

### **Audit committee**

**Date:** Tuesday, 21 March 2023

**Time:** 16:30

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

#### **Committee members:**

##### **Councillors:**

Price (chair)  
Driver (vice chair)  
Everett  
Haynes  
Kidman  
Sands (M)  
Stutely  
Wright

##### **Independent person**

David Harwood

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## Agenda

### Page nos

#### 1 Apologies

To receive apologies for absence

#### 2 Public questions/petitions

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

#### 3 Declarations of interest

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

#### 4 Minutes

5 - 10

To approve the accuracy of the minutes of the meeting held on 29 November 2023

#### 5 Risk Management Update

11 - 60

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

#### 6 Internal Audit Progress Update 2022/23

61 - 92

**Purpose** - This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2022/23.

#### 7 Strategic and Annual Internal Audit Plans 2023/24

93 - 128

**Purpose** - This report provides an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2023/24 to 2026/27 and the Annual Internal Audit Plan for 2023/24. The Annual Internal Audit Plan will then serve as the work programme for the Council's Internal Audit Services Contractor; TIAA Ltd.

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

**8 State of the Audit Landscape and Norwich Closure** 129 - 136

**Purpose** - This report will provide an update on the wider local government audit landscape as well as a picture of Norwich's approach to closure.

**9 Review of Accounting Policies** 137 - 162

**Purpose** - This report notes the Council's Accounting policies for 2022/23 and submits them for review and comment. These will be used in the preparation of and form part of the council's statutory accounts.

**10 Audit Committee Self Assessment** 163 - 174

**Purpose** - The Audit Committee carried out a self-assessment exercise on 17 January 2023 facilitated by the Head of Internal Audit. The results of the assessment are provided within this report to allow the Committee to track progress made against agreed actions and to make any amendments based on the current position.

**11 Work Programme - report** 175 - 178

**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.

**12 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**

### **13 Risk Management Update - Exempt Appendix**

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

### **14 Update on Cyber Security - Report to follow**

Date of publication: **Thursday, 16 March 2023**





**Audit committee**

**17:00 to 19:10**

**29 November 2022**

**Present:** Councillors Price (chair), Driver (vice chair), Everett, Haynes, Kidman, Sands (M), Stutely and Wright, and David Harwood (independent person)

**Also present:** Councillor Kendrick, cabinet member for resources

(Councillors Giles and Oliver also attended the meeting as observers.)

**1. Public questions and petitions**

There were no public questions or petitions.

**2. Declarations of interest**

There were no declarations of interests.

**3. Minutes**

**RESOLVED** to approve the accuracy of the minutes of the meeting held on 4 October 2022.

**4. Internal Audit Progress Update 2022/23**

The Head of Internal Audit presented the report. An external quality assessment had been undertaken of Eastern Internal Audit Services and it had received good feedback. More details would be provided in the year-end report. Members were advised that the Internal Audit Plan, that had been agreed in March 2022, had been reprofiled following discussions at this committee and with the Corporate Leadership Team (CLT), to ensure that the most strategic risks were considered. Paragraph 2.2 set out the list of audits that were proposed for deferral to 2023/24. It was also proposed to include the additional audits and advisory work to next year's plan as set out in paragraph 2.3. Members might want to comment or add to these proposals.

The Head of Internal Audit then answered members' questions on the report. She referred to the table in paragraph 2.2 and confirmed that the explanations for the first two areas, NC22308 Income and NC2307 Accounts Receivable, were the same. Members were advised that assurances in these areas would still be covered in the Quarter 4 Key Controls and Assurance work.

In reply to a member's question, the Head of Internal Audit confirmed that NC234 Community Safety and ASB was no longer a strategic risk following discussion at CLT, and she was confident that it would be assessed at directorate level. The chair commented that this had been noted at the last meeting.

A member commented on the deferral of audits NC2322 Housing Compliance Validation Checks and NC2304 Procurement and Contract Management and noted that these would be monitored elsewhere but expressed concern that in case there was something that had been missed, these audits should be conducted as soon as practicable when the other processes were completed. The Head of Internal Audit explained that it was a balancing act to ensure that internal audit did not get in the way of good works being undertaken. There was external verification of housing compliance validation checks through the council's self-referral to the Regulator. The Head of Legal and Procurement would be monitoring procurement and contract management against the council's standing orders. Members were therefore assured that these areas were being monitored and that it was not the right time to conduct the internal audit.

During discussion, the Independent Person challenged the loss of 36 audit days from the plan, pointing out that this was almost a 10 per cent reduction in the agreed audit plan. He expressed concern that the plan would not be delivered by 31 March 2023 and was concerned about the number of audits that would be carried out in Q4 and the impact that this would have on audit plans in future years. The Head of Internal Audit explained that the changes to the internal audit plan were to allow the internal audit team to deliver the programme, following discussions with the Audit Committee and CLT. An outcome of the external quality assurance work of the internal audit service had been to add in extra days in some audit areas to provide enhanced data analysis and assurance. Some key control work was saved to Q4 so as to be able to test sample the whole year. Audits of some financial controls were conducted on an annual or biannual basis. The committee was advised that audits were disruptive to normal work and therefore arranged to fit in with services following discussion with managers. She assured the committee that she would be in a position to provide the annual audit opinion. Other members expressed concern that the purpose of the reduction was to save the council money. Members were advised that there were resources available and that was the advantage of the consortium arrangements. The revised plan had been discussed at the committee meeting (4 October 2022) and at CLT and was considered to provide sufficient assurance on governance, risk management and controls, to form an audit opinion. Robust explanations had been in the report for the changes to the plan.

The External Auditor was invited to comment and said that the Audit Results report would include an assessment of governance and internal audit. However, he considered that the proposed changes were not unreasonable and other councils were making similar changes in focus in response to strategic risks.

Discussion ensued in which the Head of Legal and Procurement provided an example of that the internal audit review of Contracts and Procurement had slipped to allow for the new procedures to be embedded in the organisation. Whilst the audit would be deferred to the next year's plan, this might in practice only mean a few weeks. The Head of Internal Audit explained that internal audit plan was considered by CLT and assessed against the risk register and mitigations. In the case of Contracts and Procurement, she had regular meetings with the Head of Legal and Procurement and was comfortable with the progress being made.

The Head of Internal Audit referred to reports being issued in final during this period as set out in paragraphs 4.4 and 5.1. Each report was summarised in the appendices to the report.

Members noted that the outstanding internal audit reviews from 2021/22, NC2213 Environmental Services and NC2219 Capital Programme Management and Accounting, had each received a limited assurance. A member, referred to the internal review of Environmental Services, and asked how the 14 recommendations would be monitored. The Head of Internal Audit said that progress against actions were monitored and would be brought back to the committee if recommendations were not carried out as agreed. The Head of Environmental Services assured members that the service had engaged with the internal audit team to ensure that recommended actions would meet the deadlines. The Head of Internal Audit commented on the outstanding recommendations and said that some of these related to providing evidence to the council that the elements of the contract were being carried out. The Executive Director of Development and City Services pointed out that members should take into consideration that environmental services was a large frontline service and the scale of the contract (£6.6 million) should be considered in comparison to smaller contracts or service areas. The Head of Internal Audit explained that each page of the contract had been examined and that the recommendations sought to demonstrate to the council that the contract was being adhered to.

A member expressed his concern that with regard to Capital Project Management, records of meetings had not been kept.

Members discussed the risk priority attached to recommendations. A member referred to Appendix 7, Accounts Payable, and said that he considered making a payment without an invoice was a fundamental weakness and asked why the priority for implementing the "No PO (purchase order), no payment" policy was categorised as medium. The Head of Internal Audit said that the priority risk was graded following discussion with service areas and was down to judgement. This would provide a good control and risk environment going forward. The Head of Legal and Procurement said that with regard to the exceptions list, where a payment could be made without a PO, the control required officers to provide reasons that would be documented.

Discussion ensued on the Environmental Services internal review. The chair expressed dismay with the recommendation for the council to undertake independent verification that key performance indicators (KPIs) provided by Norwich City Services Ltd (NCSL) were accurate. The Head of Environmental Services said that some of the recommendations were due to the timing of the audit and a misconception on the part of the internal audit team on contract management which had since been clarified. The Head of Internal Audit said that, following discussions with the council, mitigation had been agreed. This included the provision of refresher training on contract management to relevant officers. Members were advised that the internal audit review had focused on the client side.

The chair commented that he and the vice chair would like all members of the committee to receive final versions of internal audit reviews, in full, to help members understand the recommendations. It was evident from members' questions that they needed clarification which the reports would provide. The Head of Internal Audit said that a standard report template was used across consortium, with an executive summary of completed internal audit reviews. Some members would not want or have the time to read the full audit report. The chair pointed out that there would be no extra resource required as the reports would not be part of the agenda papers and could be provided as a pdf emailed to members.

**RESOLVED to:**

- (1) receive details the results of the outstanding 2021/22 internal audit plan of work and review progress with delivery of the 2022/23 plan;
- (2) request that all members of the committee are provided with pdf versions of the final internal audit reviews reports.

**5. Managing the risk of fraud and error in the payment of Coronavirus Business Grants**

The Head of Revenues and Benefits presented the report. She said that although she had only been in post since June 2022, she appreciated the work that had been undertaken by the team to ensure that business grants had been delivered as a matter of priority. The council would continue to reclaim funding where it could. To date there was an outstanding £91,000 to recover.

A member commented that from talking to businesses, he was aware that the city council had undertaken more checks than other local authorities. Members also sought reassurance that the service was not under-resourced and were advised that the grants had been issued on top of the “day job”. The chair commented on the officers’ dedication and that said that some had continued to work over the Christmas break to ensure that grants were delivered.

Councillor Kendrick, cabinet member for resources, said that there was always potential for fraud and for criminals to take advantage. The grants had saved local businesses and self-employed in the city.

A member referred to the identification of fraudulent claims or grants paid out in error as being less than one per cent of the total and asked when benchmarking data would be available so that the council’s performance could be measured against that of other authorities. The Head of Revenues and Benefits said that whilst there was no national data, from her experience of other local authorities, it was similar. Pre and post payment assurance work had subsequently identified where payments had been to ineligible businesses, either through error or fraud in the early round of claims, when local authorities were told just to pay out the grants. There was less fraud in later schemes due to processes the council put in place to pre-check applications. She considered therefore that the level of fraud was low and that the council had taken the right approach.

The Independent Person referred to paragraph 26 of the report and asked whether all outstanding cases would be handed over to the Department of Business Energy and Industrial Strategy (BEIS) in November. The Head of Revenues and Benefits assured members that the council was still collecting funding from identified cases of fraud of overpaid cases and that it was only the cases where the council had made three attempts to recover funding that would be handed over to BEIS to continue the enforcement process.

**RESOLVED** to note the report and the ongoing work to reclaim grant funding.

## 6. Work Programme

**RESOLVED** to agree the work programme, subject to deferring the report on the Audit Committee Self-Assessment to the March meeting.

## 7. Annual External Audit Plan 2021/22

(The chair agreed to take this item as urgent business. The report was circulated to members of the committee and published as a supplementary agenda.)

(David Riglar, Audit Partner, Ernst & Young (External Auditor) attended the meeting for this item.)

The External Auditor presented the appended report which sets out the external audit approach and scope for the 2021/22 audit. He would be taking over from Mark Hodgson, Audit Partner. He had worked on the council's accounts as a trainee with the Audit Commission. He drew members' attention to Section 1, which provided the committee with an overview of the external audit's initial risk identification and identified any changes made in the year. It was noted that there was no change in any of the risk or focus areas, except for Accounting for Covid-19 related government grants, where the risk was reduced from the previous year.

The chair referred to the group accounts and asked whether Norwich City Services Ltd (NCSL) would be required to provide the same level of detail in the accounts as Aston Shaw provided for Norwich Regeneration Ltd (NRL), the council's other wholly owned company. The External Auditor confirmed this and said that the external audit plan was a draft one to identify the risks and the scope and would be reviewed as it was completed. Members noted the levels of materiality for the Group Accounts and that this had been based on the group's draft accounts.

The External Auditor said that the statutory deadline for the publication of the 2021/22 audited accounts would not be met on 30 November as the audit had not yet started. He referred to the national and sector issues in undertaking statutory audits, which were not specific to this council and would continue to impact on the delivery of external audits for the next couple of years. The chair asked what measures were in place to ensure that audits would be completed in time, given that the audit was about to commence at a time that the finance teams were working on budget proposals and closing the accounts for the current financial year, stating that the council was willing to be flexible to bring forward the audit. The External Auditor confirmed that the external audit team held regular review meetings with the council's officers, which helped the delivery of the audit and meant that they made better use of their time during the audit. He pointed out that there was a two-year improvement programme in place to get back on track. The number of authorities that had not signed off accounts by the deadline was likely to increase this year. Last year 8 per cent of local authorities had met the deadline for approving their audited accounts, it had been 30 per cent the year before, and it would be even less this year.

The chair commented on the increase in the level of fees set by the Public Sector Audit Appointments (PSAA) and asked how council could reduce these. The External Auditor said that he and the external audit team had worked closely with Mark Hodgson, Audit Partner, and had a good knowledge of the council.

In reply to a question from the Independent Person, the External Auditor explained that the auditor's responsibility for reporting Value for Money considerations had changed under the 2020 Code. The auditor now had to do a risk assessment and report by exception.

The Independent Person commented that most residents would not be aware of the national situation causing the external audit to be delayed. The Corporate Finance Business Partner said that the draft accounts were already on the website and confirmed that there would be a notice on the council's website advising that the accounts had not been signed off by the statutory deadline. Officers had responded to 100 pre-audit requests and were prepared for the start of the audit. He pointed out that other authorities would be in a similar position. The External Auditor confirmed that this council had submitted its accounts and financial statements by 31 July 2022 and that he would share recommended wording for the website with the Corporate Finance Business Partner.

In reply to a question from the chair, the External Auditor explained the statement "Effects of climate related matters on financial statements and Value for Money arrangements" and said that this was an area of increasing work on audits. Unlike in the private sector, local authorities were not yet required to provide a sustainability report. Under Value for Money, where councils have declared a climate emergency, the auditors would report if there was no expenditure on climate change or statement in the key strategic aims.

**RESOLVED to:**

- (1) confirm its understanding and agreement to the materiality reporting levels set out on page 24; and
- (2) agrees the approach and scope of the external audit as proposed in the audit plan;
- (3) record the committee's gratitude to Mark Hodgson for his work on the council's external audits and valuable advice to the chair and members of the committee.

CHAIR

**Committee name:** Audit

**Committee date:** 21/03/2023

**Report title:** Risk Management Update

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

**Report from:** Interim Chief Finance Officer (S151)

**Wards:** All wards

**OPEN PUBLIC ITEM**

**Purpose**

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

**Recommendation:**

It is recommended that the committee notes the risk management report.

**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 is relevant for all five corporate aims.

## Report details

### Background

1. Risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced.
2. The purpose of this report is to provide an update based on the Q3 2022/23 corporate risk register; this information would have been considered by the cabinet on 8 February as part of the Q3 Assurance report. The report forms part of the twice-yearly updates to the audit committee on risk management, enabling the committee to fulfil its oversight function.

### Q3 2022 Corporate Risk Register

3. Heads of Service and other risk owners were asked to update their directorate and corporate registers to reflect the position at the end of quarter 3. The current Corporate Risk Register summary is shown below.
4. Most risks are static although four are improving, including the risk associated with long term financial planning which, with the proposed budget and MTFS is now indicating a balanced position is possible without the need to use reserves. That risk alongside those associated with housing regulation are now not considered to be red risks.
5. There remain a number of risks which have been rated as red indicating that specific consideration needs to be considered to take actions which are intended to reduce the impact of the identified risk.
6. The corporate register has been updated to reflect feedback received from the action owners and reviewed by the Corporate Leadership Team. This is shown in full in **Appendix 1** and summarised below in **Table 1**.

### Role of Audit Committee

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

### Consultation

8. The corporate risk register has been reviewed by the Corporate Leadership Team. It was also considered by Cabinet on 8 February 2023.
9. This report forms part of the twice-yearly updates to the Audit Committee on risk management, enabling the committee to fulfil its oversight function.



**Table 1:** Summary of Corporate Risk Register

Risk (inc reference)	Directorate	Q3 2022/23		Current direction	Last Review Date
		Residual risk score	Target risk score		
<b>CORP01 Council Funding Medium - Long Term</b>	<b>Exec Dir - Corporate &amp; Commercial Services</b>	<b>12</b>	<b>8</b>	<b>Improving</b>	<b>13/01/2023</b>
<b>CORP03 Health &amp; safety in the workplace</b>	<b>Exec Dir - Development &amp; City Services</b>	<b>12</b>	<b>8</b>	<b>Static</b>	<b>23/01/2023</b>
<b>CORP06 Failure to respond to a critical, business continuity or emergency planning event</b>	<b>Chief Executive</b>	<b>12</b>	<b>6</b>	<b>Static</b>	<b>23/01/2023</b>
<b>CORP07 Cyber security</b>	<b>Exec Dir - Community Services</b>	<b>15</b>	<b>15</b>	<b>Static</b>	<b>18/01/2023</b>
<b>CORP08 Data Protection compliance</b>	<b>Exec Dir - Community Services</b>	<b>12</b>	<b>8</b>	<b>Static</b>	<b>06/01/2023</b>
<b>CORP09 Failure to fulfil statutory or legislative responsibilities - safeguarding</b>	<b>Exec Dir - Community Services</b>	<b>15</b>	<b>12</b>	<b>Static</b>	<b>30/01/2023</b>
<b>CORP12 Contract management - governance</b>	<b>HoS - Legal &amp; Procurement</b>	<b>9</b>	<b>6</b>	<b>Static</b>	<b>03/01/2023</b>
<b>CORP13 The Council's approach to waste and recycling becomes financially, environmentally and contractually unsustainable</b>	<b>Exec Dir - Development &amp; City Services</b>	<b>12</b>	<b>4</b>	<b>Static</b>	<b>23/01/2023</b>
<b>CORP14 Health and safety and compliance in council homes and buildings</b>	<b>Exec Dir - Community Services</b>	<b>20</b>	<b>4</b>	<b>Static</b>	<b>30/01/2023</b>

Risk (inc reference)	Directorate	Q3 2022/23		Current direction	Last Review Date
		Residual risk score	Target risk score		
CORP15 Failure to be able to draw down £15m of Housing Infrastructure Fund (HIF) money previously secured from Homes England (HE) and under contract to assist with the delivery of Anglia Square leading to failure for successful redevelopment of this key city centre site	Exec Dir - Development & City Services	12	8	Static	23/01/2023
CORP16 Implementation of the Election Act	Chief Executive	12	4	Improving	03/01/2023
CORP17 Failure to deliver acceptable levels of performance in regulatory services	Exec Dir - Development & City Services	12	8	Static	23/01/2023
CORP18 Failure to address Natural England advice on Nutrient Neutrality (NN)	Exec Dir - Development & City Services	20	10	Improving	23/01/2023
CORP19 Housing regulation	Exec Dir - Community Services	12	9	Improving	23/01/2023
CORP20 Cost of living (COL) crisis has a negative impact on the city and the council	Exec Dir - Community Services	20	12	Static	12/01/2023
CORP21 Equality impacts due to climate change	Exec Dir - Community Services	16	12	Static	12/01/2023
CORP23 Impact of economic downturn on key council suppliers	Exec Dir - Corporate & Commercial Services	16	8	Static	03/01/2023

## 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 2022-26 and budget.

10. There are no proposals in this report that would reduce or increase resources and all risk management activities are currently carried out within approved and available budget provision.

### Legal

11. There are no legal implications arising from this report.

### Statutory considerations

Consideration	Details of any implications and proposed measures to address:
Equality and diversity	No direct implications
Health, social and economic impact	No direct implications
Crime and disorder	No direct implications
Children and adults safeguarding	No direct implications
Environmental impact	No direct implications

### Risk management

Risk	Consequence	Controls required
The full corporate risk register is provided as an appendix to the report. Risk owners, CLT, Cabinet and the audit committee all have key roles to play in the oversight and management of corporate risks	A failure to manage risk appropriately brings a range of potential implications for the council including financial and other losses and reputational damage	Maintenance and oversight of the council's core risks is an important control to the successful management of risks

### Other options considered

12. There are no alternative options to this report.

## Reasons for the decision/recommendation

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

## Background papers:

None

## Appendices:

Appendix 1: Corporate Risk Register

Exempt Appendix 2: Corporate Risk Register Risks (commercially sensitive)

**Contact Officer:** Name: Neville Murton Tel: 01603 987766

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Risk scoring matrix

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

Risk direction key



# Audit Committee 21 March 2023

## Risk Register Update - Appendix 1 Corporate Risk Register

Risk (inc reference)	Directorate	Q2 2022/23		Q3 2022/23		Current direction	Last Review Date
		Residual risk score	Target risk score	Residual risk score	Target risk score		
CORP01 Council Funding Medium - Long Term	Exec Dir - Corporate & Commercial Services	25	8	12	8	Improving	13/01/2023
CORP03 Health & safety in the workplace	Exec Dir - Development & City Services	12	8	12	8	Static	23/01/2023
CORP06 Failure to respond to a critical, business continuity or emergency planning event	Chief Executive	12	6	12	6	Static	23/01/2023
CORP07 Cyber security	Exec Dir - Community Services	15	15	15	15	Static	18/01/2023
CORP08 Data Protection compliance	Exec Dir - Community Services	12	8	12	8	Static	06/01/2023
CORP09 Failure to fulfil statutory or legislative responsibilities - safeguarding	Exec Dir - Community Services	15	12	15	12	Static	30/01/2023
CORP12 Contract management - governance	HoS - Legal & Procurement	9	6	9	6	Static	03/01/2023
CORP13 The Council's approach to waste and recycling becomes financially, environmentally and contractually unsustainable	Exec Dir - Development & City Services	12	4	12	4	Static	23/01/2023
CORP14 Health and safety and compliance in council homes and buildings	Exec Dir - Community Services	20	4	20	4	Static	30/01/2023
CORP15 Failure to be able to draw down £15m of Housing Infrastructure Fund (HIF) money previously secured from Homes England (HE) and under contract to assist with the delivery of Anglia Square leading to failure for successful redevelopment of this key city centre site	Exec Dir - Development & City Services	12	8	12	8	Static	23/01/2023
CORP16 Implementation of the Election Act	Chief Executive	15	4	12	4	Improving	03/01/2023
CORP17 Failure to deliver acceptable levels of performance in regulatory services	Exec Dir - Development & City Services	12	8	12	8	Static	23/01/2023
CORP18 Failure to address Natural England advice on Nutrient Neutrality (NN)	Exec Dir - Development & City Services	25	10	20	10	Improving	23/01/2023
CORP19 Housing regulation	Exec Dir - Community Services	20	9	12	9	Improving	23/01/2023
CORP20 Cost of living (COL) crisis has a negative impact on the city and the council	Exec Dir - Community Services	20	12	20	12	Static	12/01/2023
CORP21 Equality impacts due to climate change	Exec Dir - Community Services	16	12	16	12	Static	12/01/2023
CORP23 Impact of economic downturn on key council suppliers	Exec Dir - Corporate & Commercial Services	16	8	16	8	Static	03/01/2023



Current risk description
Continued reductions in the Council's sources of funding over the medium term

Date raised	01/06/2020
Last review date	13/01/2023

Residual Risk			
	Impact	Likelihood	Score
Q4	4	4	16
Q1	4	4	16
Q2	5	5	25
Q3	4	3	12
Q4			0

Target Risk		
Impact	Likelihood	Score
4	2	8
4	2	8
4	2	8
4	2	8
		0

Primary Corporate Priority
5 - Norwich City Council is in good shape to serve the city

Risk owner
Exec Dir - Corporate & Commercial Services
Service area
Finance, Audit & Risk

Current risk direction
Improving

Progress	Publication Exempt?
ON TRACK	N

Background to this risk
Following a period of austerity in excess of a decade, economic conditions are now increasing demand and costs and the level of government funding is uncertain

Triggers
Council fails to identify and plan for enough savings over the medium term
Non-delivery of identified savings
New national funding arrangements reduce government funding (Fairer Funding, Business Rates Retention, New Homes Bonus)
Economic uncertainty increase volatility on business rates and council tax
Risk of inflation on costs and pension deficit increases
Lack of capital resources to fund the council's asset base – implications
National finances deteriorate adding to saving pressures to be met from government departments including for Local Government

Main impacts
Council's financial position goes into deficit, reducing confidence in financial strength and governance
Unplanned use of reserves reducing capacity and flexibility and compromising stability
Section 114 notice
Government intervention
Failure to deliver Council Plan
Adverse comments by poorer perception of Council by stakeholders
Overspends arising from activity not in service plans


**Council Funding Medium - Long Term**

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Financial performance and all budget proposals are monitored on a monthly basis; management action agreed by CLT in response to projected position	MONTHLY	G	Jan-23	Budget monitoring position reviewed by CLT with management action implemented to correct variances	Exec Dir - Corporate & Commercial Services
Future Shape Norwich established as transformation vehicle for longer term budget proposals with initial reporting to Cabinet on high value projects	QUARTERLY	G	Apr-23	Programme of work agreed and being taken forward supported by Design Authority	Exec Dir - Community Services
SLT budget sessions scheduled for June 2022 to identify additional proposals for savings	MONTHLY	G		Budget sessions held and information provided to inform 2023/24 budget setting and MTFS processes.	Chief Executive
A cabinet report will be prepared identifying the impact of higher inflationary pressures to the Council's budget		G		Report prepared and considered in July 2022 as part of budget development	Exec Dir - Corporate & Commercial Services
A wide-ranging asset review taking into account operational need, investment properties and disposals has commenced. Changes to the treasury, borrowing and Minimum Revenue Provision regulations will need to be considered			Jul-22		HoS - Property & Economic Development
Recruitment panel implemented to review all requests for new posts and extensions	MONTHLY	G	Apr-23	Panel has met fortnightly	HoS - HR & Organisational Development
Identification of proposals to close any budget gaps		G	Feb-23	Saving proposals and/ or additional income proposals have been identified and agreed for consultation that, if all agreed and implemented will enable a balanced budget to be set for 2023/24 and the MTFS period to 2027.	HoS - Finance, Audit & Risk
Analysis of provisional LGFS and Autumn budget papers	QUARTERLY	A	Apr-23	The initial analysis suggests that position for 2023/24 and 2024/25 is reasonably stable. Significant uncertainty exists thereafter particularly as it coincides with a possible general election.	HoS - Finance, Audit & Risk





## Current risk description

Poor H&S management leads to risks to our employees, general public, buildings and spaces.

