

Audit and Governance Committee

Date: **Thursday 15 February 2024**

Time: **2pm**

Venue: **Council Chamber, County Hall, Martineau Lane,
Norwich NR1 2DH**

Membership

Cllr Ian Mackie (Chairman)
Cllr Robert Savage (Vice Chairman)

Cllr Terry Jermy
Cllr Mark Kiddle-Morris
Cllr Saul Penfold
Cllr Karen Vincent
Cllr Tony White

Chris MacDonald (independent person)
Tracey Colman (independent person)

Advice for members of the public:
This meeting will be held in public and in person

It will be live streamed on YouTube and members of the public may watch remotely by clicking on the following link: [Norfolk County Council YouTube](#)

We also welcome attendance in person, but public seating is limited, so if you wish to attend please indicate in advance by emailing committees@norfolk.gov.uk

Current practice for respiratory infections requests that we still ask everyone attending to maintain good hand and respiratory hygiene and, at times of high prevalence and in busy areas, please consider wearing a face covering.

Please stay at home if you are unwell, have tested positive for COVID 19, have symptoms of a respiratory infection or if you are a close contact of a positive COVID 19 case. This will help make the event safe for attendees and limit the transmission of respiratory infections including COVID-19.

A g e n d a

1. To receive apologies and details of any substitute members attending

2. Minutes

To confirm the minutes of the meeting held on Tuesday 10 October 2023.

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3. Members to Declare any Interests

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter.

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter

In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave the room while the matter is dealt with.

If you do not have a Disclosable Pecuniary Interest you may nevertheless have an **Other Interest** in a matter to be discussed if it affects, to a greater extent than others in your division

- Your wellbeing or financial position, or
- that of your family or close friends
- Any body -
 - Exercising functions of a public nature.
 - Directed to charitable purposes; or
 - One of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union);

Of which you are in a position of general control or management.

If that is the case then you must declare such an interest but can speak and vote on the matter.

4. To receive any items of business which the Chair decides should be considered as a matter of urgency.

5. Norfolk Audit Services' Terms of Reference (Charter) and Code of Ethics

Report by the Director of Strategic Finance

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6. Norfolk Audit Service Quarterly Report ended 31 December 2023

Report by the Director of Strategic Finance

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| 7. Risk Management Report
Report by the Director of Strategic Finance | Page (42) |
| 8. Anti-Fraud, Bribery and Corruption Report (including whistleblowing) for the period ending 31 December 2023
Report by the Director of Legal Services and Monitoring Officer | Page (96) |
| 9. Norfolk County Council Audit Results Report – Audit Committee Summary for the year ended 31 March 2022
Report by Director of Strategic Finance | Page (105) |
| 10. Forward Work Programme
Report by the Director of Strategic Finance | Page (213) |

Tom McCabe
Chief Executive
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Date Agenda Published: 7 February 2024



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Audit & Governance Committee
Minutes of the Meeting held in Council Chamber, County Hall
on Tuesday 10 October 2023 at 2pm.

Present:

Cllr Robert Savage - Vice-Chairman
Cllr Karen Vincent
Cllr Tony Adams
Cllr Tony White
Cllr Terry Jermy

Christine MacDonald (independent person)

In light of apologies having been received from the Chairman, Cllr Ian Mackie, Cllr Robert Savage took the Chair.

1 Apologies for Absence

- 1.1 Apologies were received from Cllr David Sayers, Cllr Mark Kiddle-Morris and Cllr Ian Mackie, substituted by Cllr Tony Adams.

Apologies were also received from Tracy Colman (independent person)

2 Minutes

- 2.1 The minutes from the Audit & Governance Committee meeting held on Thursday 7 September 2023 were agreed as an accurate record and signed by the Chairman.

3 Declaration of Interests

- 3.1 Cllr Robert Savage declared an "Other Interest" as he was a Member of the Norfolk Pension Fund scheme.
- 3.2 Cllr Karen Vincent declared an "Other Interest" as she was a Member of the Norfolk Pension Fund scheme.

4 Items of Urgent Business

- 4.1 There were no items of urgent business.

5 Office of National Statistics Update Presentation

- 5.1 The committee received the report which introduced an update presentation on the outputs from the 2021 Census from the ONS and examples of the ways in which Norfolk County Council is using the data.
- 5.2 The Committee received a presentation from the Office for National Statistics and those slides are appended at Annex 1.
- 5.3 The Committee received a further presentation from the Head of NODA (Norfolk Office of Data Analytics) and those slides are appended at Annex 2.
- 5.4 During the discussion, the following points were noted:
 - 5.4.1 The decision on the ten-year census was still to be decided. As part of the consultation, users' needs now and in the future were being analysed, which would form part of an evidence led decision which would be submitted to Government in the new year for final approval.
 - 5.4.2 The Committee asked if the draft response from Norfolk County Council to the ONS consultation could be circulated to Members of the Committee.
- 5.5 Having considered the report, the Committee **AGREED:**
 - 1. The key messages in the report,
 - 2. That the draft response would be circulated to Members of the Committee.

6. Norfolk Audit Service Quarterly Report ended September 2023

- 6.1 The Committee received the report which introduced the results of the work that the internal audit team had completed in the period. The report enabled the Committee to fulfil their role, as those charged with governance, in accordance with their terms of reference.
- 6.2 During the discussion, the following points were noted::
 - 6.2.1 Officers reassured the Committee that problems that had been in the press concerning other Local Authorities were not a concern for Norfolk County Council. At the last meeting, the external auditors had no issues to raise regarding financial management. The Council has controls and arrangements in place to monitor spending against budget. There was also revised policy and guidance being issued by Government shortly.
 - 6.2.2 Members expressed concern regarding the discharge process across the county, with reports of different experiences dependant on the location of the county. Officers explained that this audit was being developed, however Officers in Adult Social Services would be contacted as consistency and discharge arrangements across the county were also a matter for their concern.
 - 6.2.3 Highways contract monitoring was being considered under the audit needs and it had been noted by Officers, who were already aware of this risk.

