the second report to the committee to provide assurance and update the committee on the risk of cyber attacks and the council's response to cyber security. The committee considered a report on 11 July 2023 and has indicated that the committee receives a report on cybersecurity at least twice a year.
2. The COVID-19 crisis has been a catalyst for digital innovation within local government. However, this comes with an increased risk of cyber-attacks – a risk that may cost councils millions of pounds and result in the sensitive data of our most vulnerable residents being sold on the dark web.
3. In light of this, the LGA has delivered security testing to a representative 10 per cent sample of local authorities. **Norwich volunteered to take part in this scheme.** This has helped the LGA to better understand common vulnerabilities in councils, and to share the findings across the sector to help manage cyber risk.
4. Councillor Neil Prior is Deputy Chair of the LGA's Improvement and Innovation Board, and Productivity Lead Member has said that Councillors have a hugely important role to play in showing political leadership and making the case for investment in this area.
5. There has never been a more urgent need to understand and manage cyber risk. In doing so, we are more likely to protect key services and vulnerable people and respond and recover more quickly when an incident occurs.
6. Councillor Neil Prior suggested '10 questions a councillor could ask' as a great place to start.
7. A feedback session was provided to audit committee members on 26 September 2022 to answer these 10 questions to provide assurance. This identified a gap "Do members receive regular cyber security updates?" The committee requested that it considers Cyber Security at least twice a year.

Cyber security dashboard

8. There is an exempt Appendix 1 to this report which provides a cyber assurance update for audit committee members and answers any subsequent questions.

Appendix 1:

- a. **A dashboard** that details the number of incidents that have been detected each quarter.
- b. Outcome of **annual independent IT health check** for private sector network (PSN) compliance.
- c. **Email protection summary** provides numbers of spam blocked, impersonation attacks, malware detected, links clicked and malicious attachments.

9. The Executive Leadership Team considers the dashboard quarterly.

Consultation

10. Not applicable for this report.

Implications

Financial and resources

11. There are no specific financial implications.

Legal

12. There are no specific legal implications for this update.

Statutory considerations

Consideration	Details of any implications and proposed measures to address:
Equality and diversity	Not applicable
Health, social and economic impact	Not applicable
Crime and disorder	Not applicable
Children and adults safeguarding	Not applicable
Environmental impact	Not applicable

Risk management

Risk	Consequence	Controls required
Failure to update members of cyber risks	Lack of awareness and understanding of issues	Provide regular reports and updates

Other options considered.

13. Not applicable to this report.

Reasons for the decision/recommendation

14. To provide audit committee with an update on cyber security as recommended by the LGA and answer any additional questions.

Appendices:

Exempt Appendix 1. Cyber Assurance Dashboard

Contact officer: Infrastructure security and support manager.

Name: Clive Morgan

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Committee Name: Audit

Committee Date: 23/01/2024

Report Title: Progress Report on Internal Audit Activity 2023/2024

Portfolio: Councillor Kendrick, cabinet member for resources

Report from: Head of Internal Audit

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2023/24.

Recommendation:

It is recommended that members review progress with delivery of the 2023/24 internal audit plan.

Policy Framework

The council has five corporate priorities, which are:

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

This report helps to meet all above corporate priorities.

Report Details

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

Consultation

3. Not applicable for this report.

Implications

Financial and Resources

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

Legal

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

Statutory Considerations

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.	Insufficient Internal Audit coverage could permit on-going weaknesses in the internal control environment at the Council not being detected and reported upon.	Progress against completing the annual internal audit plan is reported to the Audit Committee in accordance with the Public Sector Internal Audit Standards.

Other Options Considered

6. Not applicable for this report.

Reasons for the decision/recommendation

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

Background papers:

None


Appendices:

Appendix 1 - Progress report on Internal Audit Activity for the period 1 Oct to 31 Dec 23

Contact Officer:

Name: Teresa Sharman, Head of Internal Audit

Email address: teresa.sharman@southnorfolkandbroadland.gov.uk

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Eastern Internal Audit Services



Norwich City Council

Progress Report on Internal Audit Activity

Period Covered: 1 October to 31 December 23

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1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards (PSIAS) requires the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues.
- 1.3 To comply with the above this report includes:
- Any significant changes to the approved Audit Plan;
 - Progress made in delivering the agreed audits for the year;
 - Any significant outcomes arising from audits; and
 - Performance Indicator outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 In accordance with the PSIAS, the annual internal audit plan should be reviewed on a regular basis and adjusted, when necessary, in response to changes on the organisation's business risks, operations, programmes, systems and controls.
- 2.2 Since the approval of the plan in March 2023, five audits have been deferred as detailed in the table below.

Audit description	Nature of the change
Risk Management NC2402	Deferred to 24/25 to allow for a refresh of the Risk Register and a staff resource to be appointed to oversee risk management.
Staff Wellbeing NC2312	Deferred to 24/25 due to the appointment of the Senior Internal Auditor at the Consortium who will be doing this audit and to manage the large number of audits which are outstanding.
Accountancy Services NC2406	Deferred to 24/25 as the Key Controls audit coverage will duplicate some of these areas and there is sufficient finance control audit coverage in other finance areas as well.
Equalities NC2422	Deferred to 24/25 to manage the large number of audits which are outstanding.
Application Audit – CRM NC2425	Deferred to 24/25 due to the system not yet fully implemented and live.

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 154 days of programmed work have now been completed, equating to 53% of the Internal Audit Plan for 2023/24.

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 two final reports:

Audit	Assurance	P1	P2	P3
NC2405 Business Continuity and Emergency Planning	Reasonable	0	2	3
NC2408 Income - Cash and Bank	Substantial	0	3	4

The Executive Summary of this report is attached at **Appendix 2**.

- 4.5 As can be seen in the table above, as a result of this audit 12 recommendations have been raised. One Operational Effectiveness Matter has been proposed to management for consideration.
- 4.6 The recommendations from the formal investigation relating to the Social Housing Decarbonisation, Sustainable Warmth Competition and LAD1b grants received by the Council are associated with the inappropriate signing of contracts and use of the Council's seal by an unauthorised staff member. More details and progress with these will be provided to the Audit Committee by the S151 Officer at the meeting.

5. FOLLOW UP OF AGREED AUDIT RECOMMENDATIONS

- 5.1 In addition to providing the Committee with the performance of internal audit relative to its plan, the Public Sector Internal Audit Standards also require the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action.
- 5.2 To comply with the above this report includes the status of agreed actions.
- 5.3 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to the Committee. Verification work is also undertaken for those recommendations that are reported as closed.
- 5.4 **Appendix 3** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken and identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round. A total of 78 (six urgent, 45 important and 27 needs attention) recommendations are currently outstanding. Twenty-three of the 78 outstanding recommendations are now deemed implemented by the Council and await auditor review and closure. A further 25 recommendations are not yet due for completion.
- 5.5 **Appendices 4, 5, 6 and 7** provide the committee with details of urgent and important priority recommendations that are overdue by the year in which they were raised. Management responses and a new deadline have been indicated for each where possible.

6. PROPOSAL

- 6.1 The Audit Committee are requested to receive the Progress Report. In doing so the Committee is ensuring that the Internal Audit Service remains compliant with professional auditing standards.

- 6.2 The Audit Committee are asked to receive the position in relation to the completion of agreed audit recommendations.

7. RECOMMENDATIONS

- 7.1 That the Audit Committee receive the final report on progress in relation to the completion of the Internal Audit Plan for 2023/24.
- 7.2 That Audit Committee discuss the position in relation to the completion of agreed internal audit recommendations as at 31 December 2023.