## Date raised

01/05/2020

## Last review date

23/01/2023

## Residual Risk

	Impact	Likelihood	Score
Q4	4	3	12
Q1	4	3	12
Q2	4	3	12
Q3	4	3	12
Q4			0

## Target Risk

Impact	Likelihood	Score
4	2	8
4	2	8
4	2	8
4	2	8
		0

## Primary Corporate Priority

5 - Norwich City Council is in good shape to serve the city

## Risk owner

Exec Dir - Development & City Services

## Service area

Multiple Service Areas

## Background to this risk

The Council has a statutory to protect the H+S of its employees and the public in the discharge of its function. Poor H+S practice poses a considerable reputation and financial risk and can also increase risks to the staff and public (note risks in relation to Council buildings are covered separately in the risk registered)

## Current risk direction

Static



## Progress

ON TRACK

## Publication Exempt?

N

## Triggers

A health & safety breach occurs in respect of an employee, contractor or member of the public using a City Council owned asset

## Main impacts

Serious injury or death to the person/people involved in the breach

Significant cost to the Council

HSE or other regulator investigation and potentially serious outcomes, e.g. corporate manslaughter

Reputational damage



Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Peer review of CH&S functions to be undertaken - HoS - P&RS and EH&PPM to write scope and seek tenders - Review completed - Improvement plan now prepared - Implementation of being taken forward by H+S board	QUARTERLY	G	Apr-23	Tendering exercise completed and contract awarded. Review commence Sept 2022 and completed by Nov. Recommendations considered by H+S board and action plan agreed. Additional resources now brought in to oversee delivery of the plan.	HoS - Planning & Regulatory Services
Review of CH&S Policy and Performance Standards	ANNUALLY	G	Jul-22	COMPLETED - Interim policy agreed by CLT (08/06/2022). Production of revised policy is part of agreed action plan.	Environmental Health & Public Protection Manager
Completion of Internal Audit of CH&S (Employees related only)		G	Jul-22	COMPLETED	HoS - Finance, Audit and Risk



## Failure to respond to a critical, business continuity or emergency planning event

Current risk description	Date raised
Ability for services to get back up and running in the event of an emergency situation	01/04/2020
	Last review date
	23/01/2023

Residual Risk			
	Impact	Likelihood	Score
Q4	4	3	12
Q1	4	3	12
Q2	4	3	12
Q3	4	3	12
Q4			0

Target Risk		
Impact	Likelihood	Score
2	3	6
2	3	6
2	3	6
2	3	6
		0

Primary Corporate Priority
5 - Norwich City Council is in good shape to serve the city

Risk owner
Chief Executive
Service area
Planning & Regulatory Services

Current risk direction
Static 

Progress	Publication Exempt?
SLIPPED	N

Background to this risk
Norwich City Council is a member of Norfolk Resilience Forum and has a statutory to respond in the event of civil emergency

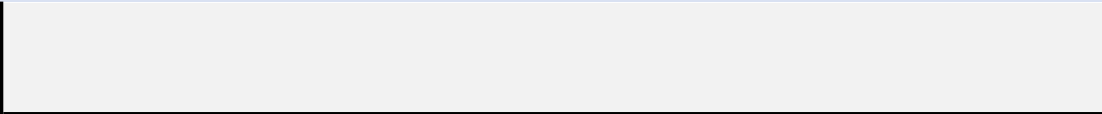
Triggers
<p>Occurrence of a significant event:</p> <ul style="list-style-type: none"> <li>- Loss City Hall</li> <li>- Denial of access to City Hall</li> <li>- ICT failure temporary</li> <li>- Cyber attack</li> <li>- Contractor collapse</li> <li>- Supply chain failure</li> <li>- Severe weather events</li> <li>- Loss of power</li> <li>- Sea level rise</li> <li>- Fuel shortages</li> <li>- Communications failure</li> <li>- Pandemic</li> </ul>

Main impacts
Loss of service delivery across the Council

Failure to respond to a critical, business continuity or emergency planning event



Insufficient staff representation across strategic, tactical and operational levels to ensure resilience, effective response and enable full engagement within Norfolk Resilience Forum (NRF) structures




**Failure to respond to a critical, business continuity or emergency planning event**

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Reinstatement of Business Continuity Steering Group (BCSG), agreement of TofR and attendees	QUARTERLY	G	Apr-23	BCSG TofR updated and has met. However, programme of meetings for 2023 needs to be put in place and report back to CLT on progress in Q4 22/23	HoS - Planning & Regulatory Services
<ul style="list-style-type: none"> <li>- SLT training on Corporate Business Continuity Plan (CBCP)</li> <li>- Review all service area Business Impact Assessments (BIAs) and Business Continuity Plans (BCPs)</li> <li>- Review CBCP</li> </ul> Complete all actions identified in Mean Arrows Exercise (cyber attack) and Llma (power outages)	QUARTERLY	A	Apr-23	Training on CBCP completed. Ongoing. Some service areas still missing. HofS to pick up with individual managers where necessary Still to do (dependent on item 2). Outcome from exercises to be reported back to CLT in Q4. Also will pick up actions below.	HoS - Planning & Regulatory Services
Report including (but not exhaustive): <ul style="list-style-type: none"> <li>- Use of Lakenham Office as WAR location</li> <li>- Develop Corporate induction training for new starters</li> <li>- Communications and IT emergency response strategy to be defined including OOH</li> <li>- Cyber Incident Response plan to be prepared</li> <li>- Recruit additional loggists</li> </ul>					


**Current risk description**

Cyber risk is the likelihood of suffering negative disruptions to sensitive data, finances, or council operations. Common cyber risks are ransomware, phishing, malware, data leak, insider threat, supply chain and nation state cyber attack and all are associated with

**Date raised** 01/06/2020

**Last review date** 18/01/2023

**Residual Risk**

	Impact	Likelihood	Score
Q4	5	3	15
Q1	5	3	15
Q2	5	3	15
Q3	5	3	15
Q4			0

**Target Risk**

	Impact	Likelihood	Score
	5	3	15
	5	3	15
	5	3	15
	5	3	15
			0

**Primary Corporate Priority**

5 - Norwich City Council is in good shape to serve the city

**Risk owner**

Exec Dir - Community Services

**Service area**

Customers, IT & Digital

**Current risk direction**

Static


**Progress**

ON TRACK

**Publication Exempt?**

N

**Background to this risk**

With the rise in cyber attacks on the public sector and the substantial fallout from successful attacks (loss of services for months, ICO penalties, reputational damage, loss of residents information) this risk has been raised to become visible on the corporate register

**Triggers**

Email containing ransomware

A website delivers malware or redirects to an infected website

A weakness (vulnerability) in the IT environment is exploited by an attacker e.g. user credentials have been obtained, remote access to the network, malicious software installed, unpatched software in operation, misconfigured IT assets

The supply chain service connecting to the council is poorly managed/configured and becomes the weak spot allowing the attack

A disgruntled employee

Lack of staff awareness and training in relation to cyber security

Physical access gained to the network switches, devices (USB / bluetooth)

Failure to address the recommendations of IT Health assessments in a timely fashion

**Main impacts**

The cyber attack on a local authority in NE of England is estimated to have cost £10m

Customer services severely disrupted

Loss of IT systems (such as web services, email, payments, public access, corporate information etc) for several days, weeks, months or for ever

Non-compliance with Payment Card Industry (PCI) standards which results in financial fines

Political & reputational risk

ICO fines

Financial impact of prolonged IT shutdown

Non-compliance with Public Sector Network (PSN) which results in possible loss of DWP information affecting the Benefits Service



Procurement of a hosted solution that doesn't protect the council's information or systems or introduces vulnerabilities.

Staff morale
May lead to loss of data, corruption of data, loss of service, ICO fines, reputational risk



Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Review the need to insure against cyber security attacks		G	-	COMPLETED - Brokers identified which provide cyber attack insurance; information about current security provided to them	HoS - Customers, IT & Digital
Address the vulnerabilities identified from the IT Health Assessment		G	Jul-22	COMPLETED	HoS - Customers, IT & Digital
Monitor the security products to ensure they are fit for purpose		G	N/A	On-going activity	HoS - Customers, IT & Digital
Technical solutions deployed - firewalls, Web application, anti-virus etc	ANNUALLY	G		On-going activity	HoS - Customers, IT & Digital
Independent assessment of IT environment	ANNUALLY	G	Dec-22	Complete. ITHC (IT Health Check) assessment has been	HoS - Customers, IT & Digital
Address the new vulnerabilities identified from new IT Health Assessment	QUARTERLY	G	Mar-23	Working on the items that have been flagged in the ITHC	HoS - Customers, IT & Digital
Membership of NCSC, CiSP, Cyber Sharing platforms & tools deployed	ANNUALLY	G	Jul-23	Ongoing attendance for early warnings	HoS - Customers, IT & Digital
Staff awareness and training	ANNUALLY	G	Jul-23	Mandatory training has been supplied. Ongoing awareness campaigns periodically	HoS - Customers, IT & Digital
Ensure before procurements are made for hosted solutions that suppliers provide suitable responses to the NCSC 14 Cloud Principles.	ANNUALLY	G	Jul-23	Work with Procurement to ensure that Cloud Principle responses obtained at the earliest point of tenders.	HoS - Customers, IT & Digital





Current risk description			
Please add description here			

<b>Date raised</b>	01/06/2020
<b>Last review date</b>	06/01/2023

Residual Risk			
	Impact	Likelihood	Score
<b>Q4</b>	4	3	<b>12</b>
<b>Q1</b>	4	3	<b>12</b>
<b>Q2</b>	4	3	<b>12</b>
<b>Q3</b>	4	3	<b>12</b>
<b>Q4</b>			0

Target Risk		
Impact	Likelihood	Score
4	2	<b>8</b>
4	2	<b>8</b>
4	2	<b>8</b>
4	2	<b>8</b>
		0

Primary Corporate Priority
5 - Norwich City Council is in good shape to serve the city

Risk owner
Exec Dir - Community Services
Service area
Customers, IT & Digital

Current risk direction
Static

Progress	Publication Exempt?
ON TRACK	N

Background to this risk
The UK's Data Protection legislation places legal requirements on the council. If we do not comply with these we are at risk of financial penalty and reputational damage.

Triggers
Non-compliance with Data Protection legislation
Breaches of personal data or businesses/politically sensitive material
Non-compliance with transparency legislation and transparency legislation

Main impacts
Regulatory & Legal - regulatory action from the Information Commissioner's Office (ICO), a notice from the Monitoring Officer or litigation. ICO can impose fines of up to £17.5 million or 4% of the total annual worldwide turnover in the preceding financial year, whichever is higher
Legal action - data subjects can bring compensation claims based on material or non-material damage including distress for non-compliance
Political & reputational damage



Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Staff awareness. Organisational measures required to ensure staff are adequately aware of their responsibilities and trained accordingly.	QUARTERLY	G	Apr-23	1 - Mandatory e-learning is provided to all new staff via Learning Pool and a refresh is required every two years. This is supplemented by an annual communications strategy. The LearningRoom platform on which the training is hosted is due to expire in Feb 2022 - no message from HR on the replacement plan.	HoS - Customers, IT & Digital
Corporate policies, procedures and guidance. To ensure organisational measure are in place to comply with legislation and Codes of Conduct.	QUARTERLY	G	Apr-23	c/f - A 'Transparency and Publication' Policy is currently in draft. c/f - The 'Appropriate Policy Document' is published on Norwich.gov but further work required to identify areas where NCC processes criminal data as a 'Competent Authority'.  All policies will be reviewed on an annual or bi-annual basis once published.	HoS - Customers, IT & Digital
Accountability. Record of Processing Activities (ROPA) and Information Asset Register (IAR) are accurate, maintained and communciated.	QUARTERLY	G	Apr-23	c/f - It is recognised that the Records of Processing Activity register requires a review to better reflect our current processes. This is scheduled to commence in Q2 2022. Whilst a legal requirement this offers little useful application or risk assurance.	HoS - Customers, IT & Digital



## Data Protection compliance

<p>Embed Data Retention practices.</p> <p>It is recognised that the Council holds a lot more data, including personal data, that is no longer required. This is a breach of the storage limitation principle.</p> <p>Now that the Retention Schedule has been revised, services will need supporting in disposing of data that should not longer be held.</p>	QUARTERLY	A	Apr-23	<p>c/f - Retention entries for Planning and RIPA to be reviewed.</p> <p>c/f - Civica disposal work continues.</p> <p>New - ERP Migration work includes removal of historic data</p> <p>c/f - Disposal / archiving of paper records to commence. Incl. clearance of clocktower rooms, <a href="#">LGF Safe &amp; Room 49</a>.</p>	HoS - Customers, IT & Digital
<p>NEW:</p> <p>CCTV Compliance.</p> <p>The Council does not currently adhere to the Commissioner's guidance in our use of CCTV. Different service areas are at different levels of maturity.</p>	QUARTERLY	A	Apr-23	<p>New - IG Team nominated to monitor CCTV compliance but the responsibility for compliance remains with Services.</p>	HoS - Customers, IT & Digital

## Failure to fulfil statutory or legislative responsibilities - safeguarding

Current risk description				Date raised	
Norwich City Council has a duty to promote the welfare of and to safeguard all children and vulnerable adults from harm				01/04/2020	
				Last review date	
				30/01/2023	

Residual Risk				Target Risk		
	Impact	Likelihood	Score	Impact	Likelihood	Score
Q4	5	3	15	4	3	12
Q1	5	3	15	4	3	12
Q2	5	3	15	4	3	12
Q3	5	3	15	4	3	12
Q4			0			0

Primary Corporate Priority			Risk owner	
5 - Norwich City Council is in good shape to serve the city			Exec Dir - Community Services	
			Service area	
			Housing & Community Safety	

Current risk direction		Background to this risk	
Static		Norwich City Council considers that all children and adults, whatever their age, culture, gender, origin, sexual orientation, skills, ability and beliefs have the right to protection from abuse. We have a duty to promote the welfare of all and safeguard them from harm as far as reasonably possible. It is the council's responsibility to do this by raising awareness to all employees and providing training to relevant officers across the organisation and council members on safeguarding children and vulnerable adults so they understand their safeguarding responsibilities	

Progress	Publication Exempt?
ON TRACK	N

## Failure to fulfil statutory or legislative responsibilities - safeguarding

Triggers	Main impacts
Lack of understanding the statutory and legislative responsibilities	Financial costs in compensation & fines
Lack of awareness of legislative changes and new legislation	Intervention if complete failure
Failure to implement statutory duties and responsibilities	Acting illegally
Lack of required skills knowledge and experience of key officers tasked to fulfil statutory or legislative responsibilities	Harm, abuse, accident or death linked to failure of the council to act within safeguarding arrangements
Insufficient organisational capacity	Wrong decision being made
Ineffective procedures and processes	Negative impact on the council's reputation
Lack of clarity of roles and ownership of legislative responsibilities (H&S, safeguarding, equality etc)	Being held to account by overseeing organisations (eg children safeguarding) maybe included in reputation
Delegation of responsibilities where services are with a contractor	

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Undertake Safeguarding Audit	ANNUALLY	G	Mar-23	Safeguarding Audit scoped and underway	Early Intervention and Community Safety Manager
Embed learning across council teams	ANNUALLY	G	Oct-23	Share review findings from 2022/23	Early Intervention and Community Safety Manager
Review corporate processes and role requirements regarding organisational DBS checks	ANNUALLY	A	Mar-23	Forms part of Safeguarding Audit	HoS - HR and Organisational Development



Current risk description				Date raised	
Ineffective management of contracts leads to poor service delivery				01/08/2020	
				Last review date	
				03/01/2023	

Residual Risk				Target Risk		
	Impact	Likelihood	Score	Impact	Likelihood	Score
Q4	3	3	9	2	3	6
Q1	3	3	9	2	3	6
Q2	3	3	9	2	3	6
Q3	3	3	9	2	3	6
Q4			0			0

Current risk direction		Progress	Publication Exempt?
Static		ON TRACK	N

Primary Corporate Priority		Risk owner	
1 - People live well and independently in a diverse and safe city		HoS - Legal & Procurement	
		Service area	
		Legal & Procurement	

Background to this risk	
This risk grew in prominence during 2021 following the identification of concerns relating to the management of specific contracts. Additional mitigating actions have been undertaken to reduce the risk scoring, with further actions identified	

Triggers		Main impacts	
Resourcing of contract management and training inadequate		Third party relationships and contracts not managed appropriately causing:	
Clarity of service area accountability & roles and responsibilities poor		<ul style="list-style-type: none"> <li>- contract value not realised / obligations not carried out</li> <li>- poor performance</li> <li>- financial loss / poor value for money</li> <li>- legislative requirements not met / regulatory / legal fine or censure</li> <li>- reputational impact</li> <li>- lack of visibility of supplier performance</li> </ul>	
Contract managers not fully aware of the risks to service delivery in their contracts			
Inadequate SLA / KPIs / MI identified in tender / contracts documents with lack of escalation of contract issues			



Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Re-development of contract procedures and associated guidance and support to enable the development of better contracts, facilitating more effective management	QUARTERLY	G	Sep-22	Completed	HoS - Legal & Procurement
Implementation of the contract accounting module of the new ERP system to help improve management of contract spend	QUARTERLY	A	Sep-23	It has been identified this would be an additional module for implementing, and therefore will need to be subject to an additional business case. If warranted, implementation would now be planned for September 2023 at the earliest.	HoS - Legal & Procurement
Participation in the DHLUC contract management pioneer commercial specialist review to identify next steps	QUARTERLY	G	Mar-23	Due to the Council's engagement with the contract management pioneer programme, enhancing internal skillsets, the Council has been selected to be part of the commercial specialist review. This will entail an independent review to discuss what further action the Council may wish to take and potential support to achieving this. DHLUC have indicated this will take place in late Jan / early February. If limited further action is identified we will consider de-escalating this risk.	HoS - Legal & Procurement
Reconciliation between Business Continuity Plans and contract register and plans to identify potentially significant suppliers	QUARTERLY	R	Mar-23	This has been raised further in respect of the new risk relating to supplier failure	HoS - Legal & Procurement
Establishment of contract management practitioner group to support dissemination of best practice within the organisation	QUARTERLY	G	Mar-23	Completed, first events to take place in January 2023 with schedule of events during the year circulated	HoS - Legal & Procurement

## The Council's approach to waste and recycling becomes financially, environmentally and contractually unsustainable



Current risk description			
Contractual arrangements for collecting and managing our waste do not address emerging financial, environmental and regulatory challenges			


Date raised	01/05/2021
Last review date	23/01/2023

Residual Risk			
	Impact	Likelihood	Score
Q4	4	3	12
Q1	4	3	12
Q2	4	3	12
Q3	4	3	12
Q4			0

Target Risk		
Impact	Likelihood	Score
2	2	4
2	2	4
2	2	4
2	2	4
		0

Primary Corporate Priority	
1 - People live well and independently in a diverse and safe city	

Risk owner	
Exec Dir - Development & City Services	
Service area	
Environment Services	

Current risk direction	
Static	

Progress	Publication Exempt?
ON TRACK	N

Background to this risk	
It is a key statutory function of the Council to deal with household waste. It has a long term contract in place for waste collection but is exposed to the market in terms of its recycle. New legislation may drive waste management practice and costs	

Triggers
The Council’s Waste Management services operate in a highly regulated environment. This regime covers the type of collection services that must be provided to households and businesses, and how material can be processed. There are a number of policy and contractual challenges that the Council must address between now and 2024, including the review of the collection contract with Biffa, our recycling processing contract with NEWS, and our response to the proposals in the proposed Environment Bill

Main impacts
Risk to service delivery as a result of appropriate contracts not being in place
Service becomes financially unsustainable
Services provided do not comply with new regulatory regime
Council cannot deliver the objectives of the Environment Strategy as they relate to waste minimisation
Significant reputational impact on the Council





Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Contract strategy for Biffa to be developed and agreed by CLT	QUARTERLY	G	Apr-23	Cabinet has approved extension of contract with Biffa until 2031. Contract extension in the process of being finalised in liaison with Biffa and nplaw	HoS - Environment Services
Waste Strategy to be reviewed to address financial, regulatory and climate challenges	QUARTERLY	A	Mar-23	Work will not start on new Waste Strategy until Q1 2023	HoS - Environment Services
Recycling Processing Contracts in place for all recycling materials (Food Waste, Garden Waste and Comingled Recyclate (Blue Bin)	ANNUALLY	A	Jul-23	Cabinet has approved extension of NEWS contract until 2027 in November 2021. New arrangements have now been implemented but need to settle down and shared understanding gained of operation Cabinet approved new Garden Waste processing contract with TMA in July 2022	HoS - Environment Services

## Health and safety and compliance in council homes and buildings

Current risk description	Date raised
Norwich City Council has identified a series of weaknesses in its management of health and safety compliance in its Council homes and Buildings	01/10/2021
	Last review date
	30/01/2023

Residual Risk			
	Impact	Likelihood	Score
Q4	5	4	20
Q1	5	4	20
Q2	5	4	20
Q3	5	4	20
Q4			0