- 6.2.4 With reference to page 19, item 2.13, the saving of £400k happened due to the diligence of the team and the vice chairman expressed his gratitude for that.
- 6.2.5 With reference to appendix A, page 23, there was a large number of recommendations for action, Officers would reply to the Committee with a written response at the progress of these items.
- 6.3 **The Committee RESOLVED to AGREE that:**
- The opinion on the overall adequacy and effectiveness of the County Council's framework of risk management, governance and control, for the quarter ending 30 September 2023, is 'Acceptable'.
 - The Audit Plan for the Audit Year 2023-24 (Appendix C), and that this work will deliver sufficient scope for the required assurances.
 - The audit service provided by NAS continues to conform with the International Standards for the Professional Practice of Internal Auditing (Public Sector Internal Auditing Standards (PSIAS)) as verified via an external Quality Assurance Assessment during late 2022 and complies with the Accounts and Audit Regulations 2015 (as amended).
 - That the Committee continue to review information on the effectiveness of the management processes and corporate control functions (legal, financial, information, health and safety and human resources services performed) as provided by internal audits, self-assessment, customer feedback and any existing external performance reviews.

7 Risk Management Report

- 7.1 The Committee received the report which references Norfolk County Council's corporate risk register as it stands in October 2023, using risk data that was presented within the risk management report to Cabinet on 2nd October 2023. This report sets out the key corporate risk management messages, agreed at the October 2023 Cabinet meeting following the review of corporate risks over the second quarter of 2023/24. Corporate risks continue to be monitored and treated appropriately in line with the Council's risk management framework and the Full Council-agreed strategy 'Better Together, For Norfolk'.
- 7.2 There was not a maximum number of risks that one member of staff could be owner of. The ownership of a risk was predominantly the responsibility of the Executive Director level of the department in which that risk sat.
- 7.3 Due to there being no further news regarding the Norwich Western Link, the risk remained as part of the register and would be updated as and when there was news from Government.
- 7.4 **The Committee RESOLVED to AGREE that:**
- a. key messages as per paragraphs 2.1 and 2.2 of this report
 - b. key changes to the corporate risk register (**Appendix A**);
 - c. corporate risk heat map (**Appendix B**);

- d. corporate risks as at October 2023 (**Appendix C**);
- e. information in the report is sufficient.

8. Norfolk Pension Fund External Audit Plan 2022-23

- 8.1 The Committee received the report which introduced the External Auditor's Norfolk Pension Fund Plan for the year ended 31 March 2023, which was attached as Appendix A to the agenda. This document was one of certain communications that EY must provide to the Audit Committee of the audited client.
- 8.2 The Committee expressed concern that representatives of Ernst and Young were unable to attend to present their plan. However, Members felt that delaying approval of the plan would be a higher risk.
- 8.3 Having considered the report, the Committee **AGREED** the Norfolk Pension Fund External Audit Plan for 2022-23 and whether there are other matters, which may influence their audit.

9. Forward Work Programme

- 9.1 The committee received the report which outlined the committee's work programme. The committee's work fulfils its Terms of Reference as set out in the Council's Constitution and agreed by the Council. The terms of reference fulfil the relevant regulatory requirements of the Council for Accounts and Audit matters, including risk management, internal control and good governance. Following constitutional changes agreed by Full Council on 19th of July 2022 the Audit and Standards Committee have merged.
- 9.2 **The Committee RESOLVED**
To agree and consider the work programme for the Committee.

The meeting ended at 3.07pm

Cllr Ian Mackie – Chairman Audit & Governance Committee



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Audit and Governance Committee

Item No 5.

Report title:	Norfolk Audit Services' Terms of Reference (Charter) and Code of Ethics
Date of meeting:	15 February 2024
Responsible Cabinet Member:	N/A
Responsible Director:	Harvey Bullen, Director of Strategic Finance
Is this a key decision?	No

Executive Summary

The purpose of this report is to present the Terms of Reference for NAS (the Charter) and the Code of Ethics following review, in accordance with the model of the Chartered Institute of Internal Auditors (CIIA). A full review was undertaken, and only consequential changes are proposed (underlined). These Terms of Reference and the Code of Ethics are compliant with the requirements of the Public Sector Internal Audit Standards (PSIAS) 2013 and the Local Authority Guidance Note of April 2013 and other regulatory requirements and best practice (see background and purpose). The last such report was presented at the Audit Committee meeting in November 2022. The Chartered Institute of Internal Auditors (CIIA) have published new standards that come into force in January 2025. Once those have been adopted by CIPFA into the PSIAS we will review our Terms of Reference accordingly.

Recommendations

The Committee are asked to consider and agree the NAS Terms of Reference (the Charter) as set out in **Appendix A**, and the Code of Ethics as set out in **Appendix B** of this report.

1. Background and Purpose

The UK Public Sector Internal Audit Standards (UK PSIAS) require that the purpose, authority and responsibility of the internal audit activity must be formally defined by the Council in an audit charter (UK PSIAS standard 1000), for Norfolk County Council this document is the NAS Terms of Reference. Part I of the Terms of Reference, at **Appendix A**, refers to Norfolk County Council (NCC).