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 Committe
							Urgent	Important	Needs Attention	Op Matter	
Quarter 1											
Housing Benefits	NC2310	15	15	15	Final report issued on 22 September 2023.	Reasonable	1	0	3	1	Oct-23
Planned Maintenance - Investigation	NC2414	10	15	14	Draft report issued 25 October 2023.						
Anti-Social Behaviour	NC2416	12	12	12	Final report issued on 3 August 2023.	Reasonable	0	8	0	0	Oct-23
TOTAL		37	42	41							
Quarter 2											
Information Security and Data Compliance	NC2403	12	12	12	Final report issued on 25 September 2023.	Reasonable	0	2	6	4	Oct-23
Procurement and Contract Management	NC2405	15	15	13	Draft report issued 1 November 2023.						
Income - cash and bank	NC2408	10	10	10	Final report issued 10 January 2024	Substantial	0	3	4	1	Jan-24
Business Continuity and Emergency Planning	NC2410	10	10	10	Final report issued 7 November 2023.	Reasonable	0	2	3	0	Jan-24
Housing Repairs and Void Management - NCSL	NC2415	15	15	0	Audit being scoped.						
Disabled Facilities Grants	NC2418	10	10	8	Draft report in preparation.						
Parking and Civil Enforcement	NC2420	12	12	7	Fieldwork in progress.						
Environmental Sustainability	NC2421	10	10	8	Draft report issued 27 November 2023.						
TOTAL		94	94	68							

Quarter 3											
Risk Management	NC2402	10	0	0	Deferred to 2024/25						
Council Tax and NNDR	NC2409	15	15	10	Fieldwork in progress.						
Housing Compliance	NC2413	20	20	2	Audit being scoped.						
Housing Needs, Allocations, Homelessness and Housing	NC2417	12	12	2	Audit being scoped.						
Customer Contact Team	NC2423	12	12	3	Audit scoped.						
TOTAL		69	59	17							
Quarter 4											
Staff Wellbeing	NC2312	12	0	0	Deferred to 2024/25						
Corporate Governance	NC2401	10	10	2	Audit being scoped.						
Key Controls and Assurance	NC2404	15	15	2	Audit being scoped.						
Accountancy Services	NC2406	16	0	0	Deferred to 2024/25						
Accounts Receivable	NC2407	10	10	2	Audit being scoped.						
Private Sector Housing Enforcement	NC2411	12	12	2	Audit being scoped.						
Non-Housing Capital Programme Management	NC2412	12	12	2	Audit being scoped.						
Equalities	NC2422	10	0	0	Deferred to 2024/25						
Waste Management - Biffa Contract	NC2419	10	10	2	Audit being scoped.						
TOTAL		107	69	12							
IT Audits											
Starters, Movers, Leavers	NC2424	10	10	8	Fieldwork in progress.						
Application Audit	NC2425	10	0	0	Deferred to 2024/25						
TOTAL		20	10	8							
Follow Up											
Follow Up	N/A	16	16	8							
TOTAL		16	16	8							
TOTAL		343	290	154		1	15	16	6		
Percentage of plan completed				53%							

APPENDIX 2 – EXECUTIVE SUMMARIES 2023/24

Executive Summary – NC2410 Business Continuity and Emergency Planning





OVERALL ASSESSMENT





ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

This audit has sought to provide assurance over the following strategic risk:
CORP06 - Failure to respond to a critical, business continuity or emergency planning event.

KEY STRATEGIC FINDINGS

-  Norwich County Council (NCC) is in the process of undergoing an Emergency Management Remediation Programme (EMRP), to be completed by 31st August 2024.
-  NCC also have a plan in place in connection with the EMRP, which includes milestones for key elements of delivery.
-  New Business Continuity Plans (BCPs) are in the process of being produced as part of the EMRP, to be completed by end of April 2024.
-  A testing timetable needs to be put in place and followed once Departmental BCPs have been produced.

GOOD PRACTICE IDENTIFIED

-  Control of Major Accident Hazards Regulations (COMAH) site - Briar Chemicals - has an up-to-date Norfolk Resilience Forum (NRF) External COMAH BCP in place.
-  NCC have access to and use the NRF Flood Response Plan 2022, which is due for review in December 2024.

SCOPE

A corporate level risk has been raised regarding a failure to respond adequately to unexpected events. This audit was undertaken to provide assurance over the Council's preparedness for an emergency incident as a Category 1 responder. The audit focused on scenario planning, emergency response plans, stakeholder engagement and provides assurance that requirements of the Civil Contingencies Act 2004 have been met.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	2	3	0

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

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

KEY STRATEGIC FINDINGS



The Council should implement a regularly review process of access to restricted rooms to ensure only appropriate officers have access. This is currently not undertaken.



An agreement is in place with Royal Mail to deliver the mail at a certain time; however, mail is often delivered earlier and left in front of the postal room, exposing it to all staff. The Council should ensure the agreement is adhered to.



A Business Impact Analysis and Business Continuity Plan has been drafted; however, further development is required before it is signed off.



Further low priority recommendations have been raised relating to formalising procedure notes, strengthening controls for bank reconciliations, and ensuring appropriate resilience for key activities.



The overall assurance opinion is based on the control outcomes from testing of income, cash and banking controls. It does not reflect 'Important' recommendations 1 and 2 below, as these relate to control weaknesses outside of this area, but which still have an impact on the areas related to staff access and any finance postal mail received.

GOOD PRACTICE IDENTIFIED



In the last few years, the Council has significantly reduced the number of cash and cheques received, thus increasing the amount of income received through more secure methods.



A new finance system is due to be implemented later this financial year. The new system will enable stronger built-in controls and automation.

SCOPE

These key financial systems feed into the Head of Internal Audit Opinion and Statement of Accounts and require regular review to confirm the adequacy and effectiveness of controls. Where reviews are undertaken in earlier quarters, top up testing will be completed if required in the key controls audit to provide adequate coverage.

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	3	4	1

APPENDIX 3 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

Audit Year	Audit Name	1	2	3
2020/21	TPR-Equality Duties			1
	TPR-Payroll		1	
	Total		1	1
2021/22	TPR-Accounts Payable		2	
	TPR-Capital Programme Management and Accounting	2		
	TPR-Environmental Services Audit of NCSL Contract 21/22		2	
	TPR-Health & Safety		6	1
	TPR-National Non Domestic Rates			1
	TPR-Off Payroll Working Compliance			2
	TPR-Risk Maturity Assessment		2	
	Total	2	12	4
2022/23	Anti Fraud and Corruption		2	1
	Buildings at Risk		3	1
	Contaminated Land and Air Quality		3	2
	FOI and Complaints		1	2
	Garden Waste Service		1	1
	Housing Benefits	1		1
	ICT-Cyber Security		1	2
	ICT-Disaster Recovery		2	
	Key Controls and Assurance	2	3	5
	Leasehold Management		1	3
	Leisure		1	
	Payroll		1	2
	Safeguarding	1	1	1
	Trees and Playground Equipment		5	1
	Total	4	25	22
2023/24	Anti Social Behaviour		7	
	Total		7	
Total		6	45	27

The following audits' recommendations are deemed implemented by the Council and await auditor review and closure: -

- Environmental Services 2021/22 (Limited assurance opinion) – 2 important recommendations
- Capital Accounting and Mgmt 2021/22 (Limited assurance opinion) – 1 urgent recommendation
- Buildings at Risk 2022/23 (Reasonable assurance opinion) – 1 important recommendation
- Leisure 2022/23 (Reasonable assurance opinion) – 1 important recommendation
- Payroll 2022/23 (Reasonable assurance opinion) - 1 important recommendation
- Anti-Fraud and Corruption 2022/23 (Reasonable assurance opinion) - 1 important recommendation
- Trees and Playground Equipment 2022/23 (Reasonable assurance opinion) - 3 important recommendations

- Cyber Security 2022/23 (Reasonable assurance opinion) - 1 important recommendation
- Disaster Recovery 2022/23 (Reasonable assurance opinion) - 2 important recommendations
- Key Controls & Assurance 2022/23 (Reasonable assurance opinion) - 2 important recommendations
- Garden Waste 2022/23 (Reasonable assurance opinion) - 1 important recommendation
- FOI & Complaints (Reasonable assurance opinion) - 1 important recommendation
- Anti-Social Behaviour 2023/24 (Reasonable assurance opinion) - 1 important recommendation.

The following audits in the table above had a 'limited' assurance opinion: -

- Environmental Services 2021/22
- Health and Safety 2021/22
- Capital Accounting & Management 2021/22
- Safeguarding 2022/23
- All the other audits had a 'reasonable' assurance opinion.

APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2020/21

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Payroll	Complete the signing of the co-operation agreement with Sefton.	Important	Dawn Bradshaw, Head of HR and OD	31/7/2022	30/9/2022	Outstanding	The Schedule of Variations from the agreement has been provided, which includes "Addition of requirement to provide assurance statement to evidence robust controls over payroll IT systems and processes."