Target Risk		
Impact	Likelihood	Score
2	2	4
2	2	4
2	2	4
2	2	4
		0

Primary Corporate Priority
3 - Norwich has the infrastructure and housing it needs to be a successful city

Risk owner
Exec Dir - Community Services
Service area
Building Safety & Compliance

Current risk direction
Static 

Progress	Publication Exempt?
ON TRACK	N

Background to this risk
The Health and Safety Executive sets out the health and safety requirements which must be observed by landlords in order to keep their residents safe. NCC have failed to ensure key health and safety requirements have been maintained and there are a significant

Triggers
The council fails to meet its statutory, legislative, and regulatory requirements in relation to Health, Safety and Compliance
The council fails to return its homes and buildings to full compliance within an acceptable period

Main impacts
Emergence of further Health, Safety and Compliance matters as data is validated and through transfer of JV
Planned programmes of work to council homes are delayed to ensure H & S and compliance work is prioritised
Cost increase in relation to contract works, insurance and management of homes
Risk of serious detriment to tenants and leaseholders
Regulator of Social Housing takes enforcement action against the council



Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Increase contractor capacity	QUARTERLY	G	Mar-23	Ongoing work with Procurement. Further contractors procured to carry out compliance functions. Further procurement ongoing to put in place long term contractors	HoS - Asset Management
Data validation in preparation for transfer to NEC (Housing system)	MONTHLY	A	Mar-23	Initial work completed. Post transfer validation continues	Housing Operations Director
Undertake a full review of compliance policies and procedures	QUARTERLY	A	Dec-22	Resources in place. Work commenced and program agreed. Priority compliance policies completed. Work ongoing	HoS - Asset Management
NCC have resources in place with the competences and skills to manage compliance before, during and after the transfer of the service	QUARTERLY	A	Mar-23	Interim senior team in place and will remain until permanent staff recruited later in 2022/23	Exec Dir - Community Services
Review and implement changes to the structure of the compliance function	QUARTERLY	A	Mar-23	Restructure consultation underway. New structure to be in	HoS - Asset Management
Appointed contractors are competent to undertake compliance works	ANNUALLY	G	Dec-22	Checks carried out at procurement stage	HoS - Building Safety and Compliance
Undertake end to end review to provide clarity of Housing roles in achieving swift access to properties to undertake compliance works	QUARTERLY	G	Dec-22	Review completed and new processes are in place resulting in ease of access. This action will now be closed.	HoS - Housing and Community Safety
Non-housing compliance mapping, maintenance review and remedial actions	QUARTERLY	A	Dec-22	Resources identified and work ongoing	HoS - Property & Economic Development

REF CORP15

**Failure to be able to draw down £15m of Housing Infrastructure Fund (HIF) money previously secured from Homes England (HE) and under contract to assist with the delivery of Anglia Square leading to failure for successful redevelopment of this key city centre site**

Current risk description				Date raised	
Loss of public subsidy to enable the development of this significant regeneration site				Q4 21/22	
				Last review date	
				23/01/2023	

Residual Risk				Target Risk		
	Impact	Likelihood	Score	Impact	Likelihood	Score
Q4	4	3	12	4	2	8
Q1	4	3	12	4	2	8
Q2	4	3	12	4	2	8
Q3	4	3	12	4	2	8
Q4			0			0

Current risk direction		Progress	Publication Exempt?
Static		ON TRACK	N

Primary Corporate Priority		Risk owner	
3 - Norwich has the infrastructure and housing it needs to be a successful city		Exec Dir - Development & City Services	
		Service area	
		Planning & Regulatory Services	

Background to this risk	
Norwich City Council secured £15m on Housing Infrastructure Funding to assist with delivery of the Anglia Square regeneration. Following the Secretary of State's decision to call-in the application for his own determination, and his subsequent decision to refuse it contrary to his inspector's recommendation, the scheme cannot be built in accordance with the timetable agreed in the HIF contract. There is therefore a risk that the	

Triggers	Main impacts
Failure to be able to draw down £15m of funding previously secured from HE in order to assist delivery of Anglia Square redevelopment	Threat to the redevelopment of Anglia Square – continued blight on northern city centre
HIF funding needs to be spent by March 2024 at latest. Current HE advice is this means not only being drawn down by the Council from HE but also being able to evidence delivery of eligible infrastructure before payments are drawn down	New housing and commercial development not delivered – needs remain unmet
Following refusal of previous planning application for the site timetable is challenging insofar as a revised application is due to be submitted in March 2022. Earliest possible planning decision issued likely to be Autumn 2022. Start on site prior to 2023 unlikely	Loss of future council tax and business rates income to council
	Reputational risk to council through failure to draw down allocated funding

REF CORP15

**Failure to be able to draw down £15m of Housing Infrastructure Fund (HIF) money previously secured from Homes England (HE) and under contract to assist with the delivery of Anglia Square leading to failure for successful redevelopment of this key city centre site**



**NORWICH**  
City Council

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Commission detailed advice on state aid rules post Brexit and definition of eligible infrastructure for HIF funding		G	-	Completed	Exec Dir - Development and City Services
Commissioning independent viability assessment and programme review. Funded through Homes England Capacity Fund (secured £40k)		G	-	Completed	HoS - Planning & Regulatory Services
HoS - P&RS meeting Outpost artists to consider relocation options		G	-	Completed	HoS - Planning & Regulatory Services
Community Review Panel		G	-	Completed	HoS - Planning & Regulatory Services
Design review panel		G	-	Completed	HoS - Planning & Regulatory Services
Write to Homes England following receipt of Natural England (NE) advice on Nutrient Neutrality to see if all of HIF can be extended	QUARTERLY	A	Apr-23	In progress. HE being kept informed of progress. Latest update given was following cabinet's approval of interim approach to nutrient neutrality. This is being used to inform consultation on Anglia Square in relation to Nutrient Neutrality. Application remains on track for possible determination in Spring. HE still keen to support but main contact leaving issues with WH contact with CTN now	HoS - Planning & Regulatory Services



## Implementation of the Election Act

### Current risk description

In April 2022, the Elections Act received Royal Assent. Aspects of the Act, most notably Voter ID, will come into effect for the first time at the May 2023 elections.

Date raised 25/07/2022

Last review date 03/01/2023

### Residual Risk

	Impact	Likelihood	Score
Q4	3	4	12
Q1	3	4	12
Q2	3	5	15
Q3	3	4	12
Q4			0

### Target Risk

Impact	Likelihood	Score
2	2	4
2	2	4
2	2	4
2	2	4
		0

### Primary Corporate Priority

5 - Norwich City Council is in good shape to serve the city

### Risk owner

Chief Executive

### Service area

Legal & Procurement

### Current risk direction

Improving



### Progress

ON TRACK

### Publication Exempt?

N

### Background to this risk

The most significant change driven by the Act is the introduction of Voter ID. The secondary legislation to implement Voter ID has been laid in parliament but is yet to be finalised. Whilst the Council can (and has) undertaken planning for the Act where it is possible to do so, there is reliance on central government in relation to the necessary systems to support those who do not have existing valid ID. It is expected that Councils and their software suppliers will have access to these systems soon.

### Triggers

Secondary legislation issued confirming responsibilities for management of Voter ID

Confirmation on timetables for implementing the Act

Holding of 2023 elections under the requirements of the Elections Act 2022

### Main impacts

Lack of clarity on roles and responsibilities leading up to the election or failure to implement requirements appropriately could cause voter disenfranchisement, dissatisfaction, reputational damage and potential challenge to election results

Additional expectations on the authority could place an unnecessary burden on the specialist elections staff, especially if new burdens funding received is not proportionate to the effort required to implement the Act



## Implementation of the Election Act

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Engagement in national developments regarding the elections act and continued support to lobbying for effective implementation	QUARTERLY	G	Mar-22	The Council is taking an active role in both the cabinet office and association of electoral administrators implementation and lobbying teams. Officers are regularly attending briefings	HoS - Legal & Procurement
Once the government system is available to enable those without current valid ID, take necessary steps to implement locally	QUARTERLY	R	Mar-22	We are effectively on standby between the elections team, IT team and software suppliers (Democracy Counts) to take the necessary steps once the government system is released.	HoS - Legal & Procurement
Delivery of the elections project plan including the communications plan	QUARTERLY	A	Mar-22	We are already progressing with the elections project plan, which has included briefings for key individuals involved in the elections on the changes. We appreciate the criticality of communicating changes however until the legislation finalises acceptable ID, and we can confirm to people how to register for ID if they do not have it, then we have to have some caution in our communication approaches	HoS - Legal & Procurement



## Failure to deliver acceptable levels of performance in regulatory services

Current risk description				Date raised	
Failure to provide statutory services to an adequate standard resulting in harm to residents/visitors and businesses in Norwich				26/01/2022	
				Last review date	
				23/01/2023	

Residual Risk				Target Risk		
	Impact	Likelihood	Score	Impact	Likelihood	Score
Q4	4	4	16	4	2	8
Q1	4	4	16	4	2	8
Q2	4	3	12	4	2	8
Q3	4	3	12	4	2	8
Q4			0			0

Current risk direction		Progress	Publication Exempt?
Static		ON TRACK	N

Primary Corporate Priority		Risk owner	
3 - Norwich has the infrastructure and housing it needs to be a successful city		Exec Dir - Development & City Services	
		Service area	
		Planning & Regulatory Services	

Background to this risk	
There are a number of backlogs and outdated processes in regulatory services that are in need of addressing. Following a peer review the head of service is working to deliver an improvement plan	

Triggers	Main impacts
Large backlogs of applications needing to be addressed	Reputational harm - restricted ability to charge
Failure to avert avoidable harm to public	Reputational harm - potential legal risks
Increased challenge/complaint re: decisions made	Failure to maximise income
Failure to comply with Private Hire vehicle compliance standards	





## Failure to deliver acceptable levels of performance in regulatory services

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Regulatory services improvement , full business case for digitalisation of services, process review, and policy amends now being taken forward	QUARTERLY	G	Apr-23	Consultation on restructure for Planning and Reg services completed in Q3. Response to it delayed due to absence on HofS. This is expected to be resolved through following return to work. In the meantime good progress has been made in addressing backlogs and temporary resources	HoS - Planning & Regulatory Services
Backlogs being monitored for improvement	QUARTERLY	A	Apr-23	<b>FOOD:</b> The team is achieving the milestone targets set by the Food Standards Agency (FSA) Covid Recovery Plan for the inspection of higher risk food businesses etc. However by March 2023 there will still will be a significant backlog of overdue inspections of lower risk premises (current estimate approx. = 750). This reflects the National picture and is recognised by the FSA who are now undertaking a fundamental review of the current inspection model	HoS - Planning & Regulatory Services
				<b>LICENSING:</b> A dedicated officer (agency) has been brought in to deal with backlogs in taxi licences. All applications where the necessary information has been received have been processed and any where information is outstanding, e.g. medical checks, have been chased. This service is priority 2 for review of use of IT to streamline processes	

Failure to deliver acceptable levels of performance in regulatory services

				<b>HMO LICENSING:</b> 1 dedicated officer adding all applications into 1 system. 1 dedicated officer clearing out duplicate processes. 2 dedicated officers processing applications. backlogs reducing further. New policy adopted so new renewals will be processed in accordance with new tiered scheme and increased fees to be charged.	
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## Failure to address Natural England advice on Nutrient Neutrality (NN)

Current risk description				Date raised	
The determination of planning applications continues to be held up with resulting negative impacts on economy of Norwich and housing delivery.				13/06/2022	
				Last review date	
				23/01/2023	

Residual Risk				Target Risk		
	Impact	Likelihood	Score	Impact	Likelihood	Score
Q4	5	5	25	2	5	10
Q1	5	5	25	2	5	10
Q2	5	5	25	2	5	10
Q3	5	4	20	2	5	10
Q4			0			0

Current risk direction		Progress	Publication Exempt?
Improving		ON TRACK	N

Primary Corporate Priority		Risk owner	
3 - Norwich has the infrastructure and housing it needs to be a successful city		Exec Dir - Development & City Services	
		Service area	
		Planning & Regulatory Services	

Background to this risk	
Natural England introduced new guidance in March 2022 which requires most development in Norwich to be able to demonstrate it is nutrient neutral in order for planning approval to be issued. The result of this has been the inability of the Council to grant and new planning permissions for homes and other forms of overnight accommodation since this date.	

Triggers		Main impacts	
Sustained period when planning decisions cannot be issued due to lack of identified mitigation		Impact on deliverability of large strategic schemes: Anglia Square / East Norwich	
Large backlogs of applications needing to be determined once mitigation strategy identified		Failure to maximise income	
Loss of staff due to uncertainty over decision making ability		Staff morale drops	
		Impact on Norwich Regeneration Ltd (NRL) applications and company finances	
		Potential impact on Government performance indicators if developers do not agree Extension Of Time (EOT) – special measures	



## Failure to address Natural England advice on Nutrient Neutrality (NN)

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
<p>Ensure consultants produce the following immediate outputs:</p> <ol style="list-style-type: none"> <li>1. Catchment mapping</li> <li>2. New NN calculators for 2 catchments</li> <li>3. Short-term mitigation package</li> </ol>	QUARTERLY	G	Apr-23	<p>Mapping complete. Calculator published by authorities. New project manager brought in to help drive process. Written Ministerial Statement (WMS) and Natural England (NE) letters received late July - no change but citing Government led scheme to deliver mitigation; needs more exploration.</p> <p>NE meeting us on a regular basis (fortnightly). Agreed to use of calculator.</p> <p>Possible short-term solution identified through installation of water efficiency measures in City Council owned housing stock. Paper approved by Cabinet in December 22 agreeing approach to apportionment of credits. Porcoess now the subject of detailed engagement with natural england. If successful may be able to release planning consents using</p>	HoS - Planning & Regulatory Services


**Current risk description**

Norwich City Council self reported its failure in relation to the Consumer Standard for Homes and has received a regulatory supervision notice. The council is required to take action to remedy the breach within an agreed timescale

**Date raised** 01/10/2020

**Last review date** 23/01/2023

**Residual Risk**

	Impact	Likelihood	Score
Q4	4	5	20
Q1	4	5	20
Q2	4	5	20
Q3	3	4	12
Q4			0

**Target Risk**

Impact	Likelihood	Score
3	3	9
3	3	9
3	3	9
3	3	9
		0

**Primary Corporate Priority**

3 - Norwich has the infrastructure and housing it needs to be a successful city

**Risk owner**

Exec Dir - Community Services

**Service area**

Multiple Service Areas

**Background to this risk**

The Regulator for Social Housing (RSH) sets standards that must be achieved in managing social housing. Failure to achieve these standards will lead to regulatory action. Norwich City Council has self reported its failure in relation to the Consumer Standard for Homes and has received a regulatory supervision notice. The RSH promotes a viable, efficient and well-governed social housing sector able to deliver and maintain homes of appropriate standard that meets a range of needs. The Consumer Standards set by the regulator apply to all social housing providers and set out the regulators expectations. Failure to meet those standards can result in sanctions and action must be taken to remedy the breach within an agreed timescale

**Current risk direction**

Improving


**Progress**

ON TRACK

**Publication Exempt?**

N

**Triggers**

The council fails to meet its statutory, legislative, and regulatory requirements in relation to Health, Safety and Compliance

The council fails to return its homes and buildings to full compliance within an acceptable period and as expected by the Regulator of Social Housing

**Main impacts**

Under new powers, the regulator may review sanction including management arrangement of stock

Impacts on funding bids for government resources

Reputational damage in sector

Serious risk of harm to residents



Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Quarterly performance reporting	QUARTERLY	A	Mar-23	Continual progress in addressing service under performance. All areas of overdue work showing improvement. Works are nearing BAU levels.	HoS - Asset Management
Mitigation measures actioned from poor performance	QUARTERLY	G	Mar-23	Action plan in place to manage delivery supported by technical expertise. Action plan monitored on a monthly basis with weekly compliance meetings to review progress. Updates feed thought Compliance Delivery Group to	HoS - Asset Management
Meeting with the regulator to update on progress	MONTHLY	G	Mar-23	Monthly meetings with the Regulator to assess progress in achieving the improvement plan. Meeting continue in a positive manner	HoS - Asset Management
Compliance Board in place	MONTHLY	G	Mar-23	Meetings in place and attended by Members and Executive officers. Independent experts board members recruited in August and attending meetings	HoS - Asset Management
Preparation for new regulatory requirements	QUARTERLY	A	Nov-22	To be mapped and actions identified	HoS - Housing and Community Safety
Voluntary Undertaking produced	QUARTERLY	G	Mar-23	Voluntary undertaking produced and agreed with RSH. Performance to be monitored on monthly basis.	HoS - Asset Management
Independent Consultancy Procured to undertake 3rd party audit of adherence to compliance improvement	MONTHLY	G	Mar-23	Procurement process carried out. Consultant award October 22. Mobilisation will take place in October. Action ongoing consultant have commenced 1st phase of review in January 23	HoS - Asset Management


## Cost of living (COL) crisis has a negative impact on the city and the council

Current risk description				Date raised	
The cost of living crisis: increases financial, social and health inequalities for Norwich residents; reduces the effectiveness of council services as demand increases; and reduces council income, so further limiting our ability to deliver for the city				18/07/2022	
				Last review date	
				12/01/2023	

Residual Risk				Target Risk		
	Impact	Likelihood	Score	Impact	Likelihood	Score
Q4	4	4	16	3	4	12
Q1	4	4	16	3	4	12
Q2	4	5	20	3	4	12
Q3	4	5	20	3	4	12
Q4			0			0

Current risk direction		Progress	Publication Exempt?
Static		ON TRACK	N

Primary Corporate Priority		Risk owner	
1 - People live well and independently in a diverse and safe city		Exec Dir - Community Services	
		Service area	
		Strategy, Engagement & Culture	

Background to this risk	
The cost of living crisis will continue to affect Norwich residents, particularly those already struggling financially. We know inflation and energy costs will continue to rise, so the impact will become more widespread and more extreme over the winter	

Triggers	Main impacts
Rising cost of living	Increased debt, hunger, health problems and homelessness for city residents
Uncertainty around benefits uprating (average earnings level proposal)	Increased demand on services (council and voluntary, community & social enterprise (VCSE) led), leading to reduced effectiveness/speed as teams have to deal with greater volumes
Inflation level	Reduced income to the council, as people are unable to pay what they owe
	Increased dilapidation to council properties where tenants are unable to pay for heating
	Increased pressure on council and VCSE staff, including emotional pressures where we cannot provide all the help that people need

## Cost of living (COL) crisis has a negative impact on the city and the council

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Cost of Living officer group developing joined-up response to COL crisis	QUARTERLY	G	Apr-23	Additional funding identified to provide additional support via external partners. Comms plan in place. Monthly meetings continuing. Initial COL directory created for frontline officers is now published. Members have been briefed and will receive a councillor support pack for use when talking to residents.	HoS - Strategy, Engagement and Culture
Grant-funding for Social Welfare Advice (SWA) service from Financial Inclusion Consortium (FIC). Quarterly FIC meetings with partners to discuss current issues relating to debt, welfare benefits and housing, sharing knowledge and working to maximise income / reduce debt	QUARTERLY	G	Apr-23	<p>Providing additional funding for SWA service, in response to growing demand, through HWP and COMF. Next quarterly FIC meeting 03/02. Next NCAN partnership meeting 25/01. Standing item on City Vision Partnership agenda, next meeting 16/01.</p> <p>Shared directory of FIC and NCC contacts in place for ease of contact to discuss exceptional cases. HoS for Strategy, engagement and culture meeting FIC lead partner, NCLS, on 18/01 to further understand financial pressures and explore other solutions that the council can support/enable/influence.</p>	HoS - Strategy, Engagement and Culture
Joined-up approach to debt including non-commercial debt policy, multi-service area debt meetings to review policies and identify opportunities; vulnerability meetings and debt-management flags; specialist money advice team in place; regular reporting on levels of debt; keeping debt collection practices under review	QUARTERLY	G	Apr-23	Regular meeting with CA debt team. Multi service area approach through monthly debt meetings, DHP panel, and concerns flagged at COL meetings. Ongoing vulnerability meetings. NCAN referrals and budget and money advice support from internal teams.	HoS - Strategy, Engagement and Culture
Sustainable warmth programme	QUARTERLY	G	Apr-23	The strategy and action plan are complete and were adopted in October 2022 (Cabinet 19th Oct) - sets out approach to emergency support for energy payments and reduction in fuel poverty longer term. Ongoing monitoring of delivery.	HoS - Strategy, Engagement and Culture




**Cost of living (COL) crisis has a negative impact on the city and the council**

Existing funding streams	QUARTERLY	G	Apr-23	Discretionary housing payment (DHP) pot is exhausted. Household Support Fund (HSF 3) being allocated at pace. Norfolk Assistance Scheme (NAS continues but there are lead times for applicants receiving funds. DHP panel in place looking at risk and alternatives to lack of funding. DHP policy for 2023/24 under review to ensure funds are allocated in such a way that as many as people as possible can be helped - looking at online tools to help with application and allocation process (we already have the module, just needs to be reviewed and switched on as part of the DHP policy review process. ready for 1 April 2023.)	HoS - Strategy, Engagement and Culture
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## Equality impacts due to climate change

### Current risk description

People affected by inequality are likely to suffer disproportionately more from the adverse effects of climate change and inequality is likely to increase (similar to COVID 19)

Date raised 01/06/2022

Last review date 12/01/2023

### Residual Risk

	Impact	Likelihood	Score
Q4	4	4	16
Q1	4	4	16
Q2	4	4	16
Q3	4	4	16
Q4			0

### Target Risk

Impact	Likelihood	Score
3	4	12
3	4	12
3	4	12
3	4	12
		0

### Primary Corporate Priority

1 - People live well and independently in a diverse and safe city

### Risk owner

Exec Dir - Community Services

### Service area

Strategy, Engagement & Culture

### Current risk direction

Static



### Progress

ON TRACK

### Publication Exempt?

N

### Background to this risk

Disadvantaged groups are likely to have an increased exposure to the adverse effects of climate change. This increased exposure is likely to lead to increased susceptibility to damages caused by climate change. Disadvantaged groups are less likely to have the relative ability to cope with and recover from damages they suffer

### Triggers

Extreme hot and cold weather, flooding, high winds and infestation leading to a range of events affecting our communities

### Main impacts

Financial - increased costs on already stretched finances due to increased use of energy and water (fans, showers, heating, dehumidifiers etc) and increased reliance on benefits and foodbanks if unable to work due to extreme weather

Financial - increase in re-housing costs, property repair, decant costs

Financial - inadequate building insurance and/or contents insurance to replace household items or make significant repairs following flooding

Health - inadequate ventilation (especially in old housing stock/tower blocks) leading to poor physical and mental health or death

Health - food shortages due to infrastructure failure – tarmac melting, buckled rail tracks, flooding



## Equality impacts due to climate change

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
<b>Policy/strategy</b> - Develop and implement the new Equality diversity and inclusion (EDI) strategy, ensuring recognition of climate change	QUARTERLY	R	Apr-23	Work is underway to draft the strategy and action plan with public consultation due post May elections 2023 - resource issues have impacted delivery date which is now Q2 2023/24	Head of Strategy, engagement & culture
<b>Policy/strategy</b> - Develop and implement the new affordable warmth strategy, ensuring recognition of inequalities	QUARTERLY	G	Apr-23	The strategy and action plan are complete and were adopted in October 2022 (Cabinet 19th Oct). Ongoing monitoring of delivery.	Head of Strategy, engagement & culture
<b>Policy/strategy</b> - Develop and implement the new environmental statement, ensuring recognition of inequalities	QUARTERLY	A	Apr-23	Documents have been drafted and tested with HoS - Session took place with CLT on 16 November to test level of ambition - further drafting of documents following Scrutiny discussion on 19 Jan - attending CEEEP on 14 Feb to update on the current position - timeline for completion to be confirmed thereafter, taking account of pre-election period.	Head of Strategy, engagement & culture
<b>Policy/strategy</b> - Develop and implement the new biodiversity strategy ensuring recognition of inequalities	QUARTERLY	G	Apr-23	Final strategy adopted by Cabinet in November 2022 - action plan to be implemented and monitored.	Head of Strategy, engagement & culture