The development of an FCE Audit Authority function within the NAS Internal Audit Team was approved by Cabinet on 10 June 2013, as part of its approval for the then ETD to present a bid to act as Managing Authority for the FCE programme 2014-20. The approved proposal provided for other programme authorities to be set up within existing NCC services (namely

Finance and NAS). It is anticipated that the FCE Audit function will be required to be in existence until the end of 2025.

European Commission guidelines require that the Audit Authority mandate is documented in an audit charter when the mandate is not already set out in national legislation. Where an audit charter exists for the audit function, the Audit Authority mandate should be incorporated. This contributes to the independence of the Authority. Part II of the Internal Audit Terms of Reference (Charter), at **Appendix A**, refers to the Interreg VA France Channel England Programme (FCE) Audit Authority.

The Code of Ethics is a statement of principles and expectations governing behaviour of individuals and organisations in the conduct of internal auditing. The main principles are integrity, objectivity, competence, confidentiality. The purpose of the Code is to promote an ethical culture.

The current Code of Ethics for NAS appears at **Appendix B** and is applicable to all staff employed by the NAS Internal Audit Team, whether they are deployed on internal audit activities or EU audit activities. This continues to be based on best practice, the Nolan Principles of Public Life and the CIPFA publication “Code of Ethics for Professional Accountants” (2011) which is compatible with the CIIA’s Code of Ethics.

2. Proposals

The Audit Committee are recommended to consider and agree the NAS Terms of Reference (the Charter) as set out in **Appendix A**, and the Code of Ethics as set out in **Appendix B** of this report.

3. Impact of the Proposal

The Accounts and Audit Regulations 2015 (as amended) require that, from 1 April 2015, the Council must ensure that it has a sound system of internal control that meets the relevant standards. The responsibilities for Internal Audit are set out in the Financial Regulations, which are part of the Council’s Constitution. Internal Audit follows appropriate standards (the PSIAS).

The work of the internal audit team, NAS, is defined by the Council in an audit charter (UK PSIAS standard 1000), for Norfolk County Council this document is the NAS Terms of Reference.

The Code of Ethics is applicable to all staff employed in the NAS Internal Audit Team, whether they are deployed on internal audit activities or EU audit activities. For members of professional bodies, breaches of the Body’s Code of Ethics would be evaluated and administered according to the Body’s disciplinary procedures.

4. Evidence and Reasons for Decision

Not applicable

5. Alternative Options

There are no alternative options

6. Financial Implications

The expenditure to deliver the services outlined in the NAS terms of reference falls within the parameters of the Annual Budget agreed by the Council.

Expenditure incurred in the delivery of the FCE Audit function is recoverable from the European Commission under the terms of the Technical Assistance budget, provided the expenditure is in line with EU eligibility rules and satisfactory evidence of compliance has been retained.

7. Resource Implications

7.1 Staff:
None.

7.2 Property:
None.

7.3 IT:
None.

8. Other Implications

8.1 Legal Implications:
None.

8.2 Human Rights implications:
None.

8.3 Equality Impact Assessment (EqIA) (this must be included)

Not required.

8.4 Data Protection Impact Assessments (DPIA)

Not required.

8.5 Health and Safety Implications: (where appropriate)

None.

8.6 Sustainability Implications (where appropriate)

None.

9. Risk Implications/Assessment

None.

10. Select Committee Comments

Not Applicable.

11. Recommendation

As above.

Background Papers

None.

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

Officer Name: Adrian Thompson, Assistant Director of Finance (Audit)
Tel No: 01603 303395
Email address: Adrian.thompson@norfolk.gov.uk

Terms of Reference (Charter) for Norfolk Audit Services

1. PURPOSE AND MISSION

- 1.1 The purpose of Norfolk County Council's internal audit department, Norfolk Audit Services (NAS) is to provide independent, objective assurance and consulting activity designed to add value and improve the County Council's ('the Council') operations.
- 1.2 The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. NAS helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2. STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

- 2.1 NAS will govern itself by adherence to the PSIAS and the mandatory elements of the Chartered Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Chief Internal Auditor will report periodically to relevant senior management and the Audit and Governance Committee regarding NAS's conformance to the Code of Ethics and the Standards.

3. AUTHORITY

- 3.1 NAS forms part of the Finance Directorate. The Chief Internal Auditor reports functionally to the Audit and Governance Committee and administratively (i.e. day to day operations) to the Section 151 Officer, the Director of Strategic Finance.
- 3.2 To establish, maintain, and assure that NAS has sufficient authority to fulfil its duties, the Audit and Governance Committee will: -
 - Approve NAS's terms of reference.
 - Approve the risk-based internal audit plan.
 - Ensure NAS's budget and resource plan is sufficient.
 - Receive communications from the Chief Internal Auditor on NAS's performance relative to its plan and other matters.
 - Make appropriate inquiries of management and the Chief Internal Auditor to determine whether there is inappropriate scope or resource limitations.
- 3.3 The Chief Internal Auditor will have unrestricted access to, and communicate and interact directly with, the Audit and Governance Committee Chairman and Vice Chairman, and the Committee, including if required in private meetings without management present. This is completed quarterly at the pre-agenda meeting.
- 3.4 The Committee endorses NAS to: -
 - Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability

for confidentiality and safeguarding of records and information, as set out in the Financial Regulations, which are part of the Constitution.

- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of the Council as well as other specialised services from within or outside the Council in order to complete the engagement.