APPENDIX 5 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Risk Maturity Assessment	A risk management training programme to be developed for relevant Council staff, highlighting roles and responsibilities and give practical tips for the identification and articulation of risk.	Important	Neville Murton, Interim Head of Finance, Audit and Risk	30/09/2022	31/1/2024	Outstanding	10 Jan 24 - New Head of Finance and Head of Internal Audit to meet January 2024 to discuss and agree way forward. This will be addressed once the new Head of Internal Audit is in post by the end of December 2023.
Risk Maturity Assessment	The Risk Management Policy and Strategy to be reviewed to clarify the following points: 4.5.1 Review the wording of the updated Risk Management Policy & Strategy and ensure that it includes details about when risks should be de-escalated.4.5.2 The council should specify responsibilities for risk control action owners.	Important	Neville Murton, Interim Head of Finance, Audit and Risk	30/09/2022	31/3/2024	Outstanding	11 Jan 24 – new revised due date. 5/6/23: Policy updated but approval for SLT not expected till June 28th, hence revised target date of end July.
Accounts Payable	The council's 'No PO, no Pay' policy to be formally documented and re-launched with staff and suppliers.	Important	Neville Murton, Interim Head of Finance, Audit and Risk	31/10/2022	1/02/2024	Outstanding	10 Jan 24 - Revised Go Live now confirmed for 1st February 2024.
Accounts Payable	As part of formalising the 'No Purchase Order No Pay' policy, an Exceptions' List be created, listing the instances in which a PO is not required prior to purchasing.	Important	Neville Murton, Interim Head of Finance, Audit and Risk	31/10/2022	1/02/2024	Outstanding	10 Jan 24 - Revised Go Live now confirmed for 1st February 2024.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Environmental Services	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.	Important	Andy Summers, Head of Environment Services	31/07/2023	N/A	Implemented awaiting review and closure	10 Jan 24 - Implemented, awaiting auditor confirmation and closure.
Environmental Services	The Corporate Health & Safety Board to receive a Health and Safety report from NCSL and include a set of metrics for agreement. In future years to be presented and agreed in line with the provisions of the contract, which is "the Parties shall agree a set of such Metrics not more than four (4) weeks before the anniversary of the Service Commencement Date".	Important	Andy Summers, Head of Environment Services	30/04/2023	31/7/2023	Implemented awaiting review and closure	10 Jan 24 - Implemented, awaiting auditor confirmation and closure.
Health and Safety	The Council to ensure that all reportable Health and Safety incidents/accidents and near misses from other areas of the business such as the Norman Centre and the Halls are provided to the Health and Safety Officer so that these can be included within the Council's overall statistics and reported to the H&S boards and JCNC.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	30/04/2023	31/03/2024	Outstanding	Action plan in place following an independent audit by Human Applications, a company specialising in H&S. They came up with 11 or 12 recommendations. The action plan goes to Board every meeting (every 6 weeks) and is a standing item. Actions are being worked through depending on priority and risk. Revised due date - end of March 2024
Health and Safety	The approach to general risk assessments and office inspections as well as the completion of the office inspection checklists should be documented and implemented within the Health and Safety policy and communicated to staff.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/03/2023	31/03/2024	Outstanding	As above.
Health and Safety	Develop a system to ensure that risk assessment actions are adhered to and compliance reported to the H&S Officer.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/03/2023	31/03/2024	Outstanding	As above.
Health and Safety	Develop a system to ensure that the office inspections are regularly undertaken and supported by a Health and Safety trained individual. A log should be kept of outcomes and identified actions should be followed up. Consider whether to reinstate annual walkarounds with a member of Unison around City Hall. Ensure that:- A log is kept of the findings and resulting actions- Outcomes are reported to the H&S Board.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/03/2023	31/03/2024	Outstanding	As above.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Health and Safety	The Health and Safety officer to quarterly request data from the L&D team for the mandatory introductory e-learning H&S module. This data to be sorted by directorate and presented to H&S quarterly and CLT annually for awareness and to prompt an improvement in uptake. Overall uptake figures to be included within H&S performance statistics provided to the JCNC for monitoring.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/03/2023	31/03/2024	Outstanding	As above.
Health and Safety	Develop measurable objectives for improvement of H&S at the council. Such as: • number of reported accidents and incidents per employee • Lost time injury incidence rate • Actions taken to address/reduce in future.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/01/2023	31/03/2024	Outstanding	As above.
Capital Accounting and Management	Minutes of meetings to discuss capital project progress are taken and include agreed actions, with a link to any supporting reports from Property Services. Reports to include highlights, risks and issues as appropriate.	Urgent	Resources, Performance and Delivery Board	30/11/2022	31/7/2023	Outstanding	See update below.
Capital Accounting and Management	All capital projects for the year are monitored for delays in works, to ensure the expenditure to date is reasonable for the works that have been completed, records are retained as to reasons with agreed actions to be taken, and that for each capital project, on the schedule included in the performance reports to Cabinet, there is a brief comment relating to progress and budget as appropriate.	Urgent	Neville Murton, Interim Head of Audit, Finance and Risk	30/11/2022	30/06/2024	Implemented awaiting review and closure	<p>11 Jan 24 - A Capital Board has been established, which will provide the basis for a regular review of both business cases for new investment and monitoring of the delivery and slippage of existing projects. Capital monitoring is reported as a discreet part of the quarterly report to Cabinet, with appendices providing additional information about individual projects and proposals for additions or changes to the overall programme. This recommendation can be closed down.</p> <p>Implemented, awaiting auditor confirmation and closure.</p>