## Equality impacts due to climate change

<b>Policy/strategy</b> - Develop and implement a new retrofitting strategy for council owned assets ensuring recognition of inequalities	QUARTERLY	A	Apr-23	The environmental strategy team have produced a high-level carbon reduction plan for housing, which sets out estimated carbon emissions and principles for improvements to council owned homes. The latest Housing Revenue Account business plan has provided an allocation of £290m for retrofitting to ensure that Norwich City Council homes are net zero by 2050. Also working with asset management service area to estimate emissions from non-housing council owned buildings and these will be included in the Council's Climate Action Plan which will be published during 2023.	Head of Asset Management
<b>Financial</b> - Grant funding secured to improve the energy efficiency of properties across the city etc Cosy City	QUARTERLY	G	Apr-23	Work is ongoing to secure external funding to improve the condition of housing stock across the city (all tenures) - delivery work is underway.	Head of Strategy, engagement & culture
<b>Awareness/Engagement</b> - consider how we best educate people on how they can plan for climate change throughout the year, in partnership with Norwich Climate Commission	QUARTERLY	G	Apr-23	The Climate Commission's Community Empowerment task group is continuing to run engagement events providing education and advice on matters relating to energy and climate change. The City Council is also in the process of developing a city-wide Climate Action Plan which will position the Council as a leader/coordinator in the city. The plan will aim to influence and advise residents, businesses and other organisations to ensure emissions reductions and an awareness of climate issues in the City.	Head of Strategy, engagement & culture
<b>Working practices</b> - Cost of living crisis (COLC) group established overseeing existing financial inclusion measures such as Non-commercial debt policy and commissioned social welfare advice service and considering further action - will also consider the impact of climate change events that may impact on people's finances	QUARTERLY	G	Apr-23	Delivered additional funding to a number of projects and the Financial Inclusion Consortium - see also Corporate risk CORP20 Cost of living (COL) crisis has a negative impact on the city and the council for more information on measures implemented	Head of Strategy, engagement & culture



## Equality impacts due to climate change

<b>Working practices</b> - Organisational structures in place to consider issues affecting those who are marginalised by socio economic and environmental issues (specialist support, affordable warmth, food poverty, digital inclusion, financial inclusion etc)	QUARTERLY	A	Apr-23	Timeline around wider service review has been delayed, but the relevant teams are involved in the COLC and EDI officer working groups as well as external partnership working and so join up is being delivered.	Head of Strategy, engagement & culture
<b>Working practices</b> - Work with Norwich Climate Commission to address climate justice issues	QUARTERLY	G	Apr-23	£25k funding awarded to the commission to help with community engagement/awareness events/campaigns/research etc. Now the commission is better established, there has been a change in co-chair, with our exec director of community services stepping down with the current vice chair (Anthony Hudson from Hudson Architects) taking over. Anthony is involved in the commission, city vision partnership and business leaders climate group. Environmental strategy team will continue to provide secretariat and local authority linkage going forward. The Climate Commission's Community Empowerment task group is continuing to run engagement events providing education and advice on matters relating to energy and climate change. The target audience for these are predominantly those from suffering from fuel poverty.	Head of Strategy, engagement & culture
<b>Working practices</b> - Work with health and wellbeing partners to identify measures that can be put in place in cases of climate change events for those most affected, especially by extreme heat and cold weather conditions	QUARTERLY	G	Apr-23	To be considered as part of the Norwich Health and Wellbeing Partnership strategy workshop on 17 Jan which will look to develop a set of actions under the themes: physical and mental health and wellbeing; social and economic wellbeing; and community resilience and voice.	Head of Strategy, engagement & culture

## Impact of economic downturn on key council suppliers

## Current risk description

The current economic conditions increases the risk of a key supplier to the Council failing, or suppliers experiencing financial difficulties and therefore seeking to vary contracts to change their inherent risk profile

Date raised 18/10/2022

Last review date 03/01/2023

## Residual Risk

	Impact	Likelihood	Score
Q4	N/A	N/A	N/A
Q1	N/A	N/A	N/A
Q2	4	4	16
Q3	4	4	16
Q4			0

## Target Risk

Impact	Likelihood	Score
N/A	N/A	N/A
N/A	N/A	N/A
4	2	8
4	2	8
		0

## Primary Corporate Priority

5 - Norwich City Council is in good shape to serve the city

## Risk owner

Exec Dir - Corporate &amp; Commercial Services

## Service area

Legal &amp; Procurement

## Current risk direction

Static



## Progress

ON TRACK

## Publication Exempt?

N

## Background to this risk

The economic outlook has deteriorated significantly in recent weeks which can have a significantly detrimental impact on suppliers, including inflation in their own supply chains, increased interest rates and deteriorating exchange rates.

## Triggers

Supplier failure - key supplier enters administration

Supplier seeks to exit market or amend terms of contract

Supplier experiences problems in their own supply chain delaying delivery of Council projects or deteriorating quality of service

## Main impacts

Inadequate or poor service to residents as a result of problems with suppliers leading to dissatisfaction

Pressure on the organisation as a result of needing to focus on finding new suppliers or amending contract terms

Potential increased risks to organisation of suppliers wishing to change risk profile of contracts or look for up-front expenditure

Control / mitigation (action required)	Control update frequency	Control status (RAG)	Date of next update	Update on progress of control / mitigation	Control / Mitigation Owner
Regular checks on key suppliers to identify their financial resilience and potential areas of risk to the Council	QUARTERLY	G	Mar-23	Checks were undertaken on major suppliers (>500k contracts) as at the end of September. At the time of update we are going to be shortly commencing the checks for as at 31/12/22.	HoS - Legal & Procurement
Specific action taken with services where supplier is identified at risk	QUARTERLY	G	Mar-23	Following the quarterly checks, those areas where suppliers were identified as significant risk are having meetings to identify steps to be taken	HoS - Legal & Procurement
Awareness and identification with staff of steps that need to be taken to manage supplier risk	QUARTERLY	G	Mar-23	Following the quarterly checks for the end of December period, we will be issuing communications to contract managers to inform them of the current overall position and where specific risks may lie	HoS - Legal & Procurement
Contract managers to update business continuity plans with respect the risks of supplier failure	QUARTERLY	A	Mar-23	We have highlighted to contract managers the need to ensure that this is a key component of risk management and will be discussing progress with the Emergency Planning Manager	HoS - Legal & Procurement
Monitoring of supplier behaviour and requests	QUARTERLY	G	Mar-23	We have established a process for any concerns related to supplier activity to be reported. This will be monitored to assess extent of supplier risk	HoS - Legal & Procurement







**Committee Name: Audit**

**Committee Date: 21/03/2023**

**Report title:** Internal Audit Progress Update 2022/23

**Portfolio:** Cllr Paul Kendrick, Cabinet Member for Resources

**Report from:** Head of Internal Audit - Norwich City Council

**Wards:** All Wards

**OPEN PUBLIC ITEM**

### **Purpose**

This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2022/23.

### **Recommendation:**

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

### **Policy Framework**

The council has five corporate priorities, which are:

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

This report meets all the corporate priorities.

## Report Details

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

## Consultation

3. Not applicable for this report.

## Implications

### Financial and Resources

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

## Legal

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

## Statutory Considerations

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

## Risk Management

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

### Other Options Considered

6. Not applicable for this report.

### Reasons for the decision/recommendation

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

### Background papers:

None

### Appendices:


Appendix 1 Internal Audit Progress Update March 2023

### Contact Officer:

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## Eastern Internal Audit Services



Norwich City Council

Progress Report on Internal Audit Activity

Period Covered: 19 November 2022 to 10 March 2023

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

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## 1. INTRODUCTION

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

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

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

Since the approval of the plan in March 2022, a horizon scan of risks with the potential to impact the Council was considered by Senior Management, Internal Audit and the Audit Committee. As a result of this, the 2022/23 Internal Audit Plan was re-profiled. The changes to the Internal Audit Plan 2022/23 were outlined at the November 2022 Audit Committee meeting. No further significant changes have been made since then.

## 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, audit work from quarter one and two is now finalised. Two audits assigned to quarter three have now been issued and are awaiting a management response. A large proportion of audit work was profiled into quarter four in 2022/23. All audits are scoped, booked in, and the work continues to progress with the aim of concluding testing by year end.

## 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 four reports in final:

Audit	Assurance	P1	P2	P3
NC2303 Anti-Fraud and Corruption	Reasonable	0	4	4
NC2323 Leasehold Management	Reasonable	0	2	4
NC2311 Leisure	Reasonable	0	3	1
NC2302 FOIs and Complaints	Reasonable	0	3	3

The Executive Summary of these reports are attached at **Appendix 2**, full copy of this report can be requested by Members.

- 4.5 As can be seen in the table above, as a result of these audits 24 recommendations have been raised and agreed by management.
- 4.6 In addition, two Operational Effectiveness Matters have been proposed to management for consideration.
- 4.7 A Position Statement has also been issued for NC2321 Planned Housing Maintenance. The audit concluded with six suggested actions:
- Current policies and procedures for the department are mostly inherited policies from Norse Property Services Norwich (NPSN). Each policy has been prioritised for review. Upon completion, the document control process should be followed to ensure they are regularly reviewed within agreed timeframes.
  - Establish a policy for the re-visit of properties where entrance or essential work is refused.
  - Ensure all property services staff are aware of the Council's policies and procedures and receive training where necessary following restructure.

- Ensure that post inspection template is developed and that the contractual pre and post inspections are completed by the Council and evidence appropriately retained.
- Develop suitable service KPIs for the service including targets and escalation processes.
- Risk Management - ensure risk actions are sufficient to further decrease the risk score toward target.

4.8 A position statement has concluded covering NC2305 Elections. The Elections Act 2022 introduces a number of changes to the administration of elections, the first of which comes into effect for the local elections in May 2023. The most significant changes for this election are new requirements for voters to provide photo identification for in-person voting and increased accessibility requirements for polling stations. A corporate level risk has been raised in relation to the management of a compliant election. This review has not resulted in any suggested actions being raised. We can confirm the following is in place.

- There is an up-to-date project plan for the delivery of the elections in May 2023, incorporating all of the new requirements of the new Act.
- Performance and progress against the project plan is monitored through monthly meetings of a project group.
- A training plan has been produced to provide necessary training on the changes to the election process to all staff who work on the election.
- A public awareness campaign is planned, to ensure that voters are aware of the changes to voting and elections, particularly the new requirements for photo identification when voting in polling stations.
- Polling station surveys have been expanded to include the new conditions around accessibility and privacy.
- Election spending is tracked and monitored.

4.9 In addition to the above work, the Head of Internal Audit is currently leading a formal investigation. Outcomes and recommendations will be shared with the committee upon conclusion of the investigation.

## 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 21 (two high, 11 medium and eight low) recommendations are currently outstanding. 26 recommendations are not yet due for completion.

- 5.5 In November 2022, four medium recommendations regarding Key Policies and Procedures were reported to the committee as overdue. The internal audit team have received assurance that three of these recommendations are now complete. Evidence was provided to show that a policy library has been created showing the frequency of reviews required, and this is monitored to ensure policies are periodically scheduled for review and re-approval. The remaining recommendation relates to ensuring that the new policy template and guidance information is available to staff on the intranet to assist with the development of coherent policies. This will be completed by April 2023. The Internal Audit team will continue to review the adequacy and timely review of key policies as standard during each service area audit.








**Appendices 4, 5, 6 and 7** provide the committee with details of high and medium priority recommendations that are overdue by the year in which they were raised. Management responses and a new deadline have been indicated for each.

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

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
<b>Quarter 1</b>											
FOIs and Complaints	NC2302	10	10	10	Final report issued on 13 February 2023.	Reasonable	0	3	3	0	Mar-23
Anti-Fraud and Corruption	NC2303	10	10	10	Final report issued on 12 December 2022.	Reasonable	0	4	4	1	Mar-23
Food Health and Safety	NC2319	10	10	10	Final report issued on 28 October 2022.	Reasonable	0	3	2	1	Nov-22
Leasehold Management	NC2323	10	10	10	Final report issued on 12 December 2022.	Reasonable	0	2	4	0	Mar-23
<b>TOTAL</b>		<b>40</b>	<b>40</b>	<b>40</b>							
<b>Quarter 2</b>											
Annual Governance Statement	NC2301	10	10	10	Final report issued 15 November 2022	Substantial	0	0	4	1	Nov-22
Leisure	NC2311	12	12	12	Final report issued on 1 December 2022.	Reasonable	0	3	1	1	Mar-23
Buildings at Risk	NC2318	10	10	10	Final report issued 4 November 2022	Reasonable	0	3	2	1	Nov-22
Planned Housing Maintenance	NC2321	15	15	15	Final position statement issued on 16 February 2023.						Mar-23
<b>TOTAL</b>		<b>47</b>	<b>47</b>	<b>47</b>							
<b>Quarter 3</b>											
Accounts Receivable	NC2307	10	0	0	Audit deferred to 2023-24.						
Payroll	NC2309	15	15	15	Draft report issued on 27 February 2023.						
Trees and Play Equipment (previously Parks and Open Spaces)	NC2314	10	12	10	Draft report in preparation, wrap up meeting booked.						
<b>TOTAL</b>		<b>35</b>	<b>27</b>	<b>25</b>							

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
<b>Quarter 4</b>											
Staff Wellbeing	NC2312	10	12	1	Scoping complete. Testing on hold due to investigation in another area.						
Procurement and Contract Management	NC2304	15	0	0	Audit deferred to 2023-24.						
Elections	NC2305	10	10	10	Draft position statement issued 3 March 2023.						
Key Controls and Assurance	NC2306	15	20	12	Fieldwork underway.						
Income	NC2308	10	0	0	Audit deferred to 2023-24.						
Housing Benefits	NC2310	15	15	1	Scoping underway.						
Garden Waste Service	NC2313	8	10	8	Fieldwork concluding.						
Markets	NC2315	10	10	1	Scoping underway.						
Towns Fund	NC2316	12	12	2	Fieldwork underway.						
Norwich Regeneration Limited	NC2317	10	12	1	Scoping complete. Testing due to start 16 March 2023						
Contaminated Land and Air Quality	NC2320	10	12	1	Scoping complete, audit testing starts 6 March 2023.						
Housing Compliance Data Validation Checks	NC2322	30	0	0	Audit deferred to 2023-24.						
Housing Services incl. Community Safety and Anti-Social Behaviour	NC2324	12	0	0	Audit deferred to 2023-24.						
Safeguarding	NC2328	0	12	10	Fieldwork concluding.						
<b>TOTAL</b>		<b>167</b>	<b>125</b>	<b>47</b>							
<b>IT Audits</b>											
ERP Project Implementation Support	Advisory	0	5	3	Addition for 2022/23 auditors to provide support to the ERP project in an advisory capacity to support project management.						
Cyber Security	NC2325	10	12	11	Draft report in review stages.						
Disaster Recovery	NC2326	10	10	7	Fieldwork concluding.						
Housing System Implementation Phase 2	NC2327	10	10	1	Scoping underway.						
Civica CRM system/master data management project	Advisory	0	5	0	Addition - specialist auditors to provide support to the project team in an advisory capacity to support project management.						
<b>TOTAL</b>		<b>30</b>	<b>42</b>	<b>22</b>							
<b>Follow Up</b>											
Follow Up	N/A	16	16	16							
<b>TOTAL</b>		<b>16</b>	<b>16</b>	<b>16</b>							
<b>TOTAL</b>		<b>335</b>	<b>297</b>	<b>197</b>			<b>0</b>	<b>18</b>	<b>20</b>	<b>5</b>	
Percentage of plan completed				<b>66%</b>							

## Executive Summary – NC2303 Anti-Fraud and Corruption

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS								
<div></div>	<div><div><p>A detailed risk assessment covering types and categories of fraud and corruption risk to be undertaken describing the controls that are in place and any required actions for improvement.</p></div><div><p>Once the above risk assessment is undertaken, a formal assessment of the resources required to respond to the fraud risks that the Council faces should be undertaken and revisited annually.</p></div><div><p>An annual fraud plan to be reported to Audit Committee to reflect resources mapped to risks and arrangements for reporting outcomes.</p></div><div><p>Assurance to be provided that the RIPA and CCTV action plan has been completed.</p></div></div>								
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	GOOD PRACTICE IDENTIFIED								
<p>This audit sought to provide assurance over the following key risk:</p> <p>“Risks of financial losses as a result of fraud and corruption against the Council.”</p>	<div><div><p>Policies are in place for anti-fraud and corruption, and whistleblowing, which include reporting suspected fraud, anti-money laundering and risk management.</p></div><div><p>Codes of conduct for officers and members are included in the Council's constitution. New members receive training and conduct of members is monitored.</p></div></div>								
SCOPE	ACTION POINTS								
<p>The Fighting Fraud and Corruption Strategy 2020 has highlighted an increased threat of fraud related risks for local authorities. Our review examined the Council's approach to fraud in line with the checklist provided as part of this strategy and to suggest practical recommendations for improvement where required. Our review also covered the Council’s progress with the issues raised from the external inspection in June 2020 of the Council's compliance to RIPA.</p>	<table><tr><th>Urgent</th><th>Important</th><th>Needs attention</th><th>Operational</th></tr><tr><td>0</td><td>4</td><td>4</td><td>1</td></tr></table>	Urgent	Important	Needs attention	Operational	0	4	4	1
Urgent	Important	Needs attention	Operational						
0	4	4	1						

## Findings



### Directed Risk:

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

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	<b>Governance Framework</b>	There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	2,6,7,8	1
RM	<b>Risk Mitigation</b>	The documented process aligns with the mitigating arrangements set out in the corporate risk register.	Partially in place	1,5	-
C	<b>Compliance</b>	Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	4	-

### Other Findings



Governance Framework- Policies are in place for anti-fraud and corruption, whistleblowing and anti-money laundering, and these are mandatory reading for all staff and publicly available on the website. There is also a page on the website regarding reporting suspected fraud, with an online form for completion.



Governance Framework- Codes of conduct for officers and members are included within the Council's constitution, which was revised in July 2022. This is included in training for new members and conduct of members is monitored.



Risk Mitigation- The directorate risk register for corporate and commercial services, which is responsible corporately fraud, includes fraud risks. There is a residual score of 12 (amber), below the score (15) for escalation to the corporate risk register.

**Delivery Risk:**

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

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	<b>Performance Monitoring</b>	There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	Out of scope	-	-
S	<b>Sustainability</b>	The impact on the organisation's sustainability agenda has been considered.	Out of scope	-	-
R	<b>Resilience</b>	Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	Out of scope	3	-

**Other Findings**

Resilience - The Council does not have a counter-fraud team, so there are no professionally trained and accredited staff for counter fraud work at the Council. Fraud prevention is covered by services as part of business as usual, with reactive investigations when required. Specific specialist resources are available from Anglian Revenue Partnerships.

## Executive Summary – NC2323 Leasehold Management

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Assurance was provided over the following risk – “The Council failing to deliver its statutory responsibilities to leaseholders.”

### SCOPE

An audit of this area has not been undertaken since 2016/17. At the request of senior management an audit was undertaken of billing and notification of works for Leaseholders at the Council. The audit reviewed centrally held records to verify all relevant properties are contained, and provides assurance that arrangements for billing including S20 notices are being well managed.

### KEY STRATEGIC FINDINGS



A detailed review of a sample of service charge identified a potential undercharge for horticultural services. Management to review calculation methodology and implement corrective action.



Testing of service charge invoices confirmed that payment terms agreed to the lease and the statutory consultation processes had been completed as required.



Aged debt reports for sundry income are provided to all budget holders including senior management. This helps ensure continual awareness of the debt position.



A sample of ten aged debts was reviewed, and identified instances where follow-up actions after the auto-recovery stages were limited.

### GOOD PRACTICE IDENTIFIED



Training is provided to all new staff outlining statutory requirements for works completed and time limitations to notify leaseholders of annual service costs.

### ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	2	4	0

## Findings



### Directed Risk:

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

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	<b>Governance Framework</b>	There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	3 & 4	-
RM	<b>Risk Mitigation</b>	The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	<b>Compliance</b>	Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	1, 2, 4, & 6	-

### Other Findings



Governance Framework - Staff are fully aware of the statutory limits that can be charged for works completed, including where the consultation process is not completed, and of the statutory time limitations to notify leaseholders of their annual service costs.



Risk Mitigation- The corporate and directorate risk registers were reviewed and there were no risks detailed that specifically relate to the home ownership team's processes for leasehold properties.



Risk Mitigation- Fraudulent processing risks are mitigated by segregation of duties and the access controls set on systems.





Control Compliance - Sample testing of service charges for 2020-21, which were invoiced in January 2022, was completed, and confirmed that the correct liable party was invoiced, the invoice payment terms were in line with the lease terms and the statutory consultation process had been completed for those that were invoiced for major works completed.

**Delivery Risk:****Failure to deliver the service in an effective manner which meets the requirements of the organisation.**

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

**Other Findings**

Performance Monitoring- Aged debt reports for all sundry income debts are provided to all budget holders including senior management.



Sustainability- The audit has reviewed the council's Corporate Plan 2022-26 and the Environmental Strategy 2020-25. There are no actions within these that relate to the scope of this audit.

The housing outcomes manager advised that there is currently a statutory requirement to inform leaseholders of their annual service charges by post, so the service are unable reduce paper produced and the postage costs by sending these by email.



Resilience - Statutory requirements for consultations are included in training provided to new staff.



Resilience- The interim Head of Housing and Community Services is aware of team restraints / backlogs and advised the service to issue statutory delay notices for the 2020-21 service charges. The detailed statements were issued before the deadline in the notices.

## Executive Summary – NC2311 Leisure

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

This audit sought to provide assurance over the following key risk:

“The provision of leisure services has not been adapted to the impacts of the pandemic and contracts are not being managed effectively.”

### SCOPE

Leisure provision has not been raised as a significant risk on the CRR, however this area has not been reviewed recently. This audit provides assurance that the leisure strategy is adapting to the impacts of the pandemic and that contracts in this area are being effectively managed.

### KEY STRATEGIC FINDINGS



There is no signed contract in place with the current service provider at the Riverside Leisure Centre who have managed the centre since 2013. A draft contract is in the process of being engrossed.



Some aspects of current practices of the management of the Riverside Leisure Centre do not align with the soon to be executed contract.



Neither facility has any formally agreed KPIs. The Riverside Leisure Centre provides data on their usage, without targets or escalation procedures. The Norman Centre reports KPIs to the manager but with no set targets.



The future of the Norman Centre is uncertain due to necessary improvements to the building. A future option analysis will help the Council to decide on the most beneficial way forward.

### GOOD PRACTICE IDENTIFIED



Both leisure facilities have an up-to-date business continuity plan in place.



An independent options appraisal was conducted for the future of the leisure services at the Riverside Leisure Centre. The outcomes are currently being discussed internally at the Council.

### ACTION POINTS/

Urgent	Important	Need Attention	Operational
0	3	1	1

## Findings



### Directed Risk:

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

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

### Other Findings



Governance Framework - As the Riverside Leisure Centre is contracted out, only internal procedures for the Norman Centre have been reviewed. All necessary procedures are in place and no procedures were identified which were in need of review.



Governance Framework - A Greater Norwich Physical Activity & Sport Strategy 2022 - 2027 has been implemented in October 2022. It has been created in partnership with other Norfolk Councils and sets out the vision for increasing levels of physical activity and sport in the Greater Norwich area. The strategy is supported by underlying strategies and an action plan and incorporates the impacts of the pandemic.