4. INDEPENDENCE AND OBJECTIVITY

- 4.1 The Chief Internal Auditor will ensure that NAS remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If it is determined that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.
- 4.2. Independence and objectivity will be preserved by ensuring that all members of staff in NAS maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.
- 4.3 Staff members in NAS will have no direct operational responsibility or authority over any of the activities audited. Accordingly, staff members in NAS will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:
- Assessing specific operations for which they had responsibility within the previous two years.
 - Performing any operational duties for the Council or its affiliates.
 - Initiating or approving transactions external to NAS.
 - Directing the activities of any Council employee not employed by NAS except to the extent that such employees have been appropriately assigned to NAS or to otherwise assist NAS.
- 4.4 Staff members in NAS are responsible for: -
- Disclosing any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
 - Exhibiting professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
 - Making balanced assessments of all available and relevant facts and circumstances.
 - Taking necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.
- 4.5 The Chief Internal Auditor will confirm to the Committee at least annually, the organisational independence of NAS in its Annual Report.
- 4.6 The Chief Internal Auditor will disclose to the Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

- 4.7 The Chief Internal Auditor has roles and responsibilities that fall outside internal auditing (Corporate Risk Management, the Council's Whistleblowing Policy, Money Laundering Reporting Officer (MLRO), subject to confirmation from January 2023 and is the Head of the FCE Audit Authority); therefore, safeguards have been established to limit impairments to independence and objectivity as follows: -.
- The Council has a qualified Risk Management Officer.
 - The function undertakes nationally recognised benchmarking and reports this to the Committee.
 - The Executive Director of Strategic Finance has overall responsibility and reports to the Committee quarterly and annually.
 - The External Auditors review the AGS which includes the effectiveness of risk management.
 - External reviews of the Risk Management Framework and MLRO arrangements are/will be undertaken periodically.

5. RESPONSIBILITY

- 5.1 The Chief Internal Auditor has responsibility to: -
- Submit annually to senior management, and the Committee a risk-based Internal Audit Plan for review and approval, along with a second half of the year refresh of the Plan.
 - Communicate to relevant senior management, the Audit and Governance Committee Chairman and Vice Chairman and the Committee the impact of resource limitations on the Internal Audit Plan.
 - Review and adjust the Internal Audit Plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems and controls.
 - Communicate to relevant senior management and the Committee any significant interim changes to the Internal Audit Plan.
 - Ensure each audit of the Internal Audit Plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
 - Follow up on audit findings and corrective actions, in accordance with NAS's procedures, and report periodically to relevant senior management and the Committee any corrective actions not effectively implemented.
 - Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
 - Ensure the NAS Team collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of this Terms of Reference (Charter).
 - Ensure trends and emerging issues that could impact the Council are considered and communicated to relevant senior management, the Audit and Governance Committee Chairman and Vice Chairman and the Committee as appropriate.
 - Ensure emerging trends and successful practices in internal auditing are considered.

- Establish and ensure adherence to policies and procedures designed to guide NAS.
- Ensure adherence to the Council's relevant policies and procedures, unless such policies and procedures conflict with these terms of reference. Any such conflicts will be resolved or otherwise communicated to relevant senior management, the Audit and Governance Committee Chairman and Vice Chairman and the Committee.
- Ensure conformance of NAS with the Standards, with the following qualifications:-
 - (i) If NAS is prohibited by law or regulation from conformance with certain parts of the Standards, the Chief Internal Auditor will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - (ii) If the Standards are used in conjunction with requirements issued by other authoritative bodies, the Chief Internal Auditor will ensure that NAS conforms with the Standards, even if NAS also conforms with the more restrictive requirements of other authoritative bodies.

6. SCOPE OF INTERNAL AUDIT ACTIVITIES

- 6.1 Internal Audit is a statutory service in the context of the Accounts and Audit Regulations (England) 2015, which state in respect of Internal Audit that: -
- (Part 2 section: 5) 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. Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit: make available such documents and records; and supply such information and explanations; as are considered necessary by those conducting the internal audit.
 - (Part 2 section 6) A relevant authority must, each financial year conduct a review of the effectiveness of the system of internal control required by regulation 3; and prepare an annual governance statement. If the relevant authority is a Category 1 authority (which NCC is), then following the review, it must consider the findings of the review by a committee; or by members of the authority meeting as a whole; and approve the annual governance statement by resolution of a committee; or members of the authority meeting as a whole.
- 6.2 The statutory role is recognised and endorsed within the Council's Financial Regulations (Section C, Risk Management and Control of Resources), which provide the authority for NAS's access to officers, members, premises, assets, documents and records and to require information and explanation as necessary. These rights of access also extend to partner organisations.
- 6.3 The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Council. Internal audit assessments include evaluating whether: -
- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.

- The actions of the Council's officers, directors, employees, and contractors are in compliance with the Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council.
- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

6.4 NAS also performs grant certification work for the Council and traded full audits for Local Authority maintained schools.

6.5 The Chief Internal Auditor will report periodically to relevant senior management and the Committee regarding: -

- NAS's purpose, authority, and responsibility.
- Performance against the Council's Internal Audit Plan.
- The NAS's conformance with the IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the Council.

6.6 The Chief Internal Auditor also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed.

7. CONSULTANCY OR ADVISORY REVIEWS

7.1 NAS may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided NAS does not assume management responsibility.

7.2 Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

7.3 Where a significant consultancy or advisory service is required, either within or external to the Council, approval will be sought from the Committee.

8. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

- 8.1 NAS will maintain a quality assurance and improvement programme that covers all aspects of NAS's internal audit activity. The programme will include an evaluation of NAS's conformance with the Standards and an evaluation of whether auditors apply the IIA's Code of Ethics. The programme will also assess the efficiency and effectiveness of NAS's internal audit activity and identify opportunities for improvement.
- 8.2 The Chief Internal Auditor will communicate to relevant senior management and the Committee on NAS's quality assurance and improvement programme, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Council.