APPENDIX 6 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2022/23

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Buildings at Risk	A process to be implemented which monitors progress on agreed actions assigned to Officers arising from HAR meetings. In addition, it is suggested that a mechanism should be developed for monitoring when properties have last been inspected/contacted.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	30/11/2022	30/11/2023	Outstanding	Action points for individual Officers have been noted in the minutes taken at the 08 September meeting, the monitoring process for these action points and the proposed recording and monitoring of building inspections and owner/tenant contact remains to be devised. The Heritage at Risk portfolios for individual Officers will be drawn up when the full Conservation & Design Team are assembled in October/November 2023. Each individual Officer will then be responsible for recording and monitoring building inspections, contact with owners/tenants and comments received from the public. The overall register will be monitored by the Conservation & Design Team Leader.
Buildings at Risk	Set up Heritage and Risk meeting timetable with all relevant stakeholders.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	30/11/22	30/9/2023	Implemented awaiting review and closure	Recommendation changed to implemented, awaiting auditor confirmation and closure.
Buildings at Risk	To produce internal procedures that complement and expand upon the external policies produced by Historic England. Consideration given to the following: - Standard means of applying and documenting rationale for allocated risk level and priority- Outline process for inspections/outreach with owners, including risk-based timescales, and reference to the Heritage England guide for enforcement actions - Requirements for evidence retention and file management.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	31/05/2023	31/12/2023	Outstanding	Procedures will be discussed at the September 2023 meeting, following which this recommendation will be completed.
Leisure	Finalise and sign the contract for Riverside Leisure Centre.	Important	Helen Chamberlin, Head of Strategy, Engagement and Culture	31/01/2023	31/7/2023	Implemented awaiting review and closure	11 Jan 24 - This recommendation has been completed and the contract is now signed. Evidence has been sent to internal Audit to demonstrate this.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
							Implemented, awaiting auditor confirmation and closure.
Payroll	Management to ensure that the Payroll Control Account is reconciled within 30 working days of the month end, with all reconciling entries promptly investigated and actioned. The reconciliations should be signed and dated by the preparer and an evidenced reviewer performed by an appropriate officer.	Important	Gareth Robinson, Interim Head of Finance	30/06/2023	N/A	Implemented awaiting review and closure	10 Jan 24 - The payroll account has been reconciled for the first two quarters. The development of procedure notes and a formal process for signing off the reconciliation is being finalised to reflect the new system. This can be closed down. Implemented, awaiting auditor confirmation and closure.
Anti-Fraud and Corruption	Prepare an annual fraud plan and obtain approval from Audit Committee. The plan to cover all areas of the local authority's business and include activities undertaken by contractors and third parties or voluntary sector activities. All activity such as prevention, detection, investigation, sanctions and redress to be covered.	Important	Neville Murton, Interim Head of Audit, Finance and Risk	31/07/2023	N/A	Implemented awaiting review and closure	10 Jan 24 – This has been prepared. Implemented, awaiting auditor confirmation and closure.
Anti-Fraud and Corruption	For the working Group to confirm that the RIPA and CCTV action plan has been completed and that the first report has been provided to members covering requirements of the Home Office Covert Surveillance and Property Interference Code of Practice	Important	Neville Murton, Interim Head of Audit, Finance and Risk	31/07/2023	N/A	Outstanding	New update required.
Leasehold Management	Review the method of calculating the horticultural maintenance charges to ensure full costs applicable are included in the leasehold service charges in the future.	Important	Bob Granville, Interim Head of Housing & Community Safety	01/09/2023	N/A	Outstanding	No update received.
Contaminated Land and Air Quality	Management to ensure that an authorised end to end, version controlled, process document is established for the identification and management of Contaminated Land, and for the measurement and statutory reporting of Air Quality. Regular reviews should be performed to ensure that the process document remains accurate.	Important	Sarah Ashurst, Head of Planning and Regulatory Services	30/09/2023	31/12/2023	Outstanding	Several documents require reviewing and updating, a few of which are already in review stages. Due to staffing and workloads, this has not yet been completed. It is aimed that the remainder of the documents will be updated by end of December 2023.
Contaminated Land and Air Quality	Management to ensure that the Contaminated Land New Prioritisation List is: - comprehensively reviewed to ensure that it is complete and accurate, with correct risk ratings applied to all entries;	Important	EP Team Leader / EH Manager / EP Officer	31/12/2023	N/a	Outstanding	No update received.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
	-password protected to avoid unauthorised access.						
Contaminated Land and Air Quality	Management to ensure that, once resource allows: - a programme of inspections of potentially contaminated sites is established, initially focussing on sites deemed high risk; - comprehensive, dated, records are retained of all desk based reviews and site visits, with performance against the established programme monitored at regular intervals.	Important	EP Officer / EP Team Leader	31/12/2023	N/a	Outstanding	No update received.
Safeguarding	1. It is suggested that a review of roles requiring a DBS check is carried out as a priority, with referral to the DBS for advice, if required, to determine legal eligibility, with non-responsive services escalated to SLT. Results of the review to inform a formally agreed Corporate Policy for initial and renewal checks. 2. Assurance to be provided to SLT that all checks required are completed or brought up to date, with evidence of completion retained.	Urgent	Dawn Bradshaw, Head of HR and OD	31/07/2023	N/A	Outstanding	Internal Audit have confirmed No.1 of the recommendation but No.2 has yet to be confirmed as completed,
Safeguarding	When the mandatory safeguarding adults and safeguarding children courses have been updated, management to implement monitoring controls going forward to ensure mandatory e-learning courses and renewals at defined intervals are completed by relevant staff.	Important	Dawn Bradshaw, Head of HR and OD	31/07/2023	N/A	Outstanding	Communication to workforce to complete mandatory e-learning by 31 July 2023. Report to be provided to share with SLT re last stats of those completed/outstanding.
Trees and Playground Equipment	Management should implement controls to ensure that: all open defects categorised as high risk on the Defect Tracking Summary Report, are promptly reviewed and actioned as necessary; the Defect Tracking Summary Report contains sufficiently detailed notes to allow effective monitoring of all open defects; all necessary reactive maintenance identified is completely and accurately recorded on the Defect Tracking Summary Report; evidenced review is periodically performed of the Defect Tracking Summary Report; the Play Service Management and Safety Procedure is enhanced to provide greater detail on the process to be undertaken for the recording and	Important	Andy Summers, Head of Environment Services	31/07/2023	N/A	Implemented awaiting review and closure	10 Jan 24 - Completed. All high-risk items identified are reviewed monthly at play safety meeting to ensure actioned within agreed time frames and sufficient details of action are recorded. Play service management and safety procedure has been updated to provide further detail on the process of identifying and actioning reactive work. Document signed off by ROSPA.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
	actioning of necessary reactive maintenance identified						Implemented, awaiting auditor confirmation and closure.
Trees and Playground Equipment	Management should discuss with NCSL the adoption of the dedicated Ezetreev module to manage tree work orders.	Important	Andy Summers, Head of Environment Services	31/07/2023	31/03/2024	Outstanding	12 Jan 24 – Incomplete. Work still ongoing with Ezytreev and NCSL. Aim to have complete by 31.3.24
Trees and Playground Equipment	Management to clarify and confirm the responsibility for undertaking tree inspections in council owned residential and commercial properties and ensure that appropriate risk assessments are undertaken.	Important	Andy Summers, Head of Environment Services	31/03/2023	31/03/2024	Outstanding	10 Jan 24 - Ongoing. Policy being reviewed by consultant. Aim to have complete by 31.3.24
Trees and Playground Equipment	Management should develop a master list of play equipment sites, detailing necessary inspection frequencies, which is agreed to the working lists maintained by the various inspection teams at defined intervals.	Important	Andy Summers, Head of Environment Services	31/12/2023	N/A	Implemented awaiting review and closure	10 Jan 24 - Completed. Routine and operational inspections detailing frequencies within the same document. Implemented, awaiting auditor confirmation and closure.
Trees and Playground Equipment	Management should implement controls to ensure that all play equipment sites recorded on the NCSL play equipment quarterly inspection schedule are reviewed for correct categorisation of inspection frequency, amended as necessary, with required physical inspections promptly performed, and that all joint inspections are undertaken at the scheduled time.	Important	Andy Summers, Head of Environment Services	31/12/2023	N/A	Implemented awaiting review and closure	10 Jan 24 - Completed. Operational and routine inspections reviewed at monthly meeting, NCSL provide completion data and summary highlighting any issues with necessary action determined in meeting. Outcomes from joint inspection reviewed monthly at meeting to ensure action, time frames etc. next inspection scheduled in with relevant officers. Implemented, awaiting auditor confirmation and closure.
Cyber Security	The Council to investigate utilising a service offered by the brokers, Cyber Assist (or similar).Risk: Recovery costs incurred following a Cyber incident far exceed insurance premiums and excess.	Important	IT Infrastructure, Security & Support Manager	22/12/2023	N/A	Implemented awaiting review and closure	10 Jan 24 - Complete. Report provided by AJG (third party assessor). This is now closed. Implemented, awaiting auditor confirmation and closure.
Disaster Recovery	The Business Continuity Steering Group to carry out a review of disaster recovery plans to ensure information contained therein is up to date, reliable	Important	IT Infrastructure Manager	31/12/2023	N/A	Implemented awaiting	10 Jan 24 - Complete. The Resilience Officer meets the Executive Leadership Team.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
	and is fully approved by the organisation. The Council to ensure that these be distributed as necessary. Mgmt comments: - Following discussions, it has been decided that the BC Steering Group will not continue to meet. Therefore, the Resilience Officer and IT Infrastructure Manager will co-ordinate a meeting with key stakeholders to discuss the draft Disaster Recovery Plans. Once agreed, the plans will be discussed at CLT which will act as final approval.					review and closure	Implemented, awaiting auditor confirmation and closure.
Disaster Recovery	The Council to establish logs of contractor visits to enable auditing of the Disaster Recovery site access.	Important	Facilities Management	30/11/2023	N/a	Implemented awaiting review and closure	Implemented, awaiting auditor review or evidence and closure.
Housing Benefits	Ensure a one-off reconciliation between the housing benefits system and the general ledger is completed, procedure notes are developed, and the reconciliation is carried out monthly going forward.	Urgent	Finance Manager (revenue) with delivery by service accountants responsible for their specific area.	31/12/2023	01/04/2024	Outstanding	10 Jan 24 - A new reconciliation has been designed to reconcile the HFI rents system output to the General Ledger. The reconciliation has been used to reconcile the first two quarters of FY 2023/24. The procedure notes for the new reconciliation process are in the process of being developed.
Key Controls and Assurance	Develop a corporate approach on the collection of debt for the Council to strengthen it and ensure processes align, especially where customers have debt in multiple areas of the Council. The policy should include the processes for write-offs and provide clarification regarding how delegated limits are to be applied to multiple concurrent write-offs for the same debtor. Once developed, provide training for relevant officers. The Council to review, update and approve financial procedures making all relevant staff aware of requirements included within. In addition, any Council Tax cases which are paused on request of Council members need to be regularly reviewed with the reasons for continuing the pause documented.	Urgent	Head of Finance, Audit & Risk	31/12/2023	30/06/2024	Outstanding	10 Jan 24 - The Council takes debt recovery seriously and has embarked on a project to not only improve collection but to look at future opportunities to streamline processes, with the intention to bring debt recovery into a central team. A Debt Management project is currently underway having commenced with the discovery phase in mid-September. One of the project deliverables is to produce a Council-wide Debt Recovery policy which will include authorisation limits and a write-off policy. This will be delivered in Phase 2 of the project, which will commence after the majority of the as-is processes are mapped. It is anticipated phase 2 will run alongside phase 1 and is likely to commence no later than

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
							June 2024. Once the new ERP system is fully up and running new process maps will be completed to complement the system training notes/videos currently being prepared. Of the 2 NNDR cases noted, one has been resolved with the appeal being successful, and the second case is still waiting to be heard. Recovery action on all Council Tax and NNDR debts has recommenced fully.
Key Controls and Assurance	Ensure the one-off reconciliation between the housing rent system and the general ledger is completed, procedure notes are developed, and the reconciliation is carried out monthly going forward.	Urgent	Senior Finance Business Partner	31/12/2023	01/03/2024	Outstanding	10 Jan 24 - A new reconciliation has been designed to reconcile the HFI rents system output to the General Ledger. The reconciliation has been used to reconcile the first two quarters of FY 2023/24. The procedure notes for the new reconciliation process are in the process of being developed.
Key Controls and Assurance	Ensure reconciliations are reviewed and signed off by an independent officer. For daily reconciliations, implement a rota to ensure potential errors are identified in a timely manner.	Important	Corporate Finance Business Partner / Finance Business Manager	31/12/2023	30/04/2024	Outstanding	10 Jan 24 - Treasury Management reconciliation amended to include sign off by a separate officer. The implementation of the new ERP provides the ideal opportunity for the revision of business processes ahead of the new financial year 2024/25.
Key Controls and Assurance	Remind staff of the importance of segregation of duties when raising and authorising purchase orders. For the new system, implement controls which prevent self-authorisation of purchase orders	Important	Strategic Procurement Manager and Head of Finance, Audit & Risk	31/12/2023	N/A	Implemented awaiting review and closure	10 Jan 24 - Complete 12.1.24. Implemented, awaiting auditor review or evidence and closure.
Key Controls and Assurance	Review the list of set up Direct Debits and confirm that they should still be active. Ensure that supporting evidence of their set up and authorisation is held at the Council.	Important	Corporate Finance Business Partner	30/9/2023	N/A	Implemented awaiting review and closure	10 Jan 2024 - Eighteen Direct debits have been identified as active against the Councils General Account. Work to verify the direct debits has been undertaken and is almost complete. There remains four direct debits where the final verification work is required and this has been chased with the Budget Holder. No new direct debits will be set up without approval from the