Risk Mitigation - Risk is reported and monitored at both a Corporate and Directorate level on a quarterly basis. No related risks have been raised on the corporate risk register in the past 12 months. A service risk has been raised on the directorate risk register relating to the viability of the Council's leisure facilities with a current residual risk score of 12 (as at Q2 review) which equals the target risk score.



Compliance – No complaints have been raised this year at the Norman Centre. At Riverside Leisure Centre, complaints are recorded as part of the negative feedback received through customer feedback surveys. Procedures are in place and the complaints log is brought to the quarterly contract management meetings and if necessary escalated to the Head of Service and Director.



### Delivery Risk:

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

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring	There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	Partly in place	2, & 3	-
S	Sustainability	The impact on the organisation's sustainability agenda has been considered.	In place	-	1
R	Resilience	Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

### Other Findings



Sustainability - The new Greater Norwich Physical Activity & Sport Strategy has the provision of sustainable (environmentally and financially) facilities and spaces incorporated in one of their key objectives with multiple related actions on their action plan.



Sustainability - The soon to be signed contract for the Riverside Leisure Centre contains a clause relating to Environmental Projects which states that the Contractor agrees to support and actively assist the Council in its endeavours to reduce the carbon footprint of the Centre by all reasonable methods.



Resilience - Both leisure facilities have an up-to-date business continuity plan in place or are incorporated into the wider service area.



Resilience - An independent options appraisal was conducted which focused on the Riverside Leisure Centre. The expiry date of the management provision is March 2024. Four options (extent, retender, insource or partnership) have been analysed and the result have been presented in a report in August 2022, together with a recommendation. Outcomes are currently being discussed by senior management.



Resilience – The Council is aware of the rising energy prices. In addition to adding them to their directorate risk registers (see recommendation 5), they have also discussed the direct impact on the Riverside Leisure Centre in their quarterly contract management meetings and have identified that their energy budget needs adjusting.

## Executive Summary – NC2302 FOI and Complaints

### OVERALL ASSESSMENT



### ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

This audit sought to provide assurance over the following key risk:

“Reputational risks linked to non-compliance with the statutory requirements of the Freedom of Information Act 2000 (FOI) and the Environmental Information Regulations 2004 (EIR), and for unsatisfactorily responding to customer complaints, potentially resulting in referrals to the appropriate ombudsman.”

### SCOPE

A review of this area had not been carried out at the Council recently. A review of FOI/EIRs and Complaints was undertaken to provide assurance on the Council's response to requests for information and the handling of complaints about services provided. Response times and management information were evaluated to ensure that the Council's procedures and expectations of its customers are being met.

### KEY STRATEGIC FINDINGS



Statutory and corporate response times for complaints have not been met. Improved results were noted in recent performance reports to Cabinet. However, response times varied across the service areas. The volume of outstanding late responses has been reduced from 250 in April 2022 to 81 as of 14 November 2022.



Statutory and corporate response times for FOI/EIR requests are not consistently met. Improved results were noted in recent performance reports to Cabinet. However, response times varied across the service areas. A total of 11 late FOI/EIR responses remain outstanding as of 14 November 22.



A new Transparency, Publication, and Information Access Policy, and updates to the publication scheme and associated policies are required.



The Council's management of FOI/EIR and Complaints should be enhanced further to ensure that performance continues to increase, including the recording of a risk on the directorate risk register related to the handling of complaints.

### GOOD PRACTICE IDENTIFIED



FOI/EIR and complaints performance reporting is regularly provided to CLT and Cabinet. Additionally, FOI/EIR and complaints officers provide weekly reporting to managers of responses requiring action.



A new Customer Experience Lead post was created in April 2022, with a focus on managing and improving the complaints processes.

### ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	3	3	0

## Findings



### Directed Risk:

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

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	<b>Governance Framework</b>	There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	Partially in place	1, 5 & 6	-
RM	<b>Risk Mitigation</b>	The documented process aligns with the mitigating arrangements set out in the corporate risk register.	Partially in place	3	-
C	<b>Compliance</b>	Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	2, 4	-

### Other Findings



Governance Framework - FOI/EIR: Information for submitting FOI/EIR requests is readily available to the public on the Council's website – "how to make an FOI request". This includes an online form to complete as an option for submitting a FOI/EIR request, and the note "we aim to reply to your request as soon as possible but within 20 working days", which is the statutory response time. Exemptions under FOI/EIR are also separately detailed on the website.



Governance Framework - Complaints: The revised complaints policy was approved by CLT in July 2022, the update being in line with the housing ombudsman complaints handling code, which came into effect 1 October 2022. The policy, and the self-assessment to the ombudsman complaints handling code, are published on the council's website. Additionally, Information on how to make a complaint via an online form or other methods is readily available to the public on the website, which includes details of response times. This includes details of what will not be dealt with under the complaints process.



Governance Framework – Complaints: 83 members of staff completed the ombudsman complaints training at the end of 2021, and a further 60 staff have been identified to complete this during the next year commencing in February 2023. This has now been embedded as a rolling training programme.





### Delivery Risk:

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

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

### Other Findings



Performance Monitoring - FOI/EIR: formal KPIs have been in place from 2022-23 for timely responses to FOI/EIR requests, and other internal performance measures are monitored. This includes analysis by service and directorate, and a summary of outstanding late responses.

Regular reporting of results is in place:

- Quarterly reports are provided to CLT, and the KPI results included in the quarterly corporate performance report presented to Cabinet.
- 6 weekly reporting to CLT has commenced from December 2022.
- Weekly reports are provided to service managers to provide performance information and details of cases where responses are outstanding.
- A summary of the year-to-date performance was presented to the managers forum in November 2022.

Over the current year performance has fluctuated each month, with the KPI not being met corporately until August 2022. The statutory response time is 20 working days, with the KPI set at 90% compliance. The results have ranged from 72.9% in June 2022 to 97.9% in September 2022, with three consecutive months of continuous improvement since June 2022, and both August and September 2022 within the corporate target.

As of 30<sup>th</sup> November 2022, the volume of outstanding late responses has reduced, with 11 now outstanding, the oldest being 7 months.



Performance Monitoring - Complaints: A formal KPI for timely responses to complaint requests is in place for 2022-23 and is monitored. This includes analysis by service and directorate, and a summary of outstanding late responses.

Regular reporting of results is in place:

- Quarterly reports are provided to CLT, and the KPI results included in the quarterly corporate performance report presented to Cabinet.
- 6 weekly reporting to CLT has commenced from December 2022
- Weekly reports are provided to service managers to provide performance information and details of cases where responses are outstanding. The reports were updated in May 2022 separately report Stage 1 and Stage 2 complaints.
- A summary of the year-to-date performance was presented to the managers forum in November 2022.

A number of improvements have been made to the process and monitoring by management of the outstanding responses to complaints. The customer experience lead has regular meetings with heads of service and senior managers to discuss specific cases, so that many of the old cases could be closed on the system. This has yielded positive results with clearance of outstanding responses, reducing from 250 in April 2022 to 81 on 14 November.



Resilience - FOI/EIR: Resourcing shortages were identified for supporting and monitoring FOI/EIR responses, and management are aware of the backlogs of work. As part of the restructure agreed by CLT in September 2021, a new information governance team has now been established, with the Data Protection Officer being recently appointed as the Information Governance Manager, and an officer will be in place from 6 February 2023.



Resilience - Complaints: A new role of Customer Experience Lead was introduced from April 2022. Part of this role is to manage the processes for complaints, although managers are responsible for completing the responses. As noted elsewhere, recent changes implemented have positively impacted performance.

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

		Completed between 19 November 2022 to 1 March 2023			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
		High	Medium	Low	High	Medium	Low	High	Medium	Low		High	Medium	Low
Audit Area	Assurance Level													
<b>2019/20 Audits</b>														
Payroll	Control: Satisfactory Compliance: Substantial					1					1			
<b>2020/21 Audits</b>														
Equality Duties	Limited						1				1			
Key Policies & Procedures	Limited		3	2		1					1			
<b>2021/22 Audits</b>														
Risk Maturity Assessment	Reasonable					2					2			
Off-payroll working (IR35) compliance	Reasonable						3				3			
Accounts Payable	Reasonable					2	1				3			
Council Tax	Reasonable		1	4							0			
NNDR	Reasonable			1		1	1				2			
Environmental Services	Limited		2	3							0		2	
Capital Accounting & Management	Limited		2		2						2			
Treasury Management	Reasonable		1								0			
<b>2022/23 Audits</b>														
Food Health and Safety	Reasonable		2	1			1				1		1	
Annual Governance Statement	Substantial			1						1	1			2
Anti-Fraud and Corruption	Reasonable										0		4	4
Leasehold Management	Reasonable		1	1							0		1	3
Leisure	Reasonable		1						1		1		1	1
FOIs and Complaints	Reasonable								1		1		2	3
Buildings at Risk	Reasonable			1		2					2		1	1
		0	13	14	2	9	7	0	2	1	21	0	12	14

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

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Payroll	Complete the signing of the co-operation agreement with Sefton.	Medium	Dawn Bradshaw, Head of HR and OD	31/12/2021	31/03/2023	Outstanding	Agreement has been redrafted and signed off by NCC, including an extension to the terms of the agreement. Nplaw have provided the agreement to the 3rd party payroll provider, and there have been ongoing discussions on a small number of points. Meeting scheduled with payroll provider and respective legal advisers for 10 March 2023, with a view to finalising the agreement. The service continues to operate to the service standards agreed. It is anticipated that formal signing of the co-operation agreement will be concluded by the end of March 2023.

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

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Key Policies and Procedures	Develop a framework that gives guidance for developing a coherent and relevant policy and ensure the new framework is communicated to staff. The content could include multiple elements.	Medium	Helen Chamberlin, Head of Strategy, Engagement and Culture	31/01/2022	31/05/2023	Outstanding	A template and guidance have been developed and will be communicated to colleagues from April 23.

## APPENDIX 6 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2021/22

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Risk Maturity Assessment	4.1 A risk management training programme to be developed for relevant Council staff, highlighting roles and responsibilities and give practical tips for the identification and articulation of risk.	Medium	Neville Murton, Interim Head of Finance, Audit and Risk	30/09/2022	30/06/2023	Outstanding	This is currently being developed for delivery.
Risk Maturity Assessment	4.5 Please see recommendation at 4.2 regarding the update of Corporate and Directorate registers. The Risk Management Policy and Strategy to be reviewed to clarify the following points: 4.5.1 Review the wording of the updated Risk Management Policy & Strategy and ensure that it includes details about when risks should be de-escalated. 4.5.2 The council should specify responsibilities for risk control action owners.	Medium	Neville Murton, Interim Head of Finance, Audit and Risk	30/09/2022	30/06/2023	Outstanding	This will be incorporated into the policy update planned for June 2023.
Accounts Payable	4.2 The council's 'No PO, no Pay' policy to be formally documented and re-launched with staff and suppliers.	Medium	Neville Murton, Interim Head of Finance, Audit and Risk	31/10/2022	30/04/2023	Outstanding	<p>The no PO no pay is not yet a formalised policy and is something that will be picked up as part of the implementation of the new ERP system on 1st April.</p> <p>All user PO email sent 12/10/22 to underline current E5 arrangements and remind them of the importance of raising a PO.</p> <p>Revised implementation date in line with the implementation of the new system.</p>
Accounts Payable	4.3 As part of formalising the 'No Purchase Order No Pay' policy, an Exceptions' List be created, listing the instances in which a PO is not required prior to purchasing.	Medium	Neville Murton, Interim Head of Finance, Audit and Risk	31/10/2022	30/04/2023	Outstanding	As above.
NNDR	Review, agree and document how the process for discretionary charity top up relief is awarded covering the applicable financial delegations for the responsible officers. Regular reports on discretionary charity top ups to be provided to the Head of Revenues and Benefits quarterly.	Medium	Tanya Bandekar, Head of Revenue and Benefits	31/12/2022	30/06/2023	Outstanding	Head of Revenues and Benefits has received an updated policy but it needs more work and will need to be approved by Cabinet, and possibly Full Council.
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	High	Resources, Performance and Delivery Board	30/11/2022	31/07/2023	Outstanding	New Capital Programme Board to be set up that would bring together all capital projects for monitoring purposes and all board reports that

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
	include highlights, risks and issues as appropriate.						pick up capital elements would feed through into this Board.
Capital Accounting and Management	All capital projects for the year are monitored for delays in works, to ensure the expenditure to date is reasonable for the works that have been completed, records are retained as to reasons with agreed actions to be taken, and that for each capital project, on the schedule included in the performance reports to Cabinet, there is a brief comment relating to progress and budget as appropriate.	High	Neville Murton, Interim Head of Audit, Finance and Risk	30/11/2022	31/07/2023	Outstanding	<p>New reference terms to be created and responsibilities noted in the Constitution. Governance is being reviewed across the piece to identify gaps and ensure there is no unnecessary duplication.</p> <p>Existing reporting will be reviewed to see where standardisation can be utilised to reduce workflows. However, central board would need to have certain key requirements, includes one tied to FM Code.</p> <p>Therefore, a standardised template will be created, as well as monitoring documents. It will need to include lifetime spend, in-yr spend, variances as well as traffic light review with three key variables (spend to budget, timeliness and quality of delivery/benefit realisation).</p> <p>Decisions regarding the capital programme, wider risk management and reviews of financing options would also be reviewed here so that the Board was explicitly strategic in nature. Equally, all business cases would get internal sign off, even if concepts would only be agreed by CLT.</p> <p>The goal is that the Capital Programme Board would have a clear remit covering:</p> <ol style="list-style-type: none"> <li>1) Corporate Monitoring of Capital</li> <li>2) Internal review of capital business cases, even if lower level ones were de facto approved at sub-Boards (Concepts are approved at CLT)</li> <li>3) Strategic recommendations regarding the capital programme allied to quarterly updates on financing and borrowing projections, so that the Capital Strategy,</li> </ol>

Audit	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
							<p>Treasury Management Strategy and Asset Management Strategy feed directly and consistently into the MTFP and 30-Year HRA Business Plan</p> <p>Meetings would be set up and aligned to external requirements (4 quarterly monitors, budget setting requirements and the need to report on Capital Strategy, Asset Management Strategy and July Finance Review/MTFP Strategy and Budget Setting).</p>

## APPENDIX 7 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2022/23

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Buildings at Risk	Set up Heritage at Risk meeting timetable with all relevant stakeholders	Medium	Sarah Ashurst, Head of Planning and Regulatory Services	30/11/2022	30/04/2023	Outstanding	Initial meeting has taken place and a further meeting has been scheduled for April, but a programme of meetings has not yet been put in place. This is a task likely to fall to a new C&D Team Leader which we are in the process of recruiting to through a restructure.
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.	Medium	Sarah Ashurst, Head of Planning and Regulatory Services	30/11/2022	30/04/2023	Outstanding	Action 1 – This is linked to the first recommendation. Internal Audi are awaiting receipt of evidence to close this part of the recommendation.  Action 2 - This is a task likely to fall to a new C&D Team Leader which we are in the process of recruiting to through a restructure.
Leisure	Finalise and sign the contract for Riverside Leisure Centre.	Medium	Helen Chamberlin, Head of Strategy, Engagement and Culture	31/01/2023	31/03/2023	Outstanding	We are intending to extend the Riverside contract, which ends in 2024; a deed of variation has been prepared and is going through its final sign off stages. The intention is then to sign both the DoV and the original contract at the same time.
FOIs and Complaints	Management to update the Directorate Risk Register to include a risk related to the complaints handling process. Management should ensure that the risk includes mitigations for any increases to complaints arising from the repairs and maintenance services, as outlined within the Corporate Risk Register.	Medium	Brian Burton, Interim Head of Asset Management	30/01/2023	31/03/2023	Outstanding	The complaints handling process is already a specific repairs and maintenance trigger that has been added to the Corp Risk Register under CORP 22 - Failure to meet performance and service improvement requirements (repairs and maintenance). The control and mitigation detail will be added for Qtr 4.





**Committee Name: Audit**

**Committee Date: 21/03/2023**

**Report title:** Strategic and Annual Internal Audit Plans 2023/24

**Portfolio:** Cllr Paul Kendrick, Cabinet member for resources

**Report from:** Head of Internal Audit – Norwich City Council

**Wards:** All Wards

**OPEN PUBLIC ITEM**

### **Purpose**

This report provides an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2023/24 to 2026/27 and the Annual Internal Audit Plan for 2023/24.

The Annual Internal Audit Plan will then serve as the work programme for the Council's Internal Audit Services Contractor; TIAA Ltd.

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

### **Recommendation:**

That Audit Committee endorses:

- (a) the Internal Audit Charter;
- (b) the Internal Audit Strategy;
- (c) the Strategic Internal Audit Plans 2023/24 to 2026/27; and
- (d) the Annual Internal Audit Plan 2023/24.

### **Policy Framework**

The Council has five corporate aims, 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 is relevant for all five corporate aims.

## Report Details

1. The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
2. Those standards are set out in the Public Sector Internal Audit Standards (PSIAS) updated 2017.
3. The attached report contains;
  - the Internal Audit Charter, outlining Internal Audit Purpose, Authority, and Responsibilities of Internal Audit;
  - the Internal Audit Strategy, which is a strategic high-level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities;
  - the Strategic Internal Audit Plan, which details the plan of work for the next four financial years; and
  - the Annual Internal Audit Plan, which details the timing and the purpose of each audit agreed for inclusion in 2023/24.

## Consultation

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

## Implications

### Financial and Resources

5. The Internal Audit plan for 2023/24 will be delivered in accordance with the agreed budget.

## Legal

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

## Statutory Considerations

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

## **Risk Management**

7. The consideration of the Council's Corporate Risk Register is a key element of the audit planning process.

## **Other Options Considered**

8. Not applicable for this report.

## **Reasons for the decision/recommendation**

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

## **Background papers:**

None

## **Appendices:**

Appendix 1 Strategic and Annual Internal Audit Plans 2023/24

## **Contact Officer:**

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Eastern Internal Audit Services



NORWICH CITY COUNCIL

Strategic and Annual Internal Audit Plans 2023/24

Responsible Officer: Head of Internal Audit for Norwich City Council

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## 1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 The Public Sector Internal Audit Standards (PSIAS) mandate a periodic preparation of a risk-based plan, which must incorporate or be linked to a strategic high-level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities, this is set out in the Internal Audit Strategy.
- 1.3 The development of a risk-based plan takes into account the organisation's risk management framework. The process identifies the assurance (and consulting) assignments for a specific period, by identifying and prioritising all those areas on which objective assurance is required. This is then also applied when carrying out individual risk-based assignments to provide assurance on part of the risk management framework, including the mitigation of individual or groups of risks.
- 1.4 The following factors have been considered when developing the internal audit plan:
  - The risk profile and maturity of the Council;
  - Previous assurance gradings given in each area;
  - Any declarations to avoid conflicts of interest;
  - The requirements of the use of specialists e.g. IT auditors;
  - Striking the right balance over the range of reviews needing to be delivered, for example systems and risk-based reviews, specific key controls testing, value for money and added value reviews;
  - Allowing contingency time to undertake ad-hoc reviews or fraud investigations as necessary;
  - The time required to carry out the audit planning process effectively as well as regular reporting to and attendance at Audit and Risk Committee, the development of the annual report and opinion and the Quality Assurance and Improvement Programme.
- 1.5 In accordance with best practice the Audit Committee should *‘review and assess the annual internal audit work plan’*.

## 2. AUDIT CHARTER

- 2.1 There is an obligation under the PSIAS for the Charter to be periodically reviewed and presented. This Charter is therefore reviewed annually by the Head of Internal Audit to confirm its ongoing validity and completeness, and presented to the Section 151 Officer, and the Audit Committee. The Charter is attached at **Appendix 1**.
- 2.2 As part of the review of the Audit Charter the Code of Ethics are also reviewed by the Head of Internal Audit, and it is ensured that the Internal Audit Services contractor staff, as well as the Head of Internal Audit and Internal Audit Trainee adhere to these, specifically with regard to; integrity, objectivity, confidentiality and competency. Formal sign off to acceptance of the Code of Ethics is retained by Eastern Internal Audit Services.

### **3. INTERNAL AUDIT STRATEGY**

- 3.1 The purpose of the Internal Audit Strategy (**see Appendix 2**) is to confirm:
- How internal audit services will be delivered;
  - How internal audit services will be developed in accordance with the internal audit charter;
  - How internal audit services links to organisational objectives and priorities; and
  - How the internal audit resource requirements have been assessed and how they will be enhanced.

### **4. STRATEGIC INTERNAL AUDIT PLAN**

- 4.1 The overarching objective of the Strategic Internal Audit Plan (**see Appendix 3**) is to provide a comprehensive programme of review work over the next four years, with each year providing sufficient audit coverage to give annual opinions, which can be used to inform the organisation's Annual Governance Statement.
- 4.2 The coverage over the forthcoming four years has been discussed with the Corporate Leadership Team to ensure audits are undertaken at the right time, at a time where value can be added, as well as ensuring sufficient coverage for an Annual Opinion on the framework of governance, risk management and control.

### **5. ANNUAL INTERNAL AUDIT PLAN**

- 5.1 Having developed the Strategic Internal Audit Plan, the Annual Internal Audit Plan is an extract of this for the forthcoming financial year (**see Appendix 4**). The plan includes the areas being reviewed by Internal Audit, the number of days for each review, the quarter during which the audit will take place and a brief summary and purpose of the review.
- 5.2 The Annual Internal Audit Plan for 2023/24 totals 356 days, encompassing 25 internal audit reviews, two of which cover IT processes.
- 5.3 Audit verification work concerning audit recommendations implemented to improve the Council's internal control environment will also be undertaken throughout the financial year.
- 5.4 Depending on any changes to the control environment over the year, the annual internal audit plan may need to be revised to respond to emerging risks. The Head of Internal Audit will regularly review the Corporate Risk Register and report through to the Committee any necessary changes to the plan of work.

### **6. ASSURANCE MAPPING**

- 6.1 The 2022/23 External Quality Assessment of the Internal Audit function has now concluded, and a report produced demonstrating the service is delivered in conformance with the Public Sector Internal Audit Standards. Assurance mapping was highlighted as one of the few areas requiring development.
- 6.2 Assurance mapping is an emerging area of internal audit practice which involves mapping a visual representation of assurance activities as they apply to a specific set of risks or compliance requirements facing an organisation.

6.3 This exercise is particularly useful to undertake as part of Internal Audit Planning as it allows the function to determine to what extent it can rely on and co-ordinate its activities with other assurance providers to enhance value and prevent duplication.

6.4 Following discussions with each Heads of Service, the Internal Audit team have been able to map the types of assurance available for the top three scoring corporate level risks in each of the three assurance categories listed below.

6.5 **Three lines of defence**

<b>1. The first line of defence (functions that own and manage risks)</b>	<b>2. The second line of defence (functions that oversee or who specialise in compliance or the management of risk)</b>	<b>3. The third line of defence (functions that provide independent assurance)</b>
Assurances in this area are provided by managers and staff who are responsible for identifying and managing risk as part of their accountability for achieving objectives.	Assurances in this area are provided by those that monitor frameworks, enable risk and compliance to be managed in the first line. Second line assurance functions are often involved in monitoring the effectiveness in the first line ensuring risks are managed consistently.	Assurances at this level are typically provided by internal audit. Sitting outside the risk management processes of the first two lines of defence. The main role of this defence line is to provide an evaluation of the effectiveness of the organisations approach to governance, risk management and control.

6.6 The assurance map provided at **Appendix 5** of this report highlights what assurances are available in each of the three lines for the top three scoring corporate risks. This has been used to provide justification to the areas included within the strategic and annual internal audit plans.