9. FRAUD AND CORRUPTION

- 9.1 The Anti-Fraud and Corruption Strategy 2017-2019 was endorsed by the Audit Committee at the September 2017 meeting. The Strategy sets out the responsibilities of the various parties and falls in line with 'Fighting Fraud and Corruption Locally', the local government fraud and corruption strategy 2016-2019. These include, amongst other things, that the promotion of and revision to the Strategy lies with the Monitoring Officer, advised by the Chief Internal Auditor. Managing the risk of fraud and corruption is the responsibility of Chief Officers; Internal Audit does not have responsibility for the prevention or detection of fraud and corruption. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption. Internal Audit may be requested by management to assist with fraud related work. An investigative Auditor has this designated responsibility within the team, supported on an ad-hoc basis by other members of the team. A training programme to develop fraud investigatory skills within the team is included within the development plans.
- 9.2 The Chief Internal Auditor advises Chief Officers on fraud and corruption issues.
- 9.3 The Chief Internal Auditor has made arrangements to be informed of all suspected or detected fraud, corruption or improprieties so that he can determine if an investigation needs to take place, consider the adequacy of the relevant controls, and evaluate the implications for the opinion on the internal control environment.

10. RELATED DOCUMENTS

- 10.1 This document is one of a series that, together, constitute the policies of the authority in relation to anti-fraud and corruption. The other documents include: -

Anti-Fraud and Corruption Strategy

Whistle-Blowing Policy

Code of Conduct for Members and Co-opted Members

Officers Code of Conduct.

Anti-Money Laundering

Money Laundering Policy

PART II: THE INTERREG VA FRANCE CHANNEL ENGLAND PROGRAMME AUDIT AUTHORITY – TERMS OF REFERENCE (CHARTER)

1. Primary Role

- 1.1. European Union regulations require that Member States must have in place a designated Audit Authority for all European Structural & Investment Funds. Norfolk Audit Services is the designated Audit Authority ('the Authority') for the Interreg V France (Channel) England programme. Interreg programmes are a specific type of European Structural & Investment Fund, falling under the European Regional Development Fund (ERDF) and more specifically the European Territorial Cooperation (ETC) programme.
- 1.2. Norfolk Audit Services was also designated Independent Audit Body for the purpose of the designation of the other programming bodies. The work of Norfolk Audit Services as Independent Audit Body is now completed.
- 1.3. The Authority's primary role is:
 - To seek to provide assurance to the programme national authorities¹ and the European Commission that the FCE programme is delivered in compliance with the regulatory requirements of the European Union in relation to the delivery of ETC programmes and with national regulatory requirements.
- 1.4. In the course of its work, the Authority is required to audit
 - (i) operations co-funded by the FCE programme and
 - (ii) the management and control systems set up in the Certifying Authority (Norfolk County Council – Finance) and the Managing Authorities (Norfolk County Council – Economic Development).
- 1.5. In order to provide good quality, fair and balanced reports, the Authority performs audits in accordance with applicable EU regulations and in accordance with internationally accepted auditing standards, as specified in the FCE Audit Strategy.

2. Authority

- 2.1. The Authority derives its authority from formal designation by the then Department for Communities and Local Government (DCLG) now MHCLG. Formal confirmation has been received from both Member States that Norfolk Audit Services will have authority to carry out directly the functions of the Audit Authority in the whole of the territory covered by the cooperation programme. Modality for Member State representatives to accompany FCE auditors on audit missions² were established as part of the Rules of Procedure agreed by the Consultative Audit Group on 20 April 2016.

¹ Each Member State participating in the cooperation programme appoints national authorities, to which the various programming bodies are accountable. The national authorities with regards to the audit activities is functionally independent from the national authorities working with the MA and the CA.

² It is a provision within the Common Provision Regulations that the Member States may request for their representatives to be present during audit missions on their own territory.

- 2.2. The Department for Business, Energy & Industrial Strategy (BEIS) is responsible for ensuring that the Audit Authority is and remains fit for purpose, ie that it maintains its functional independence from the Managing Authority, Certifying Authority and project beneficiaries, is effective and has sufficient experience and resources. In practice, BEIS is relying on the Department for Levelling Up, Housing and Communities (DLUHC); Formerly the Ministry of Housing, Communities and Local Government (MHCLG) to exercise this role, in its capacity as UK National Authority for the programme. DLUHC has a representative at the Consultative Audit Group.
- 2.3. In performing its activities, the Authority will have access to all people, records, information, systems and property deemed necessary, within the programming authorities and with each and every partner involved in the delivery of the cooperation programme. The Authority has been granted “read-only” access to the data and information held by the Managing Authority both in its information system and held on shared servers. The same access is in place with regards to the Certifying Authority data held on information systems. An agreement is in place that data held outside of shared information systems will be made available upon request.
- 2.4. All information requests should be dealt with promptly and truthfully by other parties. Should there be any perceived attempt to hinder the performance of the Authority’s duties, this would be communicated to:
- The Managing Authority, where information has been requested from a project partner
 - The internal FCE programme board³ in a first instance, with escalation to the DLUHC and the Government Internal Audit Agency (in their capacity as British National Authorities for the MA and AA respectively), where information has been requested from a programming authority.