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
							<p>S151 officer going forward. On this basis the recommendation has been implemented and should be closed down.</p> <p>Implemented, awaiting auditor review or evidence and closure.</p>
Garden Waste	The Council to ensure that contractually required joint inspections are taking place weekly.	Important	Head of Environment Services	31/12/2023	N/A	Implemented awaiting review and closure	<p>10 Jan 24 - Complete 12.1.24.</p> <p>Implemented, awaiting auditor review or evidence and closure.</p>
FOI & Complaints	The Customer Experience Lead to consider the following activities with a view to further improve the Councils approach to responding to FOI/EIR and Complaints; Lean process review to understand whether the current process can be streamlined as the new CRM platform (Civica D360) is deployed. Providing training/guidance for service areas responding to complaints (complaints handling) to outline how complaints should be responded to in accordance with the council's values. A sample check of complaints regularly undertaken to highlight themes for lessons learned. Where responses are consistently not provided by service area in accordance with the agreed timeframes, this to be formally escalated to CLT.	Important	Customer Experience Lead	31/3/2023	30/9/2023	Implemented awaiting review and closure	<p>The new lean processes for complaints, FOI/EIR have been developed in the council's new CRM, Civica D360. Training for these processes has been rolled out and is due to go live the end of October 23.</p> <p>Complaint handling/best practice training is rolled out each year and this is provided by the ombudsman. We have two sessions run this year in Feb and Oct.</p> <p>Reports of performance are taken to SLT on a regular monthly basis, and this includes themes and trends for services areas to address. We will progress this once we have the new process and reporting in place. Lessons learnt reporting has been developed in the new system and will enable better analysis for all complaints (not just sample), and the findings will be incorporated within the updates to SLT.</p> <p>Implemented, awaiting auditor review of evidence and closure</p>

APPENDIX 7 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2023/24

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Anti-Social Behaviour	Management to review all cases over 80 days old to ensure that appropriate action has been taken and that they are valid to remain open	Important	Bob Granville, Interim Head of Housing & Community Safety	31/08/2023	N/A	Outstanding	<p>23/08: In respect of the over 80 day report, our triage officer who will be running these reports is on leave this week, but these will be run on his return and monthly thereafter.</p> <p>29/08: We should be able to forward proof regarding the reporting being completed later this week, the responsible officer has been asked to produce the reports at the end of each month.</p> <p>Comment audit: Informed service that it can be closed once evidence is provided.</p>
Anti-Social Behaviour	Management to develop an Action Plan to facilitate delivery of key supporting elements to the revised Anti-Social Behaviour Policy in a controlled and effective manner.	Important	Bob Granville, Interim Head of Housing & Community Safety	31/08/2023	N/A	Outstanding	23/08: The Action plan is under draft and should be completed this next week, however the policy is taking slightly longer to re-draft than expected due to operational requirements. The first draft to be completed in the Autumn now.
Anti-Social Behaviour	Management to promptly analyse the results of Post-Closure Complainant Satisfaction Surveys and develop an Action Plan to address the key concerns identified.	Important	Bob Granville, Interim Head of Housing & Community Safety	30/09/2023	N/A	Outstanding	11 Jan 24 - Analysis underway and action plan under construction
Anti-Social Behaviour	Management to ensure that tenant consultation is performed on the draft, revised, Anti-Social Behaviour Policy and results are reflected in the Policy prior to finalisation.	Important	Bob Granville, Interim Head of Housing & Community Safety	30/09/2023	N/A	Implemented awaiting review and closure	<p>11 Jan 24 - Consultation undertaken with TIP, Police, Safer Norwich Board and via website. Can now be marked as completed.</p> <p>Implemented, awaiting auditor review or evidence and closure.</p>
Anti-Social Behaviour	Management to review the appropriateness of current key performance measures, ensuring they are aligned with the revised Anti-Social Behaviour Policy.	Important	ASB Manager	30/11/2023	30/06/2024	Outstanding	11 Jan 24 - Revised ASB Policy implementation has been delayed. Therefore, new KPI implementation also delayed. Expected at June Cabinet.
Anti-Social Behaviour	Management to promptly issue the revised the Anti-Social Behaviour Policy, including appropriate reference to the requirements of The	Important	Community safety manager	31/10/2023	30/06/2024	Outstanding	11 Jan 24 - ASB Policy not yet approved.

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
	Charter for Social Housing Residents (Social Housing White Paper), and ensure that supporting process documentation reflects the revised Policy						Consultation completed, with few suggestions for improvement and will now go to Cabinet in June.
Anti-Social Behaviour	Management to introduce a formal, monthly, quality checking process with results documented and fed back to team members for development purposes	Important	ASB Manager.	31/10/2023	30/03/2024	Outstanding	11 Jan 24 - Team Leaders are piloting quality checks across team. Period extended to allow for sufficient numbers to ensure fit for purpose



Committee name: Audit

Committee date: 23/01/2023

Report title: **Statement of Accounting Policies & State of External Audit**

Portfolio: Councillor Kendrick, Cabinet member for resources

Report from: Interim Chief Finance Officer (S151 officer)

Wards: All wards

OPEN PUBLIC ITEM

Purpose

To provide members with the opportunity to comment on the draft Accounting Policies and to update members on the state of the audit environment.

Recommendation:

It is recommended that the Audit Committee review the Accounting Policies and make any comments or recommendations as they see fit.

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 meets the Norwich City Council is in good shape to serve the city priority.

Report Details

1. The Audit Committee is responsible for signing off the Accounts and as such are required to review the Accounts in significant detail. A major aspect is the Accounting policies. These need to be reviewed to determine as to whether they are prudent or not and reflect the accounting requirements of the Council.
2. The Council does not propose changing the accounting policies at this stage beyond the change in the MRP which will go to full Council. This is in part because with already existing delays to the Audit, there were concerns that with more to Audit, the Council might experience further ones. Also, there are no substantive obvious reasons as to why the Accounting policies might need to be changed.
3. Moreover, the Council has always taken a prudent approach of keeping as close to the Code of Local Government Practice as it can and therefore rarely needs to have any accounting policies that to any degree or differentiate from the industry standard.
4. The council is intent on repeating the process of delivering the Draft Accounts by the statutory deadline of May 31st, despite all the challenges. It will continue with the approach of reviewing the Accounts in detail if it has time before the Audit. It wants to retain the high quality upon which Norwich has built its reputation.
5. The Council has responded to all audit queries relating to 2021/22 and 2022/23 with which it has been provided by Ernst & Young (EY). The items primarily relate to the Value for Money elements as the Government is keen that the resilience of authorities is the priority. Nonetheless, there is a lull in Government making a decision as to whether audit firms should continue with existing audits or do the bare minimum on audits prior to 2023/24 to ensure that the authorities are viable. The plan for a statutory disclaimer for all accounts with audits not complete has still not been put forward formally as the agreed position.
6. EY is intent, subject to Government changing its current thinking, of conducting an interim Audit for the 2023/24 accounts prior to the end of the financial year. This is due to their desire to get the timetable back on the historic pattern before the current backlog arose.

Consultation

7. The purpose of the report is informing and consulting members of the Audit Committee. No further consultation is necessary.

Implications

Financial and Resources

8. There are no specific financial implications from this report.

Legal

9. 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 not review audit policies before inclusion in the Accounts might lead to a poorer set of Accounts.	The Council would not be perceived as having good governance externally.	The Council sends the draft Accounting policies to Committee Annually for review.

Other Options Considered

Not applicable for this report.

Reasons for the decision/recommendation

The committee is duty bound to discharge its duties.

Background papers:


None

Appendices:

Appendix 1 - Draft Accounting Policies 2023/24

Contact officer: Gareth Robinson, Head of Finance (Interim)

Email address: garethrobinson@norwich.gov.uk

	If you would like this agenda in an alternative format, such as a larger or smaller font, audio or Braille, or in a different language, please contact the committee officer above.
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1. Accounting Policies

Going Concern

The concept of a going concern assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. Where this is not the case, particular care will be needed in the valuation of assets, as inventories and property, plant and equipment may not be realisable at their book values and provisions may be needed for closure costs or redundancies. An inability to apply the going concern concept can have a fundamental impact on the financial statements.