## APPENDIX 1 – INTERNAL AUDIT CHARTER



### EASTERN INTERNAL AUDIT SERVICES

#### INTERNAL AUDIT CHARTER FOR 2023/24

#### 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1 April 2013, these provide a consolidated approach across the public sector encouraging continuity, sound corporate governance and transparency.
- 1.2 The Standards require all internal audit services to implement, monitor and review an internal audit charter; this formally defines the internal audit's purpose, authority and responsibility, and is a mandatory document.
- 1.3 The charter also displays formal commitment to and recognises the mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the Standards, i.e. the International Professional Practices Framework (IPPF).
- 1.4 This Internal Audit Charter is applicable to each of the following internal audit consortium members covered by Eastern Internal Audit Services (EIAS).
- Breckland District Council;
  - Broadland District Council;
  - Great Yarmouth Borough Council;
  - North Norfolk District Council;
  - Norwich City Council;
  - South Norfolk Council; and
  - Broads Authority.
- 1.5 The term Local Authority will be used to describe the above consortium members throughout the Charter.

#### 1.6 Mission

Standards require the Internal Audit Function to articulate its overall purpose and summarise the way it will provide value to the organisation. The mission statement for EIAS is as follows:

*“Protecting each of our consortium members ability to enhance value through the provision of independent risk-based assurance and advice”*

#### 1.7 This charter:

- Establishes the position and reporting lines of internal audit;
- Outlines provision for unrestricted access to information, officers, management and members as appropriate;
- Sets the tone for internal audit activities;

- Defines the nature and scope of internal audit services, in particular assurance and consultancy services; and
- Sets out the nature and scope of assurance provided to other parties.

1.8 The charter is to be periodically reviewed and presented to Senior Management and the Board for approval annually. The charter will be reviewed by the Chief Audit Executive to confirm its ongoing completeness and validity and presented to Senior Management and the Board.

## **2 Purpose, Authority and Responsibility**

### **2.1 Purpose**

2.1.1 Internal auditing is best summarised through its definition with the Standards, *“an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”*.

2.1.2 Internal audit will provide reasonable assurance to each member of the Internal Audit Consortium, that necessary arrangements are in place and operating effectively, and to identify risk exposures and areas where improvements can be made.

### **2.2 Authority**

2.2.1 The Accounts and Audit Regulations (England) 2015, states that the relevant body must; *“undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”*. The statutory requirement for internal audit is recognised in the Constitution of each Local Authority and the internal auditing standards in this regard are the Public Sector Internal Audit Standards.

### **2.3 Responsibility**

2.3.1 The responsibility for maintaining an adequate and effective internal audit to evaluate risk management, control and governance processes lies with each Local Authority’s Chief Finance Officer (the Section 151 Officer or Section 17 Officer).

2.3.2 The Local Authority and its Members must be satisfied about the adequacy of the advice and support it receives from internal audit.

2.3.3 Internal audit is provided by Eastern Internal Audit Services, with the Chief Audit Executive being responsible for ensuring the internal audit activity is undertaken in accordance with the definition of internal auditing, the code of ethics and the standards for all consortium members.

2.3.4 Senior management are responsible for ensuring that internal control, risk management and governance arrangements are sufficient to address the risks facing the Local Authority. Accountability for responding to internal audit rests with senior management who either accept and implement the recommendations, or formally reject them. Any advice that is rejected will be formally reported to senior management and the respective Audit Committee.

## **3 Key Relationships and Position in the Organisation**

3.1 The standards require the terms ‘Chief Audit Executive’, ‘Board’ and ‘Senior Management’ to be defined in the context of the governance arrangements in each public sector organisation

in order to safeguard the independence and objectivity of internal audit. The following interpretations are applied within Eastern Internal Audit Services.

### 3.2 Chief Audit Executive

- 3.2.1 The Chief Audit Executive is based at South Norfolk Council and provides the Head of Internal Audit role to all consortium members.

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

- 3.2.2 The Head of Internal Audit also report functionally to each Section 151 Officer or Section 17 Officer at all other members of the consortium.
- 3.2.3 The Head of Internal Audit has a direct line of reporting and unfettered access to each Chief Executive, the Senior Management Team at each Local Authority and the Chair of the Board at each Local Authority.
- 3.2.4 The delivery of the Annual Audit Plans for all consortium members and any specified ad-hoc assignments is provided by an external contractor, TIAA Ltd from 1 April 2022. The Head of Internal Audit manages this contract.

### 3.3 Board

- 3.3.1 In the context of overseeing the work of Internal Audit at each Local Authority, the 'Board' will be the Audit Committee (or equivalent) of the Local Authority, which has been established as part of the governance arrangements. The Audit Committee's responsibilities are discharged through each of the Local Authority's Constitution's and explicitly referred to in each terms of reference.
- 3.3.2 This functional reporting includes;
- Approving the audit charter, audit strategy and risk based annual plans on an annual basis;
  - Receiving regular reports on the outcomes of internal audit activity and performance;
  - Receiving regular reports on management action in relation to agreed internal audit recommendations;
  - Receiving the Annual Report and Opinion of the Head of Internal Audit, alongside a conclusion as to the effectiveness of internal audit;
  - Overseeing External Assessments of the Internal Audit Service, at least once every 5 years.
- 3.3.3 Internal Audit work closely with the chair and members of the Audit Committee to facilitate and support their activities, part of which includes facilitating a self- assessment and providing training.

### 3.4 Senior Management

- 3.4.1 'Senior Management' is those individuals responsible for the leadership and direction of the organisation, and are responsible for specific aspects of internal control, risk management and governance arrangements. There is effective liaison between internal audit and senior management to ensure that independence remains, and provides for a critical challenge.

- 3.4.2 The Internal Audit Manager meets regularly with the Section 151 Officer or Section 17 Officer to ensure organisational awareness is maintained, to discuss progress with the agreed Internal Audit Plan and to maintain a good working relationship. These arrangements facilitate discussions in relation to the current and emerging risks and issues to ensure that the internal audit plan of work remains reflective and responds as required.

### 3.5 External Audit

- 3.5.1 Regular liaison is maintained with External Audit to consult on audit plans, and to discuss matters of mutual interest. The external auditors have the opportunity to take account of the work of internal audit where appropriate.

### 3.6 Other Internal Audit Service Providers

- 3.6.1 Where appropriate internal audit will liaise with other internal audit providers, where shared arrangements exist. In such cases, a dialogue will be opened with the Chief Audit Executive to agree a way forward regarding the auditing of such shared services. This is to ensure an efficient and effective approach, and enable reliance on each other's outcomes. Where formal arrangements are entered into, a protocol will be determined and agreed by both Chief Audit Executives.
- 3.6.2 Internal audit will also co-operate with all external review and inspection bodies that are authorised to access and evaluate the activities of the Local Authority, to determine compliance with regulations and standards. Assurances arising from this work will be taken into account where applicable.

## 4 **Rights of Access**

- 4.1 Internal audit, with strict accountability for confidentiality and safeguarding records and information, is authorised to have the right of access to all records, assets, personnel and premises and has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. This access is full, free and unrestricted and is set out in each Local Authority's Constitution.
- 4.2 Such access shall be granted on demand and shall not be subject to prior notice, although in principle, the provision of prior notice will be given wherever possible and appropriate, unless circumstances dictate otherwise.

## 5 **Objective and Scope**

- 5.1 The provision of assurance services is the primary role of Eastern Internal Audit Services, thus allowing the Head of Internal Audit to provide an annual audit opinion on the adequacy and effectiveness of the Local Authority's framework of governance, risk management and control, together with reasons if the opinion is unfavourable.
- 5.2 Internal audit will also provide consultancy services, at the request of management. These reviews are advisory in nature and generally performed to facilitate improved governance, risk management and control. This work may contribute to the annual audit opinion.
- 5.3 Whichever role / remit is carried out by internal audit the scope is to be determined by internal audit, through discussions with senior management, however this scope will not be unduly bias nor shall it be restricted.

- 5.4 A risk based Strategic Internal Audit Plan will be developed each year to determine an appropriate level of risk based audit coverage required to generate an annual audit opinion. The plan will be derived from risk assessments, discussions with Senior Management and Audit Committee taking prior year's assurance results into account.
- 5.5 Each audit review will be designed to provide evidence-based assurance over the management of risk and controls within that area. The results of each review will be shared with management so that any required improvements can be actioned to restore satisfactory systems of internal control.
- 5.6 It is management's responsibility to control the risk of fraud and corruption; however internal audit will be alert to such risks in all the work that is undertaken. In addition, the Head of Internal Audit are either responsible for, or is consulted on, related policy and strategy. These include for example; Counter Fraud, Corruption, Anti-Bribery, Whistleblowing, Anti-Money Laundering and includes the related promotion and training for officers and councillors.
- 5.7 Through the contract in place with TIAA Ltd, there are other services that can be provided, these include: fraud investigations, grant certification and digital forensics.

## **6 Independence and Objectivity**

- 6.1 Internal Audit must be sufficiently independent of the activities that are audited to enable an impartial, unbiased and effective professional judgement. All internal auditors working within Eastern Internal Audit Services, annually confirm their adherence the Code of Ethics, which sets out the minimum standards for performance and conduct. The four core principles are integrity, objectivity, confidentiality and competency.
- 6.2 The Internal Audit Team at South Norfolk Council, consisting of the Head of Internal Audit and the Internal Audit Trainee do not have any responsibility or authority over any activities outside of Internal Audit.
- 6.3 As contractors the TIAA Internal auditors have no operational responsibility or authority over any of the activities which they are required to review. They do not engage in any other activity, which would impair their judgement, objectivity or independence.
- 6.4 If the independence or objectivity of the Head of Internal Audit is impaired, or appears to be, the details of the impairment will be disclosed to senior management. The nature of the disclosure will depend upon the impairment.

## **7 Professional Standards**

- 7.1 The Internal Audit Service and all Internal Audit staff operate in accordance with all mandatory guidance within the PSIAS including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and Definition of Internal Auditing. Internal Auditors also have regard for the principles contained within the Standards of Public Life.

## **8 Internal Audit Resources**

- 8.1 The Head of Internal Audit will be professionally qualified (CMIIA, CCAB or equivalent) and have wide ranging internal audit management experience to enable them to deliver the responsibilities of the role.

- 8.2 The Head of Internal Audit is supported by the Internal Audit Trainee in ensuring the Internal Audit Service has access through the contract to a team of staff who have the appropriate range of knowledge, skills and experience to deliver the audit service.

## **9 Audit Planning**

- 9.1 The Internal Audit Manager develops a strategy, alongside a strategic and annual internal audit plan, using a risk-based approach.
- 9.2 The Internal Audit Strategy provides a clear direction for internal audit services and creates a link between the Charter, the strategic plan and the annual plan.
- 9.3 The annual internal audit plan of work, developed as per the Internal Audit Strategy, is derived using a risk-based approach, discussed with Senior Management and approved by the Audit Committee. The Internal Audit Manager is responsible for the delivery of the internal audit plan, which will be kept under regular review and reported to the Audit Committee.

## **10 Audit Reporting**

- 10.1 On conclusion of each assurance review included within the annual internal audit plan, a report will be provided to management giving an opinion on the adequacy of controls in place to manage risk. This report will provide an assurance level and associated recommendations to ensure that risks are appropriately addressed.
- 10.2 Management can choose not to accept / implement the recommendations raised, in all instances this will be reported through to Senior Management and the Audit Committee, especially in instances whereby there are no compensating controls justifying the course of action.
- 10.3 A Progress Report is periodically presented to the Audit Committee which includes the Executive Summary of all final reports, any significant changes to the approved plan and the performance of the contractor relative to completing the agreed plan.
- 10.4 A Follow Up Report is also periodically produced for the Audit Committee showing management progress against the implementation of agreed recommendations arising from internal audit assurance reports. The Internal Audit Team will verify and obtain evidence to demonstrate recommendation completion from responsible officers.
- 10.5 An Internal Audit Annual Report and Opinion is produced for Senior Management and the Audit Committee following the completion of the annual audit plan each financial year.
- 10.6 This report includes a summary of all Internal Audit work carried out, details of recommendations that have been implemented by management and the Annual Opinion.
- 10.7 The Annual Opinion is based on the overall adequacy and effectiveness of the Local Authority's framework of governance, risk management and control during the financial year, together with reasons if the opinion is unfavourable. This opinion is reached by considering the results from assurance reviews undertaken throughout the year.
- 10.8 The report also highlights any issues that are deemed particularly relevant to the Annual Governance Statement (AGS) and the results of the review of the effectiveness of internal audit.

## 11 Quality Assurance and Improvement Programme

11.1 The standards require a quality assurance and improvement programme to be developed that covers all aspects of internal audit; including both internal and external assessments.

11.2 If an improvement plan is required as a result of the internal or external assessment, the Head of Internal Audit will coordinate appropriate action and report this to Senior Management and the Audit Committee, as part of the annual report and opinion.

### 11.3 Internal Assessment

11.3.1 Internal assessment includes the ongoing monitoring of the performance of the contractor through the performance measures. These form a key part of service management of the contract and are subject to quarterly reporting to the Head of Internal Audit for review.

11.3.2 On conclusion of audit reviews a feedback form is provided to the key officer identified during the audit process. Outcomes are reviewed and relevant improvements discussed with the contractor.

11.3.3 The standards also require periodic self-assessment in relation to the effectiveness of internal audit, the detail and outcomes of which are then forwarded to the Section 151 Officer or Section 17 Officer for their independent scrutiny, before the summary of which is provided to the Audit Committee as part of the annual report and opinion. This information enables the Committee to be assured that the internal audit service is operating in accordance with best practice.

### 11.4 External Assessment

11.4.1 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Organisation. This can be in the form of a full external quality assessment that involves interviews with relevant stakeholders, supported by examination of the internal audit approach and methodology leading to the completion of an independent report, or a validated self-assessment, which the Internal Audit Manager compiles against the PSIAS assessment tool, which is then validated by an external assessor/team. The full external quality assessment is the chosen option for Eastern Internal Audit Services.

11.4.2 An external assessment will:

- Provide an assessment on the internal audit function's conformance to the standards;
- Assess the performance of the internal audit activity in light of its charter, the expectations of the various boards and executive management;
- Identify opportunities and offer ideas and counsel for improving the performance of the internal audit activity, raising the value that internal audit provides to the organisation; and
- Benchmark the activities of the internal audit function against best practice.

11.4.3 In October 2022 Eastern Internal Audit Services was fully assessed by the Chartered Institute of Internal Auditors. The conclusion of the review was:

*"EIAS conforms with the vast majority of the Standards, as well as the Definition, Core Principles and the Code of Ethics, which form the mandatory elements of the PSIAS and the Institute of Internal Auditors' International Professional Practices Framework (IPPF), the globally recognised standard of quality in Internal Auditing".*

11.4.4 The next External Quality Assessment is scheduled for October 2027.

## APPENDIX 2 – INTERNAL AUDIT STRATEGY



### EASTERN INTERNAL AUDIT SERVICES

#### INTERNAL AUDIT STRATEGY FOR 2023/24

#### 1. Introduction

- 1.1 The Internal Audit Strategy is a high-level statement of;
- how the internal audit service will be delivered;
  - how internal audit services will be developed in accordance with the internal audit charter;
  - how internal audit services links to the organisational objectives and priorities; and
  - how the internal audit resource requirements have been assessed.

The provision of such a strategy is set out in the Public Sector Internal Audit Standards (the standards).

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

#### 2. How the internal audit service will be delivered

- 2.1 The Role of the Head of Internal Audit and contract management is provided by South Norfolk Council to; Breckland, Broadland, North Norfolk and South Norfolk District Councils, Great Yarmouth Borough Council, Norwich City Council and the Broads Authority. All Authorities are bound by a Partnership Agreement.
- 2.2 The delivery of the internal audit plans for each Authority is provided by an external audit contractor, who reports directly to the Head of Internal Audit at South Norfolk Council. The internal audit work is delivered by an outsourced provider, TIAA Ltd. The contract for this service commenced from 1 April 2022 ending 31 March 2027 with the option to extend for a further term of two plus two.

#### 3. How internal audit services will be developed in accordance with the internal audit charter

##### 3.1 Internal Audit objective and outcomes

- 3.1.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Authority's operations. It helps the Authority accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.



- 3.1.2 The outcomes of the internal audit service are detailed in the Internal Audit Charter and can be summarised as; delivering a risk-based audit plan in a professional, independent manner, to provide the Authority with an opinion on the level of assurance it can place upon the internal control environment, systems of risk management and corporate governance arrangements, and to make recommendations to improve these provisions, where further development would be beneficial.
- 3.1.3 The reporting of the outcomes from internal audit is through direct reports to senior management in respect of the areas reviewed under their remit, in the form of an audit report. The Audit Committee and the Section 151 and 17 Officers also receive:
- The Audit Plans Report, which is risk based and forms the next financial year's plan of work; and
  - The Annual Report and Opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.
- 3.2 Internal Audit Planning
- 3.2.1 A risk-based internal audit plan (RBIA) is established in consultation with senior management that identifies where assurance and consultancy is required.
- 3.2.2 The audit plan establishes a link between the proposed audit areas and the priorities and risks of the Authority considering:
- Stakeholder expectations, and feedback from senior and operational managers;
  - Objectives set in the strategic plan and business plans;
  - Risk maturity in the organisation to provide an indication of the reliability of risk registers;
  - Management's identification and response to risk, including risk mitigation strategies and levels of residual risk;
  - Legal and regulatory requirements;
  - The audit universe – all of the audits that could be performed; and
  - Previous Internal Audit plans and the results of audit engagements.
- 3.2.3 In order to ensure that the internal audit service adds value to the Authority, assurance should be provided that major business risks are being managed appropriately, along with providing assurance over the system of internal control, risk management and governance processes.
- 3.2.4 Risk based internal audit planning starts with the Authority's Business Plan, linking through to the priority areas and the related high-level objectives. The focus is then on the risks, and opportunities, that may hinder, or help, the achievement of the objectives. The approach also focuses on the upcoming projects and developments for the Authority.
- 3.2.5 The approach ensures; better and earlier identification of risks and increased ability to control them; greater coherence with the Authority's priorities; an opportunity to engage with stakeholders; the Committee and Senior Management better understand how the internal audit service helps to accomplish its objectives; and this ensures that best practice is followed.
- 3.2.6 The key distinction with establishing plans derived from a risk based internal audit approach is that the focus should be to understand and analyse management's assessment of risk and to base audit plans and efforts around that process.
- 3.2.7 Consultation with the Section 151/S17 Officer and Senior Management takes place through discussion during which current and future developments, changes, risks and areas of concern are considered and the plan amended accordingly to take these into account.

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

### 3.3 Internal Audit Annual Opinion

3.3.1 The annual opinion provides Senior Management and the Audit Committee with an assessment of the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

3.3.2 The opinion is based upon:

- The summary of the internal audit work carried out;
- The follow up of management action taken to ensure implementation of agreed action as at financial year end;
- Any reliance placed upon third party assurances;
- Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
- The Annual Review of the Effectiveness of Internal Audit, which includes;
  - A statement on conformance with the Public Sector Internal Audit standards and the results of any quality assurance and improvement programme,
  - the outcomes of the performance indicators and
  - the degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.

3.3.3 In order to achieve the above, Internal Audit operates within the standards and uses a risk based approach to audit planning and to each audit assignment undertaken. The control environment for each audit area reviewed is assessed for its adequacy and effectiveness of the controls and an assurance rating applied.

## **4. How internal audit services links to the organisational objectives and priorities**

4.1 In addition to the approach taken as outlined in section 3.2 (Internal Audit Planning), which ensures that the service links to each Authorities objectives and priorities and thereby through the risk based approach adds value, internal audit also ensure an awareness is maintained of local and national issues and risks.

4.2 The annual audit planning process ensures that new or emerging risks are identified and considered at a local level. This strategy ensures that the planning process is all encompassing and reviews the records held by the Authority in respect of risks and issue logs and registers, reports that are taken through the Authority Committee meetings, and through extensive discussions with senior management.

4.3 Awareness of national issues is maintained through the contract in place with the external internal audit provider through regular "horizon scanning" updates, and annually a particular focus provided on issues to be considered during the planning process. Membership and subscription to professional bodies such as the Institute of Internal Auditors and the CIPFA on-line query service, liaison with External Audit, and networking, all help to ensure developments are noted and incorporated where appropriate.

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

- 4.5 Coverage and testing plans for each audit are determined using the following principles:
- The number of days allocated to each review is considered based on the complexity of the area being audited factoring in audit scoping, testing time and quality assurance processes.
  - Key management assurance controls will be prioritised during testing to confirm that risks identified by the service area and internal audit during scoping are being monitored and managed.
  - Ordinarily, samples for each control tested will be selected to cover a 12-month period to ensure that internal audit coverage supports the annual internal audit opinion.
  - Testing sample sizes will ordinarily be based on the frequency of the control. By way of example; for each key financial control carried out weekly, a sample of four, one in each quarter across the year will be selected.
  - Testing samples will be selected randomly and objectively to provide a balanced view on the strength of the controls in place.
  - Where applicable data analytics will be used to test 100% of the available sample. The Internal Audit team will aim to increase the opportunities to adopt data analytics in their work to provide greater levels of assurance.

## **5. How internal audit resource requirements have been assessed**

- 5.1 The in-house Internal Audit team at South Norfolk Council consists of the Head of Internal Audit who is a Chartered professional and an Internal Audit Trainee, currently training to become part qualified with the Chartered Institute of Internal Auditors.
- 5.2 These resources are used to contract manage the outsourced provider effectively, ensuring that the key performance measures of the service are met on behalf of consortium members. The team also provides Internal Audit management support to one other Council outside of the Consortium.
- 5.3 The Internal Audit Trainee has been appointed to enhance continuity arrangements and contribute towards building succession opportunities within the Consortium.
- 5.4 Through utilising a contractor, the risk based internal audit plan can be developed without having to take into account the existing resources, as you would with an in-house team, thus ensuring that audit coverage for the year is appropriate to the Authority's needs and not tied to a particular resource.
- 5.5 A core team of staff is provided by the contractor to deliver the audit plan, and these staff bring with them considerable public sector knowledge and experience. These core staff can be supplemented with additional staff should the audit plan require it, and in addition specialists, e.g. information technology auditors, contract auditor, fraud specialists, can be drafted in to assist in completing the internal audit plan and focusing on particular areas of specialism.
- 5.6 All audit professionals are encouraged to continually develop their skills and knowledge through various training routes; formal courses of study, in-house training, seminars and webinars. As part of the contract with TIAA Ltd the contractor needs to ensure that each member of staff completes a day's training per quarter.

- 5.7 The recent External Quality Assessment has highlighted that that the internal audit service needs to invest in skills relating to Data Analytics to ensure audits are carried out to take full advantage of the benefits that can be realised from this audit technique.
- 5.8 In 2022/23, the team made the first steps to develop a data analytics strategy by undertaking training in this area. The contractor has also been developing data analytic capabilities within its auditing of financial key controls audits. A commitment has been made to ensure that by 2025/26 each internal audit review regardless of area will incorporate data analytics testing. Where systems data is not available to support such testing, a recommendation will be highlighted with the aim of encouraging the development of data maturity.
- 5.9 In addition to the above, in order to support the internal audit function to deliver the service using the latest best practice from the internal auditing profession, subject matter leads have been assigned to each new subject area such as climate and sustainability, culture and AI Data Analytics. Each subject matter lead will proactively seek training and guidance for their assigned area and will be responsible for upskilling the rest of the team.
- 5.10 The above-mentioned arrangements ensure that the Internal Audit Service is able to respond effectively to the assurance needs of each Authority whilst ensuring that the core team used are sufficiently qualified and experienced.