3. Independence and objectivity

- 3.1. To ensure its independence, the authority functions under the direct responsibility of the Council’s Section 151 Officer (Director of Strategic Finance) with oversight from the Audit and Governance Committee (the Committee). The Audit Authority is functionally independent from the Managing Authority (Norfolk County Council – Economic Development), the Certifying Authority (Norfolk County Council – Budgeting and Accounting within Finance) and the Beneficiary Bodies involved in any FCE co-financed operations.
- 3.2. Although the Audit Authority will feed into Norfolk County Council’s internal governance arrangements through the provision of progress and performance update, the Audit Authority will in effect be accountable to the national designating body in the UK (BEIS) and to the European Commission.
- 3.3. The Authority is therefore functionally independent of the activities that it audits. Moreover, it has sole responsibility for the planning and selection of expenditure/operations to be audited and the manner in which the audits are conducted.

³ The NCC internal FCE programme board is composed of Chief Officers and provide internal governance for the delivery of the MA, CA and AA functions.

- 3.4. Upon request of a national authority, the Authority's staff may be accompanied by an auditor from the national authority. An expectation of independence will also be placed on that member of staff.
- 3.5. The Authority may, if deemed appropriate by the Chief Internal Auditor and the Committee, or if requested by management, advise on financial control and audit issues or review systems under development without prejudicing its right to subsequently audit such systems.
- 3.6. All members of staff working for the Authority have a duty to abide by the Internal and Interreg FCE Audit Code of Ethics (Appendix B). The requirement for professional independence underpins the first two pillars of the internal code, namely integrity and objectivity. Staff are expected to complete annual declaration of interest, in order to detect and manage any potential conflict of interest with auditees.

4. Responsibilities

- 4.1. The specific role and responsibilities of the Authority are determined by European Union Regulations and Guidelines for the Structural Funds. The key roles may be summarised as follows:
 - Produce a report for the benefit of the then DCLG, including an opinion on the management and control systems set up by the Managing and Certifying Authorities, based on the descriptions provided, which will form the basis of their formal designation as programme authorities. This work must be undertaken prior to any claim for interim payment from the European Commission being submitted.
 - Prepare, and update as necessary, an audit strategy in consultation with the National Authorities representatives on the Consultative Audit Group. The audit strategy will be submitted to the European Commission, upon request (in line with Article 127 (4) of EU Regulations 1303/2013).
 - Prepare and deliver an annual audit plan, as discussed with National Authorities representatives on the Consultative Audit Group. Ensure the audit plan enables compliance with requirements as stated in EU regulation and complimentary guidance.
 - Submit to the Commission an annual control report (ACR) setting out the findings of audits carried out during the audit year, with regards to audits of operations detailed expenditure, systems audits and follow up work on previous recommendations.
 - Issue an annual audit opinion, on the basis of audits carried out, as to whether the management and control systems functioned effectively so as to provide reasonable assurance that statements of expenditure presented to the Commission are correct and, as a consequence, reasonable assurance that the underlying transactions are legal and regular.
 - Submit to the Commission a winding up declaration in respect of the FCE programme before the statutory date for closure.

5. Relationship with other audit functions

- 5.1. The Authority will be assisted by a Consultative Audit Group, which will be composed of competent and independent representatives of the National Authorities. The Consultative Audit Group will provide the National Authorities with a channel to influence the audit strategy and audit plan, to ensure specificities of their respective territories and needs are adequately met, whilst ensuring compliance with the relevant EU regulations and associated guidance.
- 5.2. The Authority will provide a progress update to the Norfolk County Council's Committee for information. The update will focus on summarising activity undertaken against expectations from the regulations and/ or the audit plan, to confirm satisfactory progress is being achieved.
- 5.3. The Authority shall liaise with the Audit Service of the European Commission in the Directorate General for Regional and Urban Policy (DG Regio) and submit all required documents, including the annual audit plans and an annual control report and annual audit opinion as outlined at 4 above.
- 5.4. If requested, the Authority will co-operate with audit missions by the European Commission Audit Services or the European Court of Auditors, either in the provision of information or advice in relation to financial control and audit procedures relating to the FCE programme or by participating in joint missions if appropriate.
- 5.5. Through the use of national public procurement procedures, the Authority will engage the use of private sector audit firms for audit activities on the French territory, specialist work or during particularly busy periods.

6. Reporting Arrangements

- 6.1. The Authority must be functionally independent from the MA and the CA and the Authority should report to a hierarchical level different than the MA's and CA's reporting levels. This enables the Audit Authority to be part of the same public authority or body (e.g. a ministry) together with the MA and/or the CA, provided that the principle of separation of functions is respected.
- 6.2. The Audit Authority is headed by a tier 3 manager, whereas the Managing and Certifying Authorities are both headed by a tier 4 manager.
- 6.3. The Head of Authority will have direct access to the Director of Strategic Finance (Section 151 Officer) and Committee and will report on administrative and budgetary matters to the Director of Strategic Finance.
- 6.4. The Head of Authority shall fully engage with internal governance arrangements within Norfolk County Council and report quarterly to the Committee and to the Section 151 Officer and six monthly to the internal FCE Programme Board in relation to progress on its audit strategy and work programme. Failure to complete annual audit programmes may lead to financial correction and reduction in the drawdown of Structural Funds.

- 6.5. The Authority shall consult national authorities representatives on the Annual Control Report and Audit Opinion, prior to submission to the European Commission.
- 6.6. The Authority shall notify the MA and the internal FCE programme board of any risks to the drawdown of ERDF Structural Funds arising from its regulatory audits of ETC expenditure, the audits of systems in the Certifying Authority and Managing Authorities and audit work in relation to the annual partial closure of accounts. Where unresolved, unmitigated risks will be identified in the Annual Control Report, which will be shared with the Consultative Audit Group for consultation and with Programme Monitoring Committee by the MA for information.
- 6.7. Individual audit reports will be shared by the AA with the relevant national authority representative prior to finalisation and will be shared by the MA with the Programme Monitoring Committee (or appointed sub-committee) for information once finalised.
- 6.8. The Authority will submit a Winding Up Report to the European Commission at the end of the 2014-20 programming period, on the closure of the FCE ETC programme and inform the Audit Committee of any risks arising from closure which would affect the drawdown of ERDF Funds.