Accounts drawn up under the Code assume that a local authority's services will continue to operate for the foreseeable future. This assumption is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of Central Government). If an authority was in financial difficulty, the prospects are thus that alternative arrangements might be made by Central Government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Statement of Accounts has been prepared on a 'going concern' basis.

Accruals of Income & Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised in accordance with the terms and conditions of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Rental income from the Council's housing stock is accounted for on the basis of a full year, i.e. 365 or 366 days as appropriate.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet; the de Minimis for accruals is £5,000. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

- The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

Cash & Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Prior Period Adjustments, Changes in Accounting Policies & Estimates & Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

The council prepared the cash flow statement using the indirect method in 2022/23. There are no changes to accounting policies in 2022/23.

Charges to Revenue for Non-Current Assets

Services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- revaluation and impairment gains, where they reverse losses previously charged to services
- amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, this provision known as the Minimum Revenue Provision (MRP), is equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance (England and Wales). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. No MRP is currently charged on HRA debt, as the debt acquired in relation to the HRA, as it is outside the scope of this regime.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that these benefits are charged to the General Fund in the financial year in which payment is made.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service cost line in the CIES when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

The majority of the Council's employees are members of the Local Government Pensions Scheme, administered by Norfolk County Council. The Scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Norfolk pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond chosen by the Fund's Actuary.
- The assets of the Norfolk pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities - current bid price
 - unquoted securities - professional estimate
 - unitised securities - current bid price
 - property - market value
- The change in the net pensions liability is analysed into the following components:
 - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the CI&ES to the services for which the employees worked
 - past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the CI&ES as part of the cost of other Operating Expenses

- net interest on the defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the defined benefit liability at the beginning of the period – taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- remeasurements comprising:
 - the return on plan assets, excluding amounts included in net interest on the net defined liability, charged to the Pension Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains or losses - changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- contributions paid to the Norfolk pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund and Housing Revenue Account to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Events after the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. Non-exchange transactions, such as those relating to taxes, benefits, and government grants, do not give rise to financial instruments.

They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Liabilities include trade payables. It has been assessed that the carrying amount in the Balance Sheet is a proxy for the fair value of those liabilities.

Financial Assets

There are three main classes of financial assets measured at:

- Amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.
- Fair Value Through Other Comprehensive Income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.
- Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost or where relevant FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The authority has a portfolio of a significant number of Decent Homes Loans and Home Improvement Loans to local residents. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

Financial Assets Measured at Fair Value through Other Comprehensive Income

At initial recognition, an authority may make an irrevocable election to present in Other Comprehensive Income and Expenditure subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. These equity instruments shall be described as being designated to fair value through other comprehensive income.

Movements in amortised cost are debited/credited to the Surplus or Deficit on the Provision of Services, but movements in fair value debited/credited to Other Comprehensive Income and Expenditure. Cumulative gains/losses on fair value are transferred to the General Fund Balance on de-recognition.

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expense Statement or in the notes to the account.

Government Grants & Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

Part of the CIL income is retained to offset the cost of administration and is accounted for as income in the Comprehensive Income and Expenditure Statement. The rest is intended for use to finance capital and is treated as capital contributions. As it is received without conditions it is recognised

immediately as capital grants and contributions income and is then transferred to the Capital Grants Unapplied Reserve. A small proportion of the monies may be used to fund revenue expenditure.

The income from CIL is accounted for on an accruals basis and recognised immediately in the CI&ES at the commencement date of the chargeable development. Surcharges and interest received in accordance with the CIL regulations will be accounted for as if they were CIL receipts.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but are revalued on a five year rolling programme according to market conditions with the exception of properties with a brought forward value in excess of £500,000 as these are valued every year. Based on consultation with the valuer, any other assets which may have significant volatility in fair value are also included in the assessment. Carrying values are reviewed annually to ascertain if materially different from market values for those assets not valued in year.

Revaluation gains and losses are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement. However, regulations do not permit unrealised gains and losses to impact the General Fund balance. Therefore, gains and losses are reversed via the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve

Rental income is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement on a straight-line basis.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and that authority will be able to generate future economic benefits or deliver service potential by being able to use the asset. Costs relating to the development of computer software for internal use are capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred in the development phase. When the software is available for its intended use, these costs are amortised in equal annual amounts over the estimated useful life of the software.

Amounts capitalised include the total cost of any external products or services and labour costs directly attributable to development. Management judgement is involved in determining the appropriate internal costs to capitalise and the amounts involved. The useful life is determined by management at the time the software is acquired and brought into use and is regularly reviewed for appropriateness. For computer software licences, the useful life represents management's view of the expected period over which the Council will receive benefits from the software.

Intangible assets are measured initially at cost. The depreciable amount of an intangible asset is written down over its useful life, to the appropriate line in the Comprehensive Income and Expenditure Statement. No intangible assets are recorded with indefinite lives. An asset is tested for impairment whenever there is an indication that the asset might be impaired, and any losses are posted to the appropriate line in the Income and Expenditure Statement.

The calculated amounts for amortisation and impairment are charged to the Cost of Services in the Comprehensive

Income and Expenditure Account, but they are not proper charges against the General Fund. A transfer is therefore made from the Capital Adjustment Account to the General Fund to reverse the impact.

Interest in Companies and Other Entities

Local authorities are required to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. In order to assess whether the Council has interests relevant to group accounts, consideration has been given to involvement with companies, partnerships, voluntary organisations, and other public bodies to determine whether:

- the Council has a formal interest in a body which gives it access to economic benefits or service potential and that the body is an identifiable entity carrying on a trade or business of its own.
- the interest constitutes control over the majority of equity capital or voting rights or over rights to appoint the majority of the governing body or the interest involves it exercising, or having the right to exercise, dominant influence over the entity, such that the entity is classified as a subsidiary of the Council.
- If the authority does not have control, whether its interest involves it being able to exercise a significant influence over the entity without support from other participants, such that the entity is classified as an associate of the authority.
- If the authority does not have control, whether its interest allows it to direct the operating and financial policies in conjunction and with the consent of the other participants in the entity, such that the entity is classified as a joint venture for the authority.

Consideration has been given to the relationship with all potential entities and the following disclosures have been made:

Interests in other entities as shown in a note to the Core Financial Statements

The relationship with the body disclosed is not material and therefore there is no entity where the Council's interest is such that it would give rise to the requirement to prepare group accounts.

The position is reviewed and updated on an annual basis.

The Council has gone through a process in line with the Code guidance flowcharts and concluded Group Accounts are required in 2022/23. Further detail on the Group boundary judgement is included in the relevant notes and the Group Financial statements.

Leases

The Council as Lessee

Finance Leases

Leases are classified as finance leases where the terms of the agreement transfer substantially all the risks and rewards of ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, present value of the minimum lease payments in relation to the asset's fair value and whether the Council obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the land and building elements are considered separately for classification.

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The interest element of finance leases is charged to Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure Statement. The amount of the finance lease payment to write down the liability is included within the Minimum Revenue Provision in line with statutory guidance.

Operating Leases

All other leases are treated as operating leases.

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal and replaced by a long-term debtor in the Balance Sheet valued on the future income due under the finance lease.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

Overheads & Support Services

The Code of Practice on Local Authority Accounting in the United Kingdom introduced the requirement for local authorities to report their service segments based on the way in which they operate and manage services, thereby allowing the reporting on the face of the Comprehensive Income and Expenditure Statement to align with how a local authority reports its performance internally to its management.

Corporate overhead allocations are made at the year-end and shared between users in proportion to the benefits received. However, during the year the authority reports to budget holders and members the financial performance without the impact of the corporate recharges. In deference to the intentions of CIPFA's review, the accounts have been reported without support cost recharges, showing support and overhead costs within their respective portfolio lines.

Fair Value Measurement

The council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. The Council also discloses fair values for financial assets and liabilities categorised as loans and receivables. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the year end. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

Property Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

The de minimis level for accounting for expenditure as capital is £5,000.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost

- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Componentisation

The 2022/23 CIPFA Code of Practice on Local Authority Accounting states that each part of an item of Property, Plant and Equipment (PP&E) with a cost that is significant in relation to the total cost of the item shall be depreciated separately, applied from 1 April 2010 onwards. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In adopting the Code, the Authority has developed the following Componentisation Policy using the approach set out in LAAP bulletin 86:

- Assets within PP&E, excluding Council dwellings with a carrying value of £1m and below, will be disregarded for componentisation as the impact upon the reported cost of service is not considered material.
- Assets, excluding Council dwellings that are above the £1m de-minimis threshold will be componentised where the cost of the component:
 - i) Is significant in relation to the overall total cost of the asset and
 - ii) Has a different useful life and/or method of depreciation to the main asset.