### APPENDIX 3 – STRATEGIC INTERNAL AUDIT PLAN

Audit Area	Last review & assurance	Associated Risk CRR	2023/24	2024/25	2025/26	2026/27	Internal Audit Coverage 2023/24 Justification
<b>Annual Opinion / Governance audits</b>							
Corporate Governance	2019/20 - Scheme of delegation: Control environment - good, Compliance - substantial.		10		10		
Annual Governance Statement	2022/23 - Substantial					8	
Risk Management	2021/22 - Reasonable		10		10		
Information Security & Data Protection Compliance	2017/18 - Information Security Adequacy of system - good; Compliance - good  2018/19 Information Security and GDPR Control environment - satisfactory; Compliance - limited	Medium Risk - Data Protection Compliance (Adherence to data protection legislation is an important safeguard for data held and used by the council).	12			12	
FOI and Complaints	2022/23 - Reasonable				12		
Business Strategy and Performance Management.	2019/20 - KPIs Control Environment - good, Compliance - satisfactory  2020/21 - Annual Key Policies & Procedures - Limited	High Risk Cost of living (COL) crisis has a negative impact on the city and the council (The cost of living crisis: increases financial, social and health inequalities for Norwich residents; reduces the effectiveness of council services as demand increases; and reduces council income, so further limiting our ability to deliver for the city).		12			This risk will be covered as part of a number of audits in 2023/24 such as accounts receivable in key controls, Council Tax and NNDR and Homlessness to provide assurance that planned mitigations are having the desired impact on the councils ability to manage debt and demand for services.
Programme and Project Management - Future Shape Norwich	2018/19 - Control Environment - good, Compliance - satisfactory			12			
Key Controls and Assurance	2022/23 - TBC		15	15	15	15	
Corporate Health and Safety	2021/22 - Limited	Medium Risk - Health & Safety in the workplace (breach of regulations or H&S incident).		10			Recommendations from the 2021/22 audit will continue to be monitored through to completion.
Counter Fraud and Corruption Arrangements	2022/23 - Reasonable					10	
Procurement and Contract Management	2018/19 - Procurement Compliance - Satisfactory  2019/20 - Contract extensions Control environment - satisfactory; Compliance - good.	High Risk - CORP23 Impact of economic downturn on key council suppliers  Medium Risk - Contract management - governance (ineffective management of contracts leads to poor service delivery).	15		15		

Audit Area	Last review & assurance	Associated Risk CRR	2023/24	2024/25	2025/26	2026/27	Internal Audit Coverage 2023/24 Justification
<b>Fundamental Financial Systems</b>							
Accountancy Services includes control accounts, banking, bank reconciliation, asset register, budgetary control and treasury management	2020/21 - Banking reconciliation and cash controls - Substantial 2021/22 - Treasury - Reasonable	Medium risk - Council Funding Medium – Long Term (continued reductions in the Council's sources of funding over the medium term).	16		16		
Accounts Payable	2020/21 - Substantial 2020/21 - Purchase cards - Reasonable			12		12	
Accounts Receivable	2018/19 - Debt Recovery Control environment - good; Compliance - good.  2020/21 - Accounts Receivable - Reasonable		10		10		
Income	Previously included within other areas		10			10	A review of cash management practices will be undertaken in 2023/24.
Payroll and Human Resources (includes officer expenses)	2020/21 - Payroll - Reasonable 2022/23 - Payroll and HR Reasonable			15		15	
Council Tax and National Non-Domestic Rates	2020/21 - Council Tax - Reasonable 2020/21 - National Non-Domestic Rates - Reasonable		15		15		
Housing Benefits and Council Tax Reduction Scheme	2020/21 - Reasonable 2022/23 - TBC			15		15	
Housing Rents and Arrears	2020-21 - Reasonable 2021-22 - Substantial			15		15	

Audit Area	Last review & assurance	Associated Risk CRR	2023/24	2024/25	2025/26	2026/27	Internal Audit Coverage 2023/24 Justification
<b>Service area audits</b>							
<b>Procurement and Legal and Governance</b>							
Elections	2022/23 - Position Statement	Medium Risk - Implementation of the Election Act (In April 2022, the Elections Act received Royal Assent. The timing of implementation is yet to be confirmed but could impact on the operation of the 2023 elections).				10	Assurance provided during 2022/23
Legal Services Arrangements and Insurance	New area			12			
<b>Human Resources and Organisation Development</b>							
Staff Wellbeing	2022/23 - Position Statement						
IR35 Compliance	2021/22 - Reasonable				10		
Performance and Training Needs	Not reviewed recently			10			
<b>Housing Development</b>							
Norwich Regeneration Ltd	2022/23 - Position Statement				12		
Social Housing Delivery	Elements covered during Capital Programme Audit 2021/22			10			
<b>Planning and Regulatory Services</b>							
Business Continuity and Emergency Planning	2017/18 - Business continuity policy and management Adequacy of system - satisfactory; Compliance - Satisfactory	Failure to respond to a critical, business continuity or emergency planning event (unexpected events may occur that either impact the Council directly or require a corporate response across the city area or wider).	10			12	
Planning and Enforcement	2013/14 - Planning Income - Moderate	High Risk - Failure to address Natural England advice on Nutrient Neutrality (NN).		15			Nutrient Neutrality coverage added to 2024/25. Position statement to be provided by EIAS with South Norfolk Council. Planning, planning enforcement to be covered in 2024/25.
Community Infrastructure Levy	Review of CIL income, Apr 2015, substantial.			10			

Audit Area	Last review & assurance	Associated Risk CRR	2023/24	2024/25	2025/26	2026/27	Internal Audit Coverage 2023/24 Justification
Service area audits							
Planning and Regulatory Services							
Hertiage Buildings at Risk	2022/23 Reasonable					10	
Building Control arrangements	Not reviewed recently				6		
Development Management & Local Plan	Not reviewed recently.	Medium Risk - Failure to be able to draw down £15m of Housing Infrastructure Fund (HIF) money previously secured from Homes England (HE) and under contract to assist with the delivery of Anglia Square leading to failure for successful redevelopment of this key city centre site.		10			Extension of HIF to March 2025. Internal Audit to monitor risk and provide assurance if requested.
Private Sector Housing - HMOs Enforcement.	Not reviewed recently.	Medium Risk - Failure to deliver acceptable levels of performance in regulatory services.	12				Private Sector Housing Enforcment covering damp and mould management to be covered in 2023/24.
Food Health and Safety	2022/23 - Reasonable				12		
Environmental Health - Contaminated Land and Air Quality	2022/23 - TBC					12	
Licensing	2020/21 Reasonable			12			
Property and Economic Development							
Property & Asset Management	2018/19 - Commercial rents Control environment - satisfactory; compliance - satisfactory  2019/20 - Commercial property and Investment Strategy Control environment - good; Compliance - good.			12			
Economic Development inc Towns Fund	2022/23 - TBC (Towns Fund)				10		
Non Housing Capital Programme Management	2021/22 Capital Programme Audit - Limited		12			12	
Housing Needs RTB Strategy	2016/17 Substantial					10	
Development Strategy (commissioning)	New Area				10		



Audit Area	Last review & assurance	Associated Risk CRR	2023/24	2024/25	2025/26	2026/27	Internal Audit Coverage 2023/24 Justification
<b>Service area audits</b>							
<b>Housing &amp; Housing Delivery</b>							
Housing Compliance - NCSL	No recent review	High Risk - Health and safety and compliance in council homes and buildings (Norwich City Council has identified a series of weaknesses in its management of health and safety compliance in its Council homes and Buildings.)  Medium Risk - Housing regulation (Norwich City Council has self reported its failure in relation to the Consumer Standard for Homes and has received a regulatory supervision notice. The council is required to take action to remedy the breach within an agreed timescale).	20	10	10	10	
Planned Housing Maintenance	2022/23 - Position Statement		10	15			Audit of planned maintenance contracts 2022/23. Review of planned maintenance programme follow up for 2024/25.
Housing Repairs and Void Management - NCSL	Contract mgmt NNBL - 2019-20 (Feb 2020), control environment - limited, compliance - limited.		15			15	
<b>Housing and Community</b>							
Housing Services inc Community Safety and Anti Social Behaviour	Not reviewed recently deferred from 2022/23		12				
Safeguarding	Audit of annual key policies and procedures review - safeguarding policy, 2018-19 (Mar 2019), control env - substantial. 2022/23 - TBC	Medium Risk Failure to fulfil statutory or legislative responsibilities – safeguarding (Norwich City Council has a duty to promote the welfare of and to safeguard all children and vulnerable adults from harm.)			10		Coverage in 2022/23.
Leasehold Management	2016/17 - Leasehold properties Control environment - moderate; compliance - moderate 2022/23 - Reasonable				12		
Housing Needs, Allocations, Homelessness & Housing Register	2013/14 - Homelessness, use of temporary accommodation - Substantial		12			12	
Housing Adaptations	Not reviewed recently			10			
Disabled Facilities Grants & discretionary loans	Not reviewed recently		10			10	

Audit Area	Last review & assurance	Associated Risk CRR	2023/24	2024/25	2025/26	2026/27	Internal Audit Coverage 2023/24 Justification
<b>Service area audits</b>							
<b>Environmental Services</b>							
Waste Management - Contract and NCSL	Contract Management – Waste, Refuse & Recycling service 2020-21 (Jan 21) - limited.  NCSL 2021/22 - Limited  2022/23 - TBC (Garden Waste Service)	Medium risk - The Council's approach to waste and recycling becomes financially, environmentally and contractually unsustainable.	10	15			Audit of Biffa Contract 2023/24. NCSL Environmental Services revisit 2024/25.
Trees and Playground Equipment	2022/23 - TBC				12		
Markets	2014/15 - Provisions Market - Moderate 2022/23 - TBC					12	1/2 FTE on markets. New strategy. CLT. Debt issues. Final notices. Finance supporting collection.
Cemeteries	2015/16 - Moderate				10		
Parking and Civil Enforcement	2015/16 - Substantial		12				Service delivery options being explored. Review to provide assurance over management of project.
<b>Strategy Engagement and Culture</b>							
Sustainable Warmth Grants	New area			15			Assurance to be provided by HOIA 2023/24 on returns to Department Energy Security and Net Zero (DESNZ).
Event Management and Tourism	Not reviewed recently				10		
Environmental Sustainability	New area	High Risk - Equality impacts due to climate change (People affected by inequality are likely to suffer disproportionately more from the adverse effects of climate change and inequality is likely to increase (similar to COVID 19).	10				Position statement covering Councils strategy to be provided 2023/24.
Leisure	2022/23 - Reasonable			12			
Equalities	2020/21 - Limited		10				

Audit Area	Last review & assurance	Associated Risk CRR	2023/24	2024/25	2025/26	2026/27	Internal Audit Coverage 2023/24 Justification
<b>Service area audits</b>							
<b>Customer, IT and Digital</b>							
Customer Contact Team	Not reviewed recently.		12				
Disaster Recovery	2022/23 - TBC				10		
Software Licensing inc Cloud applications	Not reviewed recently			10			Information Governance/Data management. James - Information Governance Team - increase. Apprentice. Data strategy.
Starters, Movers, Leavers	Not reviewed recently		10				
Change Control & Patch Management	Not reviewed recently				10		
Service Desk - Infrastructure				10			
IT Strategy and Governance	2021/22 Substantial					10	
Cyber Security	2020/21 - Cyber Security - Reasonable 2022/23 - TBC	Medium Risk - Cyber Security (Cyber risk is the likelihood of suffering negative disruptions to sensitive data, finances, or council operations. Common cyber risks are ransomware, phishing, malware, data leak, insider threat, supply chain and nation state cyber attack and all are associated with events that could result in a data breach.)			12		Audit coverage in 2022/23 plan.
Application Audits	2019/20 - e5 finance system IT controls Control environment - satisfactory; compliance - satisfactory  2020/21 - Northgate pre-implementation (Core Phase) - Reasonable  2022/23 - Housing System Implementation Phase 2 - TBC		10	10	10	10	
<b>Follow Up of audit recommendations</b>							
All audit recommendations			16	16	16	16	
<b>Internal Audit Management</b>							
Audit Committee attendance, reporting, quality assurance, contract management, advice and guidance.			40	40	40	40	
<b>Total number of days</b>			<b>356</b>	<b>360</b>	<b>325</b>	<b>313</b>	

#### APPENDIX 4 - ANNUAL INTERNAL AUDIT PLAN 2023/24

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
<b>Annual Opinion / Governance audits</b>						
Corporate Governance	10				10	Assurance is typically provided on corporate governance every other year to support the Internal Audit Opinion. The Corporate Governance audit for 2023/24 will provide assurance that decision making is carried out in accordance with the Councils' Constitution and that Cabinet and the supporting committees are functioning adequately in line with their agreed terms of reference.
Risk Management	10			10		A risk maturity assessment was undertaken in 2021/22 raising a number of opportunities to enhance risk maturity at the Council. This review will follow up the recommendations raised from this review and provide assurance that the risk management policy is followed consistently throughout the council.
Information Security and Data Protection Compliance	12		12			A corporate level risk has been raised covering adherence to data protection legislation. This audit will provide assurance on the management of compliance with the councils framework including the reporting and investigation of breaches and information retention arrangements.
Key Controls and Assurance	15				15	This is an annual review of key controls and feeds into the Statement of Accounts. This audit covers; accounts payable, accounts receivable, asset management, treasury management, general ledger, control accounts, budget control, cash income, payroll, and the assurance framework. For those systems not subject to a full audit review within the year, additional coverage will be required.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
<b>Annual Opinion / Governance audits</b>						
Procurement and Contract Management	15		15			<p>This audit was deferred from the 2022/23 plan. Two corporate level risks have been raised in this area; the first relating to the Impact of economic downturn on key council suppliers and the second relating to the ineffective management of contracts leading to poor service delivery.</p> <p>An audit of the Councils procurement strategy and level of compliance with Contract Procedure Rules will therefore be undertaken. In addition a sample of contracts will be taken to provide assurance confirming contract terms are being well monitored and managed.</p>
<b>Fundamental Financial Systems</b>						
Accountancy Services	16			16		<p>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. Accounts receivable coverage in 2023/24 will be focused on corporate debt management.</p>
Accounts Receivables	10		10			
Income - cash and bank	10		10			
Council Tax and NNDR	15			15		

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
<b>Planning and Regulatory Services</b>						
Business Continuity and Emergency Planning	10				10	A corporate level risk has been raised regarding a failure to respond adequately to unexpected events. An audit will be undertaken to provide assurance over the Council's preparedness for an emergency incident as a Category 1 responder. The audit will focus on scenario planning, emergency response plans, stakeholder engagement and provide assurance that requirements of the Civil Contingencies Act 2004 can be met.
Private Sector Housing Enforcement	12	12				A corporate level risk has been raised covering a failure to deliver acceptable levels of performance in regulatory services. A review of private sector enforcement will be undertaken particularly covering the councils commitments for enhancing housing conditions locally and risks relating to damp and mould and health and safety. The audit will review the extent of the councils proactive work in this area and its use of statutory improvement notices and civil penalties.
<b>Property and Economic Development</b>						
Non Housing Capital Programme Management	12				12	A review of capital programme management was undertaken in 2021/22 and given a limited assurance grading. The councils approach to managing the capital programme has been revised considerably. This audit will provide assurance on the management of the progress and budgets of significant non housing capital projects.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
<b>Housing Assets</b>						
Housing Compliance	20			20		Two corporate level risks have been raised in regarding the management of health and safety in housing. The Council has been working with the regulator for social housing on an improvement plan following self referral. An independent audit has been commissioned in two phases to provide independent assurance on progress. This audit will provide assurance that compliance is sustained following this work and will provide an update on progress against any actions identified during phase 1&2 work.
Planned Maintenance	10	10				A position statement was carried out covering the councils approach to developing a revised housing asset management plan. This audit will provide assurance that CSO's have been adequately followed for a sample of planned maintenance programme contracts.
Housing Repairs and Void Management - NCSL	15			15		NCSL Voids and repairs and maintenance arrangements have not yet been audited. This area exposes the council to significant reputational risk and regulatory interest. This audit will provide assurance on the data integrity of performance information and confirm adequate arrangements are in place to support reporting.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
<b>Housing Delivery</b>						
Anti Social Behaviour	12	12				This audit was deferred from the 2022/23 audit plan. This area has not been reviewed recently. This review will evaluate the effectiveness of the councils strategy for managing ASB complaints.
Housing Needs, Allocations, Homelessness & Housing Register	12			12		The cost of living crisis is anticipated to expose the council to an increase in demand for this service. A corporate level risk has been raised covering this. This audit will provide assurance that the council is managing its homelessness obligations effectively, that performance information is robust and will review the councils approach to managing the housing register.
Disabled Facilities Grants (DFG)	10		10			A detailed review of the management of the DFG grant will be undertaken covering the timeliness of assessment, approval, delivery and reporting of cases. Management of the grant budget will also be assessed.
<b>Environmental Services</b>						
Waste Management - Biffa Contract	10				10	A corporate level risk has been raised in relation to the Council's approach to waste and recycling becoming financially, environmentally and contractually unsustainable. The audit will evaluate the management of the Biffa contract and provide assurance on the robustness of performance information to monitor the impact of the identified risk.
Parking and Civil Enforcement	12		12			This area has not been audited recently. Service delivery options are currently being explored. An audit will be undertaken to provide assurance over management of this project.



Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
<b>Strategy Engagement and Culture</b>						
Environmental Sustainability	10		10			A corporate level risk has been raised covering the adverse effects of climate change and likely increase of inequality as a result. This area has not been covered at the council before. A position statement will be undertaken to evaluate the Councils approach to environmental sustainability and will cover reporting of progress against the agreed environmental strategy.
Equalities	10			10		A limited assurance grading was given by Internal Audit in this area in 2020/21. The corporate risk register highlights that people affected by inequality are likely to suffer disproportionately more from the adverse effects of climate change and inequality is likely to increase. The councils approach to environmental sustainability will be covered in quarter two. Our review of equalities will evaluate the adequacy of the councils policy demonstrating compliance with the Equalities Act 2010 and provide assurance that the council is being proactive in its approach to tackling inequality for residents and staff.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
<b>Customer IT and Digital</b>						
Customer Contact Team	12				12	A corporate level risk has been raised in relation to the cost of living crisis impacting the demand for council services of which the customer contact team is impacted. This audit will provide assurance that the team is able to respond to an increase in demand, that customer calls are dealt with in accordance with the councils documented expectations and that there is a culture of continuous improvement embedded in processes.
Starters Movers Leavers	10	10				A corporate level risk has been raised relating to cyber security and highlights insider threat as a risk. The starters movers process has not been reviewed recently. This audit will evaluate whether the IT department is given information in a timely manner to enable them to add, remove or update staff access to council systems.
Application Audit	10			10		A Customer Relationship Management (CRM) system is due to be implemented in April 2023 with full functionality expected by October 2023. Our audit will provide post project assurance and evaluate whether the expected benefits are materialising.
<b>Follow Up of audit recommendations</b>						
All audit recommendations	16	4	4	4	4	Bi-monthly follow up of agreed audit recommendations
<b>Internal Audit Management Days including consultancy</b>						
Audit Committee attendance, reporting, quality assurance, contract management, advice and guidance.	40	10	10	10	10	
<b>Total number of days</b>	<b>356</b>	<b>58</b>	<b>93</b>	<b>122</b>	<b>83</b>	

## APPENDIX 5 – NORWICH CITY COUNCIL ASSURANCE MAP TOP 3 SCORING RISKS 2023/24

Risk	First Line Assurance	Second Line Assurance	Third Line Assurance
<b>Risk CORP14 - Non compliance with Health and Safety requirements in Council Homes and Buildings resulting in serious detriment to tenants and Social Housing Regulator enforcement action.</b>	Regular reporting to Cabinet on performance in relation to dwellings with compliant gas safety certificate. Performance relating to Health and Safety safety requirements such as Fire Safety Assessments, electrical safety reported at management level.	Senior management regularly liaises with the social housing regulator on progress of recovery plan following self referral of non compliance.  Independent 3rd party review has been carried out by Campbell Tickell on Phase 1 of the compliance recovery plan. Phase two is scheduled for Q2 2023/24.	<b>Internal audit review planned for Quarter 3 2023/24 to provide assurance over sustained and improved performance in housing compliance.</b>
<b>Risk CORP20 - Cost of Living Crisis increases financial social and health inequalities for Norwich residents, increasing demand for services.</b>	Regular reporting at Cabinet level covering work undertaken by the Council and various key performance indicators covering housing and information regarding income and debt levels.  Cross council officer working group continues to look for opportunities for solutions.	Strategic risk and mitigation progress monitored at senior management level at Cabinet and Audit Committee level.	<b>An audit of housing needs, housing register and homelessness is planned for 2023/24. In addition, Council Tax and NNDR collection rates will be covered during our review of this area and debt management as part of key controls in 2023/24.</b>
<b>Risk CORP18 - Failing to address Natural England advice on Nutrient Neutrality - resulting in a sustained period of time when planning applications cannot be progressed.</b>	Short term mitigation actions have been designed.  The Council is working on longer term larger scale mitigation with local planning authorities. A partnership has been set up to explore the options of a joint venture.  Regular updates to members and portfolio holder.  Options paper to be presented to Council for decision.	Regular updates on progress to mitigate the nutrient neutrality risk are discussed with Natural England through the partnership.  Strategic risk and mitigation progress monitored at senior management level at Cabinet and Audit Committee level.	<b>EIAS will work with Director of Place at South Norfolk Council to provide a position statement in 2023/24 covering joint venture set up and governance arrangements. Observations will be provided to the Council and Audit Committee.</b>





**Committee name:** Audit

**Committee date:** 21/03/2023

**Report title:**

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

**Report from:** Interim Head of finance

**Wards:** All wards

**OPEN PUBLIC ITEM**

### **Purpose**

This report will provide an update on the wider local government audit landscape as well as a picture of Norwich's approach to closure.

### **Recommendation:**

It is recommended that members take note of the information contained within the report.

### **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 is in good shape to serve the city corporate priority

## Report details

1. The wider Audit environment has been challenging for several years, as auditors moved from a lighter touch audit environment to a more traditional one. This was driven in part by the private sector failures such as Patisserie Valerie, Carillion and Tesco's misrepresentation of their profit position for years amongst others.
2. In local government, unrealistic fees set by the PSAA (Public Sector Audit Appointments) led to auditors cutting costs to meet the budgets and standards dropped. Numerous councils have found their accounts delayed to quality concerns as auditors upped their standards driven by the sector wide issues described above but also almost inevitably due to the issuing of S114 notices in local authorities leading to a fear of not identifying the early signs of failure.
3. Slough's 2018/19 Accounts were recently in the press for receiving an unprecedented disclaimer opinion. The auditors noted that the "scale and size of the issues identified consequently mean we are unable to assure ourselves that the financial statements are free from material errors and are fairly stated for us to provide an unqualified opinion." Although, this represents the nadir of sector performance, it is not the only Council to have found its accounts under detailed scrutiny.
4. The reasons for the situation we now find ourselves in are complicated. The PSAA, was, with the benefit of hindsight, trying to obtain a core service requirement at unrealistic rates. Auditors accepted those contracts when retrospectively they should have challenged or not agreed to the contracts. New fees are expected to be approximately 150% greater than previous ones, as auditors face higher requirements placed upon them and to ensure all audit fees cover the full cost of a quality audit. The Local Audit Report was favourable towards Ernst & Young (EY), as compared to its competitors for not dropping its quality.
5. There is also no doubt that finance teams have not been immune from the reductions in funding through the austerity years and the impact this has had with the experience and capacity within the sector, as well as the additional demands placed on teams because of the COVID pandemic. This has taken place at the same time as the Government chose to reduce its publication timescales from June 30<sup>th</sup> to May 31<sup>st</sup> for draft set of Accounts and brought forward Audit deadlines from September 30<sup>th</sup> to July 31<sup>st</sup> from 2017/18 onwards. Government has admitted there have been challenges, in its response to Sir Tony Redmond's [independent review of local authority reporting](#).
6. For the 2019/20 accounts, only 45% of audits were completed by the extended deadline of 30<sup>th</sup> November 2020 and just 9% of 2020/21 audits were completed by the September 2021 extended deadline. The trend shows no signs of improving, as audit firms face higher standards, the need to radically increase the level of staffing, especially qualified expert auditors in specific fields and a large backlog through which to work. There is also evidence to support the auditors view that the shortened timescales for producing the accounts has led to there being insufficient time to carry out effective review, sense checking or robust supporting working papers in some cases; in short some authorities have not been prepared for the arrival of auditors.