APPROVAL

Cllr. Ian Mackie
Chairman of the Audit Committee

Harvey Bullen
Director of Strategic Finance
and Section 151 Officer

Adrian Thompson
Assistant Director of Finance (Audit) (Chief Internal Auditor)
and Head of the Audit Authority

Date.....

Norfolk County Council Internal Audit and Interreg VA France Channel England Programme Audit Authority – Code of Ethics

Introduction

A Code of Ethics is a statement of principles and expectations governing behaviour of individuals and organisations in the conduct of internal auditing. Its purpose is to promote an ethical culture.

A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control, and governance.

This code is complementary to and should be read in conjunction with the CIPFA “Ethics and You” A Guide to the CIPFA Standard of Professional Practice on Ethics (June 2011). This code is compatible with the principles in the CIIA’s Code of Ethics.

The Code of Ethics is based on five pillars and the Nolan Principles (Standards in Public Life).

1. **Integrity,**
2. **Objectivity,**
3. **Confidentiality,**
4. **Competency, and**
5. **Professional Behaviour.**

The Five Pillars

1. Integrity

The integrity of internal auditors is founded upon trust and thus provides the basis for reliance on their judgement. Internal auditors will never use their authority or office for personal gain. They will seek to uphold and enhance the standing of the profession. Internal auditors will maintain an unimpeachable standard of integrity in all their business relationships both inside and outside the organisations in which they are employed. They will reject any business practice, which might reasonably be deemed improper.

Internal auditors:

- 1.1. Will perform their work with honesty, diligence, and responsibility.
- 1.2. Will observe the law and make disclosures expected by the law and the profession.
- 1.3. Will not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation or themselves in their professional capacity. The fact that an action is legal does not necessarily mean that it is ethical.
- 1.4. Will declare any personal interest, which may impinge or might reasonably be deemed by others to impinge on impartiality in any matter relevant to his or her duties.
- 1.5. Will respect and contribute to the legitimate and ethical objectives of the organisation.
- 1.6. Will be trustworthy, truthful and honest. They should also promote and support these fundamental principles by leadership and example.

2. Objectivity

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Internal auditors:

- 2.1. Will not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- 2.2. Will not accept anything that may impair or be presumed to impair their professional judgement
- 2.3. Will disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review or distort their reports or conceal unlawful practice.
- 2.4. Will at all times maintain their professional independence. They must be fair and must not allow prejudice or bias, conflict of interest or the influence of others to override their judgement and actions.

3. Confidentiality

Internal auditors respect the value and ownership of information they receive and do not hold or disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Internal auditors:

- 3.1. Will be prudent in the use and protection of information acquired in the course of their duties.
- 3.2. Will not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.
- 3.3. Will respect the proper confidentiality of information acquired during the course of performing professional services: information given in the course of duty should be true and fair and never designed to mislead
- 3.4. Will not use or disclose any such information without specific authority unless there is a legal or professional right or duty of disclosure.

4. Competency

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal auditing services. Internal auditors foster the highest possible standards of professional competence amongst those for whom they are responsible optimising the use of resources for which they are responsible to provide the maximum benefit to their employing organisation.

Internal auditors:

- 4.1. Will engage only in those services for which they have the necessary knowledge, skills, and experience.

- 4.2 Will continually improve their proficiency and the effectiveness and quality of their services.
- 4.3. Will perform professional services with due care, competence and diligence, and have a continuing duty to maintain their professional knowledge and skill at a level required to ensure that an employer or client receives the advantage of a competent professional service based on up-to-date developments in practice, legislation and techniques.
- 4.4. Will carry out professional services in accordance with the relevant technical and professional standards.

5. Professional Behaviour

Internal auditors comply with standards and laws and must not bring the reputation of the profession into disrepute in their behaviour and actions.

Internal auditors:

- 5.1 will behave in a professional manner both during their day to day work and activities outside of work.

Nolan Principles

The Nolan principles cover all of the same areas as the Five Pillars (above), but additionally include the following:

6. Selflessness

Holders of public office should act solely in terms of the public interest.
Internal auditors: -

- 6.1 Will not perform work which leads to personal gain
- 6.2 Will perform work to assess the efficiency and effectiveness of current working practices within the Council

7. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or Bias.

Internal auditors:

- 7.1 Will base their opinion on evidence seen and testing performed during the audit work.

8. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Internal auditors:

- 8.1 Will produce audit files to back up conclusions reached during the audit process.
- 8.2 Will ensure there is an adequate review process in place to quality control the work carried out.

9. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Internal auditors:

- 9.1 Will report on completed audit topics for each individual NCC audit at the quarterly Committee meeting.
- 9.2 Will provide more information about audits with corporate significant concerns to the County Leadership Team and Members.
- 9.3 Will report progress on corporately significant high priority findings to the Committee.

10. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Internal auditors:

- 10.1. Will exhibit the above behaviours in their own behaviour.
- 10.2. Will actively promote and support the principles
- 10.3. Will challenge and report poor behaviour when identified.