This policy excludes land assets which are already identified separately.

Council dwellings are not individually componentised. The valuation of dwellings is based on a beacon approach using the assumption that the beacon property is fully upgraded. Each property in that beacon has a reduction in value, as a percentage, for each component that is not upgraded.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- Dwellings – from 1st April 2012 depreciation is calculated based on the useful life of the individual components of the dwelling (30-60 years) depending on the beacon group
- Other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (30-100 years)
- Vehicles – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer (25% carrying amount)
- Infrastructure – straight-line allocation of between 25-40 years.
- Plant, furniture & equipment – straight line allocation over the useful life of asset (3-25 years)

Where an item of Property, Plant and Equipment assets has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals & Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as

held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to Housing Revenue Account disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve; this residual amount can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CI&ES in the year that the Council becomes aware of the obligation. Subsequently, they are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

The Council maintains two groups of reserves, usable and unusable.

Usable reserves comprise the following:

- Capital Receipts Reserve: proceeds from the sales of non-current assets are initially credited to the CI&ES, but legally can only be used to finance capital expenditure, and so are transferred to the Capital Receipts Reserve and afterwards used for this specific purpose.
- Capital Grants Unapplied: the Council receives grants and contributions towards capital expenditure, and, where repayment conditions are not present or no longer apply, they are credited to the CI&ES and immediately transferred into the Capital Grants Unapplied Reserve until required to finance capital investment.
- Earmarked Reserves: the Council may set aside earmarked reserves to cover specific projects or contingencies. These are transferred from the General Fund, and amounts are withdrawn as required to finance such expenditure. The expenditure itself is charged to the appropriate line in the Comprehensive Income and Expenditure Statement. There are no legal restrictions on the use of earmarked reserves, and unspent balances can be taken back to the General Fund in the same way.
- General Fund: this represents all other usable reserves for the general fund, without legal restrictions on spending, which arise from annual surpluses or deficits.
- Housing Revenue Account (HRA): This is a statutory reserve for the HRA.
- HRA Earmarked Reserves: this represents reserves from the HRA which arise from annual surpluses or deficits.
- Major Repairs Reserve: This is a statutory reserve which can only be used to fund new capital investment in HRA assets or the financing of historical capital expenditure by the HRA

Unusable Reserves consist of those which cannot be used to finance capital or revenue expenditure:

- Revaluation Reserve: this consists of accumulated gains on individual items of Property, Plant and Equipment. The Reserve contains only gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains before that date were consolidated into the balance on the Capital Adjustment Account. The balance is reduced when assets with accumulated gains are:
 - revalued downwards or impaired and the gains are lost
 - used in the provision of services and the gains are consumed through depreciation, or
 - disposed of and the gains are realised.
- Capital Adjustment Account: Receives credits when capital is financed from the General Fund or from the Capital Receipts and Capital Grants Unapplied reserves, and receives debits to offset depreciation and other charges relating to capital which are not chargeable against the General Fund. The account contains revaluation gains accumulated on non-current assets before 1 April 2007, the date on which the Revaluation Reserve was created to hold such gains.

- **Deferred Capital Receipts:** in some cases (particularly former housing stock disposed of, where the purchaser financed the transaction through a mortgage from the Council) an asset is disposed of, but the income cannot be collected immediately. The Council maintains records for a long term debtor, offset by a balance in the Deferred Capital Receipts Account. When the income is received the debtor is written down and a transfer is made between this account and the Capital Receipts Reserve.
- **Pensions Reserve:** The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.
- **Collection Fund Adjustment Account:** this represents the differences arising from the recognition of Council Tax income and Non-Domestic Rates in the Comprehensive Income and Expenditure Statement as they fall due from payers, compared with the statutory arrangements for paying across amounts from the Collection Fund to the General Fund.
- **Accumulated Absences Reserve:** this contains the difference between the statutory and accounting liability for the cost of accumulated absences: the cost is properly chargeable to the Comprehensive Income and Expenditure Statement, but not to the General Fund.
- **Financial Instruments adjustment account:** this absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.
- **Financial Instrument Revaluation Reserve:** this contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:
 - revalued downwards or impaired and the gains are lost.
 - disposed of and the gains are realised.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council tax.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

The Collection Fund

The Collection Fund shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities and the Government of council tax and non-domestic rates. The Council, as a billing authority, is statutorily required to maintain a separate agency Collection Fund account, into which all transactions relating to collection of business rate and council tax income from taxpayers and distribution to local government bodies and central government are made. The Collection Fund account is accounted for separately from the General Fund.

The Council collects income from payers of Council Tax and Non-Domestic Ratepayers, but only part of the income relates to this Council, the balance being collected on behalf of other major precepting authorities, including the Government. The amounts of debtors, adjustments for doubtful debts, overpayment creditors and receipts in advance that relate to the precepting authorities are shown as a single net debtor or creditor in the balance sheet. The element of the Collection Fund due to preceptors is held as part of the Short Term Creditors balance. Annual changes in the amounts held for preceptors are shown as part of financing activities in the Cash Flow Statement.

The amounts legally credited to the General Fund are those estimated before the start of the financial year, including distributions of estimated surplus, or contributions towards estimated deficits. In accounting terms, however, the Council's share of the collectable debit (including adjustments to allowances for doubtful debts and appeals) are credited to the Comprehensive Income and Expenditure Statement. The difference between the cumulative amounts for statutory and accounting purposes forms the Collection Fund Adjustment Account (an unusable reserve) and the annual adjustment forms part of the accounting and financing adjustments.

The cash flow statement only includes in revenue activities cash flows relating to its own share of council tax and business rates income collected. The difference between the government and the preceptors' share of the net cash collected and the net cash paid to them is included as a net movement in other liquid resources.

There are a number of Business Rates reliefs available to rate payers which are mandatory, the government funds these reliefs in full (except for Small Business Rate relief which it funds in part) via s31 grant to each authority. The s31 grant included in the CIES for the year that which is equal to the NNDR3 outturn. Any excess of this amount compared to the estimated NNDR1 figure is transferred to a s31 earmarked reserve and distributed in subsequent years against any deficit amounts.

Under the Business Rate Retention Scheme the government has calculated the Funding Baseline which each authority needs to fund its business as well as a Business Rate Baseline which relates to the collectable NNDR, the difference between the two will either result in an individual authority paying a tariff to, or receiving top-up from the government. In a two tier authority the County Council will be in a top-up position and the billing authority in a tariff position. The tariff or top-up is reflected in the authority's individual CIES i.e. does not go through the Collection Fund.

The authority is required to calculate whether it is in a levy or safety net position at year end. If the authority's income from NNDR and the s31 grant less the tariff paid is greater than the funding baseline then a levy is payable according to the levy formula, the percentage of levy is capped at 50%. If the authority's income from NNDR and the s31 grant less the tariff paid is less than 92.5% of the funding baseline then the authority is entitled to a safety net payment. Any levy/ safety net amounts are accrued and included in the CIES and in creditors/debtors as appropriate in the Balance Sheet.



Committee Name: Audit
Committee Date: 23/01/2024
Report Title: Work Programme

Portfolio: Councillor Kendrick, cabinet member for resources

Report from: Head of Legal and Procurement

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

This report sets out the committee's work programme to fulfil its terms of reference as set out in the council's constitution and agreed by council.

Recommendation:

It is recommended that the committee considers and agrees the work programme, and if further information is required.

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 meets the corporate priority to ensure Norwich City Council is in good shape to serve the city.

Report Details

Introduction

1. In accordance with its terms of reference, which is part of the constitution, the committee should consider the proposed work programme, set out below. The terms of reference meet the relevant regulatory requirements of the council for accounts and audit matters, including risk management, internal control and good governance.
2. The programme includes requests for further information agreed by the committee and reflects the actions identified as part of the committee's self-assessment.
3. The committee may wish to propose further reports on additional topics relevant to the committee's terms of reference.

Work Programme 2023/24

4. On 21 November 2023, the committee requested further assurance on the council's wholly owned companies, and it was agreed that the Head of Internal Audit would conduct a mapping exercise of where assurances were received and decisions made in relation to the wholly owned companies, particularly Norwich City Services Ltd (NCSL), and that the committee will have an opportunity to consider the Local Partnership's review of the governance arrangements of the council's wholly owned companies. These reports will be considered at the March 2024 meeting.
5. Work is underway to review the council's policies on Whistleblowing and Counter-Fraud, and these will be reported to committee in due course and added to the work programme for 2024/2025.
6. The proposed work programme for 2023/24 is as follows:

23 January 2024

Progress Report on Internal Audit Activity 2023/24
Review of Accounting Policies
Cybersecurity
Work Programme

19 March 2024

Risk Management Update
Progress Report on Internal Audit Activity 2023/24
Strategic and Annual Internal Audit Plans 2024/25
The outcome of the mapping
The Local Partnership's review of the governance arrangements for the council's wholly owned companies
Mapping exercise on where assurance is received, and decisions made, in relation to the wholly owned companies
Committee Self-Assessment
Work Programme

Work Programme 2024/25

7. The Work Programme for 2024/25 will be presented to the next meeting. This will comprise the standing items and annual reports. It is also proposed to schedule in additional sessions in September and November 2024, which can be convened as formal committees or informal meetings as required.