7. To move this and other items forward, Government has created a replacement for the Financial Reporting Council, the Audit, Reporting and Governance Authority (ARGA). However, there remain concerns that, despite the potential enshrining of the 'system leader' approach in the new body, the same weaknesses remain. In local government, more than 70% of local authority audits will be with just 2 firms, as there have been a number of high profile exits. Grant Thornton and Ernst & Young are expected to dominate this space, leading to considerable concerns around resilience. Moreover, a culturally tougher stance by ARGA and greater recognition of responsibilities around financial reporting will not alleviate the underlying concerns that the powers to enforce change will actually rest with DLUHC (Department for Levelling Up, Housing and Communities).
8. The scale of the brief attached to ARGA and the need to make major improvements in a number of areas, especially corporate audit has led to concerns from ICAEW (Institute of Chartered Accountants of England and Wales and the regulator of audit and audit practice) and CIPFA (Chartered Institute of Public Finance and Accountancy) that local public audit may be the 'poor cousin' losing out in this situation.
9. Government has noted 4 major focal points that it believes will start to change the situation:
  - **Measures relating to audit firms and timely completion of audit.** These include new paths to becoming a key audit partner, new audit diploma, a new technical advisory service and the need to persuade new entrants into the market. Auditors more generally would likely comment on the need to increase pay to ensure they can attract talent and develop new talent in the field more generally.
  - **Measures related to local bodies and quality of accounts preparation.** DLUHC will provide £45m over next spending review period to support local government to meet these costs and additional burdens of the appointment of independent members and other recommendations. The challenge from local government is that this would be woefully inadequate.
  - **Proposed measures related to accounting and audit requirements.** Delays and adjustments to timings of changes to audit and accounting regulations were proposed by Government. CIPFA/LASAAC are undertaking a project to review the accounting code of practice. The issue here remains the main critique from public sector practitioners and the industry regulator, ICAEW, that there is a need to simplify financial reporting and reduce onerous disclosure requirements.
  - **Longer-term measures to help stabilise the market and address long-term supply issues.** PSAA to progress procurement strategy while Government plans to have the Code of Audit Practice to apply for the entire reporting period. There is also intent for a sector-wide review of how local audit requirements could link to a sector wide workforce strategy.
10. While Government is recommending reverting to the September 30th for completion of audits for 2022/23 and for the following six years, it is still 'confident local authorities will be able to meet (the May 31st deadline) requirement'. This seems somewhat contradictory. One can understand the inconvenience to the Whole of Government Accounts (WGA) production, as the

longer that local government takes to publish its draft accounts, the longer it takes to produce the WGA in a timely manner.

11. However, considering how stretched local government finance departments are and auditors' concerns about sets of accounts not having adequate review periods because of the short deadlines, this seems an overly optimistic approach to take by central government. It is worth considering that public companies have 6 months post year end to file their accounts and that large local government entities are broadly similar in size and complexity to their private sector equivalents.
12. A general critique from auditors might be that spending more time in review would reduce the overall timescales to reach an audited unqualified set of Accounts, a joint aspiration of councils and their auditors.

### **Consultation**

13. Government chose to consult with local government on February 16<sup>th</sup> with a due date of March 2<sup>nd</sup> on the applicability of the May 31<sup>st</sup> deadline, noting they were minded to continue with it. Norwich chose to respond along the following broad lines:
  - How sensible is it to consult after any competent organisation will have already geared up resourcing for the existing deadline?
  - What is the point of producing complex sets of accounts when there is no time to check the work (especially in light of reduced resources) and when you need at least 2 months post year end to be able to do basic checks (cut off testing et cetera)? And bearing in mind, auditors, across the sector, have raised precisely quality concerns in light of the tight timelines and when auditors still have not finished the majority of 2021/22 audits (and in some instances not started).
  - That a reduction of 2 months to produce seems excessive, surely a half-way house of June 30<sup>th</sup>, the point at which it used to be, when all but a few councils closed on time and when audits were equally delivered to deadlines (September 30<sup>th</sup>) would make a lot of sense.

### **Norwich's Specific Circumstance**

14. Council is currently reviewing options with Ernst & Young (EY) for an audit window for the 2021/22 draft Accounts after 2 previous slots were missed. EY would point to a combination of resourcing issues at their end (and industry-wide) and other councils' accounts taking longer than expected to audit due to unexpected errors.
15. EY have indicated potential slot in April through June, however the conflict between the current closing process and auditing makes this challenging for the Council. The Council has made clear its approach of targeting May 31<sup>st</sup>, 2023, and therefore, it is taking the time internally to review whether it has the capacity to manage both. This appears unlikely at present.
16. Running the risk of losing access to audits when windows become available is a significant risk to the authority that Norwich wants to manage carefully. EY has recently been successful in building its team to meet resourcing requirements, but it still faces the challenge of poorly performing audits and the



discovery of significant historic issues that need tackling at other councils. The possibility of further delays remains.

17. However, if the Government was to delay the closure deadline to June 30<sup>th</sup>, the Council would likely look favourably on this position. Whether or not this would allow the Council to manage both processes is unclear simultaneously but potentially, there is a way forward. Ultimately, having a clean set of opening audited balances for 2022/23 would make an ERP changeover that much easier. Therefore, it would be preferable to have the external audit take place before the ERP goes live. Moreover, the Council does not wish to maintain multiple systems longer than it needs to as the auditors will need to audit 2021/22 and having multiple years open is impracticable from the Council's perspective.
18. This year will be more challenging than prior years to deliver to deadlines but the Council has a record of delivery in this area that it would like to maintain, if possible. It compressed the internal deadlines upon recommendations from the interim deputy S.151 officer and despite less resource and greater complexity of operations, it sees no reason to not target the May 31<sup>st</sup> deadline.
19. The sooner the statement of accounts are produced, the sooner finance staff can move onto other tasks. Delays in the Audit can generate resource conflicts and so the Council is keen to have signed off sets of accounts not just for reasons of giving confidence to partners, suppliers, customers and local residents but in order to provide high quality accountancy support to services.
20. The Council has geared up its suppliers for an earlier reporting deadline and has streamlined internal processes. Nonetheless, it views the June 30<sup>th</sup> deadline for the sector as more appropriate as it would then it would be able to perform basic audit checks for quality assurance prior to the auditors arriving, which would make the audit much smoother for both parties.
21. The Council has also scheduled an internal audit review into the processes that lead into the Statement of Accounts for late March to identify risk areas identify where improvements might be made and give confidence on key closure processes and controls. Lessons learned will feed into the 2023/24 Accounts. Already, new balance sheet reconciliation and grant templates have been created and a revised grant register is being developed for the 2022/23 financial year as it looks forward to making continual strides in performance improvement.
22. The Finance team will review how to structure resources and activities throughout the year to manage tighter deadlines. It will review its Chart of Accounts as part of the ERP project and look to improve its working paper production. As and when developments such as these take place, an update will be provided to the Audit Committee.

## **Consultation**

23. There has been no consultation.

## Implications

### Financial and resources

24. 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 2022-26 and budget.

25. There are no proposals in this report that would reduce or increase resources.

### Legal:

26. The Accounts and Audit Regulations 2015 require that each year, the Council prepares a statement of accounts in line with the regulations and proper practices in relation to accounts. Ensuring the Council had adequate and proper accounting policies in place supports fulfilment of this requirement.

### 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	Not applicable

### Risk management

Risk	Consequence	Controls required
Poor understanding of the external environmental issues in the audit sector.	Unrealistic expectations lead to poor decision-making.	Members will be updated regularly on relevant accounting and audit issues so that risks are recognised and mitigated, wherever possible.

### Other options considered

27. No other options have been considered as this is a noting report.

### Reasons for the decision/recommendation

28. The Committee is recommended to review the wider landscape as set out in the report.

**Background papers:** None

**Appendices:** None

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**Committee name:** Audit

**Committee date:** 21/03/2023

**Report title:** Review of Accounting Policies

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

**Report from:** Interim Head of finance

**Wards:** All wards

**OPEN PUBLIC ITEM**

**Purpose**

This report notes the Council's Accounting policies for 2022/23 and submits them for review and comment. These will be used in the preparation of and form part of the council's statutory accounts.

**Recommendation:**

It is recommended that members of the Committee review the accounting policies and approve them for use in the preparation of the 2022/23 statement of accounts.

**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 of Norwich City Council is in good shape to the serve the city.

## Report details

1. Each year, the Council reviews its accounting policies and their applicability to the council, in light of changes to International Financial Reporting Standards as interpreted by the CIPFA Local Government Code of Practice.
2. It is considered good practice for the accounting policies to be submitted for review to the committee that will sign off the final Statement of Accounts.
3. While the Council has the option to depart from the Code on specific accounting treatments, it would need to explain how and why this departure supports the presentation of the Accounts in a true and fair way.
4. Currently, the Council does not believe that deviation from standard local government treatments are necessary or helpful to the reader of the Accounts, with the exception of our approach to reviewing investment properties.
5. We have agreed with our auditors, Ernst & Young (EY), investment properties are reviewed on a 5-year rolling basis, except where there is volatility in the market around a specific asset type or where the variation in the valuation is likely to be in excess of £500k.
6. 2022/23 does not see any changes to accounting policies or significant changes to accounting regulations affecting local government accounts. Nor is it proposed to make any changes to any changes to any local policies.
7. The Council relies on our valuers' expertise for appropriate asset lives to determine the approach to depreciation and their justifications have met with auditor's approval over the years. Nonetheless, they are stated below for completeness, as they are the one area when there may be variation in year, dependent on valuers' professional judgement.
8. Depreciation is calculated on the following bases:
  - Dwellings –depreciation is based on the useful life of the individual components of the dwelling (30-60 years) depending on the beacon group. A beacon group approach avoids the need to consider individually the council's c14,000 dwellings but rather groups them based on them having similar characteristics such as size, structure or type for example.
  - Other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (30-100 years)
  - Vehicles – each class of assets will have an appropriate asset life as advised by a suitably qualified officer (typically 25% of depreciable 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)
9. The only significant change is an increase in the capital de minimis to £10k from £5k, as this was below what is normally considered to be a non-current asset. In the future, this will be reviewed to determine as to whether a significantly higher value would be more appropriate, however this might cause

revenue implications, if smaller capital projects were already part of the capital programme.

10. Members of the committee are also requested to review the accompanying appendix to determine as to whether they have any concerns.

### **Consultation**

11. No councillors have been consulted but that is because the purpose of this item is to consult the Audit Committee on these items and to make members aware of the basis upon which the Accounts are produced.

### **Implications**

#### **Financial and resources**

12. 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 2022-26 and budget.
13. There are no proposals in this report that would reduce or increase resources.

### **Legal**

14. The Accounts and Audit Regulations 2015 require that each year, the Council prepares a statement of accounts in line with the regulations and proper practices in relation to accounts. Ensuring the Council had adequate and proper accounting policies in place supports fulfilment of this requirement.

### **Statutory considerations**

<b>Consideration</b>	<b>Details of any implications and proposed measures to address:</b>
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
The Council does not adopt appropriate policies	<p>Inappropriate policies could lead to the Accounts being qualified.</p> <p>Qualified Accounts would mean that suppliers, customers, residents and Government would lose confidence in the Council.</p> <p>Risk outcomes could be high as accounting policies and regulations are updated regularly.</p>	<p>The Council relies on CIPFA'S Local Government Code of Practice and does not deviate unnecessarily from it.</p> <p>The council also makes use of appropriately qualified valuers from a reputable organisation.</p> <p>Council officers attend courses and review the Code for any changes, meaning the likelihood of this outcome being negative is low.</p>

### Other options considered

15. There are no alternatives recommended or considered as not reviewing accounting policies, whether by officers or members is imprudent.

### Reasons for the decision/recommendation

16. Members are recommended to approve this item as the Council wants to retain its good reputation for unqualified Accounts and prudent approach to accounting.

### Background papers:

**Appendices:** Accounting Policies Review & Accounting Standards not yet adopted

### 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.



## **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 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 Comprehensive Income and Expenditure Statement (CI&ES) 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 CI&ES 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 CI&ES 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 at 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 is 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 not 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. If 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. if 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 £10,000.

#### **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. Council will make use of Infrastructure assets (IFRS 16) override, as the assets the councils are immaterial in nature.
- 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 – each class of assets will have an appropriate asset life as advised by a suitably qualified officer (typically 25% of depreciable 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. 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.

## 2. Accounting Standards that have been issued but have not been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of the accounting change that will be required by a new standard that has been issued but not yet adopted.

At the balance sheet date, the following new standards and amendments to existing standards have been published and will be introduced by the 2022/23 Code of Practice of Local Authority Accounting in the United Kingdom:

- IFRS16 Leases (but only for those local authorities that have decided to adopt IFRS16 in the 2022/23 year). This is due to be implemented for the 2024/25 financial year for the Council, but NCSL has already adopted this (2021/22).
- This will lead to an increase in assets and liabilities on the balance sheet as operational leases under the old standard are treated as finance leases.
- Annual Improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes 4 changed standards: IFRS1; IFRS 9; IFRS16 and IAS41.
- Property, Plant and Equipment: Proceeds before intended use (Amendments to IAS 16).

The Council does not anticipate that the above amendments will have a material impact on the information provided in the financial statements.





**Committee name:** Audit

**Committee date:** 23/03/2023

**Report title:** Audit Committee Self Assessment

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

**Report from:** Head of Internal Audit – Norwich City Council

**Wards:** All wards

**OPEN PUBLIC ITEM**

**Purpose**

The Audit Committee carried out a self-assessment exercise on 17 January 2023 facilitated by the Head of Internal Audit. The results of the assessment are provided within this report to allow the Committee to track progress made against agreed actions and to make any amendments based on the current position.

**Recommendation:**

It is recommended that Members discuss the January 2023 self-assessment checklist results at **Appendix 1** to this report to ensure that this is an accurate reflection of the discussion and actions required and update as appropriate.

**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 all the relevant corporate priorities.

## **Report details**

### **Introduction**

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) document on “audit committee’s practical guidance for local authorities and police” sets out the guidance on the function and the operation of audit committees. It represents CIPFA’s view of best practice and incorporate the positions statements previously issued.
2. The Audit Committee used the CIPFA documentation to conduct out a self-assessments exercise in January 2023. The results of the assessment are attached to this report for discussion.
3. In 2022 CIPFA updated its advice and guidance for Local Authority Audit Committee’s and a new Audit Committee self-assessment template is now available. It is suggested that the March 2024 assessment is undertaken using the new interactive template following the May 2023 elections.

### **Background**

4. The CIPFA Audit Committee guidance states “the purpose of an audit committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.
5. The Section 151 Officer has overarching responsibility for discharging the requirements for sound financial management, and to be truly effective requires an audit committee to provide and support challenge.
6. Good audit committees are characterised by; balanced, objective, independent, knowledgeable and properly trained members, a membership that is supportive of good governance principles, a strong independently minded Chair, an unbiased attitude and the ability to challenge when required.
7. It is therefore good practice to complete a regular self-assessment exercise against the checklist, to be satisfied that the committee is performing effectively. This is the second time the Audit Committee has undertaken a self-assessment exercise and as a result actions have been identified to ensure full compliance with best practice.
8. Part one of the assessment is a yes / no response and covers:
  - Purpose and Governance;
  - Functions of the Committee;
  - Membership and Support; and
  - Effectiveness of the Committee.

### **Current Position / Findings**

9. At the session facilitated by the Head of Internal Audit on 17 January 2023 the Committee members in attendance were asked to consider updating answers



to questions asked in part one of the assessment from November 2021. Responses are provided at Appendix 1 of this report for discussion and update where required.

10. The exercise has highlighted areas of partial conformance with best practice. Where a partial conformance area has been identified, an action plan with deadline for each action has been outlined the action plan can be found at Appendix 1. Progress against the improvement actions will be monitored by the Committee.
11. The second part of the exercise requires practical examples to be highlighted to display strengths and weaknesses in the following key areas:
  - Promoting the principles of good governance and their application to decision making;
  - Contributing to the development of an effective Audit Committee;
  - Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks;
  - Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively;
  - Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence;
  - Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, controls and assurance arrangements;
  - Supporting the development of robust arrangements for ensuring value for money;
  - Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.
12. The Committee will carry out the second stage of the assessment during next year's annual exercise to score effectiveness once the above actions have been resolved.

### **Proposed Action**

13. For the Audit Committee to review the areas of partial non-conformance identified during part A and agree the suggested improvement actions to ensure that best practice is demonstrated.

### **Other Options**

14. The alternative approach would be for the Audit Committee not to complete the Self-Assessment exercise; however, this would not allow the Committee to provide assurance that it is assisting the Council in achieving good corporate governance and fulfilling its Terms of Reference.

### **Conclusion**

15. In conclusion, the Audit Committee self-assessment has indicated that the Committee feels it is acting in line with best practice in most areas and can demonstrate that it is adding value to the Council through its role. This exercise is carried out annually and improvement actions tracked in the Audit

Committee work plan to ensure completion.

## **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 2022-26 and budget.

16. There are no direct financial implications arising from this report.

### **Legal**

17. There are no legal implications arising from this report.

### **Statutory considerations**

<b>Consideration</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and diversity	None
Health, social and economic impact	None
Crime and disorder	None
Children and adults safeguarding	None
Environmental impact	None

### **Risk management**

<b>Risk</b>
The Committee is responsible for supporting the oversight of the Council's risk management framework, which will in turn ensure that the Council's key risks are accurately reviewed and addressed. This is ensured by following best practice and adopting sound terms of reference.

### **Other options considered**

18. Not applicable for this report.

### **Reasons for the decision/recommendation**

19. It is recommended that Members discuss the January 2023 self-assessment checklist results at Appendix 1 to this report to ensure that this is an accurate reflection of the discussion and actions required and update as appropriate.

**Background papers:**

None

**Appendices:**

Appendix 1 – NCC Self-Assessment Checklist January 2023

**Contact Officer:**

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**Audit Committee 21 March 2023**  
**Audit Committee Self Assessment Appendix 1**

**Part 1 Self-assessment of good practice CIPFA – Audit Committee Norwich City Council January 2023**

This evaluation supports an assessment against recommended practice to inform and support the Audit Committee. This is a high-level review that incorporates the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police. Where an Audit Committee has a high degree of performance against the good practice principle's then it is an indicator that the committee is soundly based and has in place knowledgeable membership. These are essential factors in developing an effective Audit Committee.

	<b>Good Practice Questions</b>	<b>Yes</b>	<b>Partly</b>	<b>No</b>
<b>Audit Committee purpose and governance</b>				
<b>1</b>	Does the authority have a dedicated audit committee?	√		
<b>2</b>	Does the audit committee report directly to full council?	√		
<b>3</b>	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's position statement?	√		
<b>4</b>	Is the role and purpose of the audit committee understood and accepted across the authority?		√	
<b>5</b>	Does the audit committee provide support to the authority in meeting the requirements of good governance?	√		
<b>6</b>	Are the arrangements to hold the committee to accounts for its performance operating satisfactorily?		√	
<b>Functions of the committee</b>				
<b>7</b>	Do the committee's terms of reference explicitly address all the core area identified in CIPFA's position statement? <ul style="list-style-type: none"> <li>- Good governance</li> <li>- Assurance framework</li> <li>- Internal audit</li> <li>- External audit</li> <li>- Financial reporting</li> <li>- Risk management</li> <li>- Value for money or best value</li> <li>- Counter fraud and corruption</li> </ul>	√		

**Audit Committee 21 March 2023**  
**Audit Committee Self Assessment Appendix 1**

	<b>Good Practice Questions</b>	<b>Yes</b>	<b>Partly</b>	<b>No</b>
<b>8</b>	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?		√	
<b>9</b>	Has the audit committee considered the wider areas identified in CIPFA's position statement and whether it would be appropriate for the committee to undertake them?	√		
<b>10</b>	Where coverage of core areas has been found to be limited, are plans in place to address this?	Not applicable		
<b>11</b>	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?			
<b>Membership and support</b>				
<b>12</b>	Has an effective audit committee structure and composition of the board been selected? This should include: <ul style="list-style-type: none"> <li>- Separation from the executive</li> <li>- An appropriate mix of knowledge and skills among the membership</li> <li>- A size of committee that is not unwieldy</li> <li>- Where independent members are used, that they have been appointed using appropriate process</li> </ul>		√	
<b>13</b>	Does the chair of the committee have appropriate knowledge and skills?	√		
<b>14</b>	Are arrangements in place to support the committee with briefings and training?	√		
<b>15</b>	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?		√	
<b>16</b>	Does the committee have good working relationships with key people and organisations, including external audit, internal audit and the chief finance officer?	√		
<b>17</b>	Is adequate secretariat and administrative support to the committee provided?	√		
<b>Effectiveness of the committee</b>				
<b>18</b>	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?		√	
<b>19</b>	Has the committee evaluated whether and how it is adding value to the organisation?		√	
<b>20</b>	Does the committee have an action plan to improve any areas of weakness?	√		

**Audit Committee 21 March 2023**  
**Audit Committee Self Assessment Appendix 1**

**Actions arising**

<b>Question</b>	<b>Assessment</b>	<b>Action</b>	<b>Proposed Target Date</b>
4	Partly	Training to be considered for members outside of the committee to raise awareness of the role of the Audit Committee.	July 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 highlight through to cabinet.	September 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.	September 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.	September 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 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.	September 2023

**Audit Committee 21 March 2023****Audit Committee Self Assessment Appendix 1**

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.	July 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

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**Part 2 Evaluating the Effectiveness of the Audit Committee**

This assessment tool helps Audit Committee members to consider where it is most effective and where there may be scope to do more. To be considered effective, the Audit Committee should be able to identify evidence of its impact or influence linked to specific improvements.

Assessment Key:

- 5 Clear evidence is available from a number of sources that the committee is actively supporting the improvement across all aspects of this area. The improvements made are clearly identifiable.
- 4 Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
- 3 The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
- 2 There is some evidence that the committee has supported improvements, but the impact of this support is limited.
- 1 no evidence can be found that the audit committee has supported improvements in this area.

Areas where the audit committee can add value by supporting improvement	Self-evaluation examples, areas of strength & weakness	Assessment 1-5
Promoting the principles of good governance and their application to decision making		
Contributing to the development of an effective control environment		
Supporting the establishment of arrangements for the		



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governance of risk and for effective arrangements to manage risks		
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively		
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence		
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements		
Supporting the development of robust arrangements for ensuring value for money		
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks		





**Committee Name:** Audit  
**Committee Date:** 21/03/2023  
**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.

### **Considerations**

4. This is the last scheduled meeting of the year. A work programme for 2023|24 will be considered at the first meeting of the committee in the new civic year.
5. It will be necessary to convene an extraordinary meeting of the committee to sign off the Annual Governance Statement, Statement of Accounts and Audit Results Report 2021-2022.

### **Work Programme 2022/23**

6. The proposed work programme for the remainder of 2022/23, is as follows:
  - Annual Governance Statement
  - Statement of Accounts and Audit Results Report 2021-2022

### **Training and informal sessions**

7. The committee undertook an informal workshop on 17 January 2023 as part of its self-assessment. A report on the self-assessment is on the agenda for this meeting.
8. The committee held an informal workshop on 2 March 2023, to influence development of the Annual Governance Statement for 2022/23 and the annual review of the Code of Corporate Governance.

### **Consultation**

9. The committee will review the work programme 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.

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

## **Legal**

11. 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#**

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

## **Risk Management**

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
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**

12. 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**

13. 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:**

None

**Contact Officer:**

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