Actions Arising from the previous meeting

8. The action tracker has been circulated to members and attached to this report at Appendix B.

Training and development

9. There have been no specific training sessions for members of the committee during this period. The committee is of the view that all members should be aware of the role of the audit committee and have an awareness of Local Government Finance.
10. On 4 December at the committee's request, the Head of Legal and Procurement facilitated a session on the roles of the audit and scrutiny committees.
11. On 22 January 2024, the Interim Chief Finance Officer will be holding an online all-member briefing on Local Government Finance ahead of the annual budget council. The objective of the session is:

"In the current environment of funding reductions, talk of council bankruptcy and increased demands for service, this session will help you understand how councils are funded, how Norwich uses its resources and start to de-mystify the dark art of local government finance."

Consultation

12. The committee will review the work programme and actions identified as part of the annual committee self-assessment exercise at each meeting.

Implications

Financial and Resources

Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan and Budget.

13. The service expenditure falls within the parameters of the annual budget agreed by the council.

Legal

14. There are no direct legal implications arising from this report; reviewing its work programme supports the audit committee in delivering its role effectively, operating in line with good practice identified by CIPFA, supported by DLUHC.

Statutory Considerations

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

Risk Management

Risk	Consequence	Controls Required
Include operational, financial, compliance, security, legal, political or reputational risks to the council	There are no risk implications.	None Risk management reports feature in the programme.

Other Options Considered

15. There is no alternative. The committee may wish to propose further reports on additional topics relevant to the committee's terms of reference.

Reasons for the decision/recommendation

16. As a result of the delivery of the work programme the committee will have assurance through audit conclusions and findings that internal controls, governance and risk management arrangements are working effectively or confirmation that there are plans in place to strengthen controls.

Background papers:

None

Appendices:

Appendix A - Actions arising from the Committee's Self-Assessment approved at Audit Committee on 21 March 2023

Appendix B – Action tracker – actions arising from meeting of the committee held on 21 November 2023.

Contact Officer:

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If you would like this agenda in an alternative format, such as a larger or smaller font, audio or Braille, or in a different language, please contact the committee officer above.

Audit Committee 23 January 2024 Work Programme

Appendix A - Actions arising from the Committee's Self-Assessment approved at Audit Committee on 21 March 2023

Question	Assessment	Action	Proposed Target Date
4	Partly	Training to be considered for members outside of the committee to raise awareness of the role of the Audit Committee.	December 2023
6	Partly	The Committee has reflected on its engagement with Cabinet and resolved to explore a process where a more formal escalation of concerns were highlighted through to cabinet.	November 2023
8	Partly	An annual self-assessment of the Audit Committee is now carried out. However, the Committee has suggested that a review is undertaken to compare its TOR to Audit Committee's at City Councils of a similar size such as Oxford and Cambridge.	November 2023
9	Yes	CLT and the Committee have considered whether Treasury Management is an appropriate area of involvement for the Audit Committee. As a result of this a Treasury Management Panel has been set up to review the Councils arrangements and provide assurance on the robustness of controls in this area.	Complete
12	Partly	To enhance knowledge skills and independence of the Committee, it was agreed that an independent person would be appointed. The Council successfully appointed an independent person in June 2022. The Committee has expressed an interest in appointing a second independent person and it has been agreed this will be progressed following May 2023 elections. The Committee have suggested that it would be useful for the personal specification to stipulate that accountancy skills would be desirable.	December 2023
15	Partly	The membership of the committee has now been assessed against the core knowledge and skills framework. A training programme covering identified gaps in skills and knowledge has been provided to the Committee for	January 2024

Question	Assessment	Action	Proposed Target Date
		comment. A training plan will be arranged when this is agreed. It is also suggested that the assessment is completed following the May 2023 elections and the training needs of the Committee are updated.	
18	Partly	Feedback to be received by the Committee as part of the presentation of the annual report. However, the Committee suggests that a survey of staff and other members interacting with the Committee such as Cabinet, Scrutiny Committee is undertaken to seek feedback. Head of Internal Audit to draft questions for Audit Committee agreement for circulation and anonymous feedback to be provided following presentation of the annual report.	December 2023
19	Partly	As part of the self-assessment exercise the Committee has evaluated how it is adding value. Part two of the 2022 version of the Cipfa self-assessment will be carried out as a part of next year's review to provide examples of strengths and weaknesses in each area.	January 2024

Audit Committee 23 January 2024
Work Programme
Appendix B Audit Committee Action Tracker

Date of Meeting	Minute Item	Action to be taken	Responsible officer	Comments
21 Nov 23	4. Learning Lessons from Failings in Other Authorities	Resolved to ask the Head of Legal and Procurement to report on the Local Partnership's governance review of the arrangements for the council's wholly owned companies to a future meeting of the committee:	Leah Mickleborough	On work programme for March meeting
21 Nov 23	4. Learning Lessons from Failings in Other Authorities	Resolved to note that the Head of Internal Audit will report back to the committee following an assurance mapping exercise on where assurance is received, and decisions made, in relation to the wholly owned companies.	Teresa Sharman Neville Murton Leah Mickleborough	On work programme for March meeting
21 Nov 23	4. Learning Lessons from Failings in Other Authorities	Action - ask the Head of Legal and Procurement to consider whether the financial options appraisal of Norwich Community Services can be shared with members of the committee.	Leah Mickleborough Neville Murton	The business plan for NCSL is due for consideration by the scrutiny committee before cabinet review which will look at the financial implications
21 Nov 23	5. Draft Annual Governance Statement 2022/23	(1) endorse the draft Annual Governance Statement 2022/23, subject to consideration of comments received from members, as minuted above, and from members outside the meeting; (2) recommend to cabinet that an Annual Report is published as part of the council's communications and engagement strategy.	Leah Mickleborough Jackie Rodger	The AGS 2022/23 will return to a future meeting for sign off with the Statement of Accounts (on work programme). Cabinet and the Executive Leadership Team have been emailed

Audit Committee – Action Tracker

Date of Meeting	Minute Item	Action to be taken	Responsible officer	Comments
21 Nov 23	6. Draft Statement of Accounts 2022/23	having reviewed the Draft Statement of Accounts, to note that the audited Statement of Accounts 2022/2023 will come back to a future committee meeting to be signed off.	Neville Murton	The Statement of Accounts will return to a future meeting of the committee – on work programme
21 Nov 23	7. Internal Audit Progress November 2023	<p>(1) the Interim Head of Finance will provide an update on the Outstanding Internal Audit Recommendations as set out in Appendix 4, and that the responsible officers will be required to attend the next committee if they have not implemented recommendations by the revised due date.</p> <p>(2) the chair will email responsible officers who fail to respond to requests from Internal Audit, supported by the cabinet member for resources.</p>	Gareth Robinson Gareth Robinson/ Teresa Sharman	On agenda for the next meeting (23 January 2024) Councillor Price
21 Nov 23	8.Risk Register	RESOLVED , having considered the report, to ask for a full break down of the KPIs and mitigation in relation to the risks contained in the exempt appendix.	Gareth Robinson	The risk register will be circulated to members outside of the meeting. There has been a delay due to staff resources.
21 Nov 23	10*. Risk Register (Exempt Appendix) (Paragraph 3)	RESOLVED , having considered the report, to ask for a full break down of the KPIs and mitigation in relation to the risks contained in the exempt appendix.	Gareth Robinson	The risk register will be circulated to members outside of the meeting. There has been a delay due to staff resources.

Audit Committee – Action Tracker

Date of Meeting	Minute Item	Action to be taken	Responsible officer	Comments
21 Nov 23	11. Work plan	<p>(2) hold an informal session as part of the committee's self-assessment process.</p> <p>(3) amend the work plan to include:</p> <p>(a) the report on the outcome of the assurance mapping exercise of levels of assurance on the council's wholly owned companies at the March meeting.</p> <p>(b) consideration of the Local Partnership's report on the governance arrangements for the council and NCSL when appropriate.</p> <p>(c) note that members have requested that the committee reviews the council's "Whistleblowing Policy".</p>	<p>Teresa Sharman Jackie Rodger</p> <p>Jackie Rodger</p>	<p>A provisional date of 5 February 2024 has been circulated to members, subject to confirmation.</p> <p>The work plan has been amended</p>