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Audit and Governance Committee

Item No: 6

Decision making report title:	Norfolk Audit Services Quarterly Report for period ending 31 December 2023
Date of meeting:	15 February 2024
Responsible Cabinet Member:	N/a
Responsible Director:	Harvey Bullen, Director of Strategic Finance (Section 151 Officer), Finance Directorate
Is this a key decision?	No

Executive Summary

The Section 151 Officer has a duty to ensure there is proper stewardship of public funds and that relevant regulations are complied with.

The Committee are responsible for monitoring the adequacy and effectiveness of the systems of risk management and internal control, including internal audit, as set out in its Terms of Reference, which is part of the Council's Constitution.

Norfolk Audit Services (NAS) fulfils the internal audit function for the County Council as required by its own Terms of Reference, the relevant regulations and standards, which are considered annually by the Committee. Our work is planned to support [the Council's vision and strategy](#), 'Better Together, for Norfolk'.

The Council is alert to:

- recent local authority Public Interest reports; the risks, consequences and any lessons that can be taken for sustaining and or further strengthening governance, if required to meet new challenges,
- The Consultation on new Statutory Best Value Guidance, published by the Government in July 2023, progress to address the issues in Local Audit; and
- The publication, in January 2024, of the [Chartered Institute of Internal Audit's Global Standards](#) that the Public Sector Internal Audit Standards are based on.

Recommendations

To consider and agree: -

- The opinion on the overall adequacy and effectiveness of the County Council's framework of risk management, governance and internal control, for the quarter ending 31 December 2023, is 'Acceptable'.
- The progress on the Audit Plan for the Audit Year 2023-24 and that this work will deliver sufficient scope for the required assurances.
- That the Committee is aware of the Adult Education Budget (AEB) devolution project, including the risk and auditing requirements and that it will feature in the Internal Audit Strategy and Plan 2024-25, described at paragraph 2.17.
- The audit service provided by NAS continues to conform with the International Standards for the Professional Practice of Internal Auditing (Public Sector Internal Auditing Standards (PSIAS)) as verified via an external Quality Assurance Assessment during late 2022 and complies with the Accounts and Audit Regulations 2015 (as amended).
- That plans being agreed to ensure the internal audit team collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the NAS Terms of Reference (Charter), recognising the recent turnover of staff in the team described at paragraph 2.7
- That the Committee continue to review information on the effectiveness of the management processes and corporate control functions (legal, financial, information, health and safety and human resources services performed) as provided by internal audits, self-assessment, customer feedback and any existing external performance reviews.

1. Background and Purpose

- 1.1 The Council must undertake sufficient internal audit coverage to comply with the Accounts and Audit Regulations (England) 2015, as amended. The allocation of audit time is based on a risk assessment, and this is continuously reviewed throughout the year.
- 1.2 On 13 March 2023 the Committee approved the Internal Audit Strategy, Approach and Audit Plan for 2023-24. The Internal Audit Strategy, the approach to developing the Audit Plan for 2023-24 and the first six months of the Audit Plan for 2023-24, supported by the 'Days Available to Deliver NAS Services 2023-24 and the 'Detailed Audit Plan for the first six months of the Audit Year 2023-24 and that this work will deliver sufficient scope for the above assurances required. The second half of the year audit plan was approved by the Committee in October 2023.
- 1.3 This report supports the remit of the Committee in providing proactive leadership and direction on audit governance and risk management

issues. The purpose of this report is to update the Committee on the progress with the delivery of the internal audit work, the value added and to advise on the overall opinion on the effectiveness of risk management and internal control. The report sets out the work to support the opinion and any matters of note.

2. Proposals

2.1. The key messages are as follows: -

Opinion

This quarterly NAS report confirms that the overall opinion on governance, internal controls and risk management remains 'Acceptable'.

(N.B.: - three descriptors can be used for our overall annual opinion: acceptable – green, key issues to be addressed – amber and key issues to be addressed – red)

2023/24 Opinion work

- **Appendix A** details the final reports Issued in the quarter ending 31 December 2023.
- **Appendix B** details all grants certified for the year up to the quarter ending 31 December 2023.

2.2. Our current cumulative position, as at 31 December for 2023/24 audits is shown in the table below. This is considered satisfactory at this stage of the year.

Status	Number
Final reports and Management Letters	12
Work in Progress	10
Cancelled or deferred	5
Not started	2
Total audits	29

Audits Cancelled or deferred (on a risk assessed basis) since previous reporting:

- Equality, Diversion and Inclusion
- Demand Led Budgets
- MyOracle budget monitoring and reporting
- Retro Purchase Orders
- Handover of MyOracle to IMT

Grant Certifications

- 2.3. The grant certifications completed up to the end of quarter 3 are detailed in **Appendix B**. All the required grant certifications have been completed on time.

Traded Full School Audits

- 2.4. Sixteen such audits have been completed to the 31 December 2023, with a further 10 bookings in quarter four. Details of the schools audits completed 1 September to 31 December 2023 are listed in **Appendix A**.

Norfolk Pension Fund

- 2.5. One audit from the 2022/23 Audit Plan and one from the 2023/24 Audit Plan have been completed and one is in progress.

Staffing

- 2.6. Plans are being agreed to ensure the internal audit team collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the NAS Terms of Reference (Charter), recognising the recent turnover of staff in the team.
- 2.7. During the quarter we have had the following staff changes:
- A principal Client Manager has left the team for career progression
 - A Senior Auditor has retired
 - A Senior Auditor will leave mid-January 2024 for career progression
 - The existing Principal Client Manager reduced her hours in September 2023.
- 2.8. A new Senior Auditor has been recruited to replace the Senior Auditor who retired. An interim Manager temporarily replaced the Principal Client Manager and we are now seeking a longer term solution for this role and also the roles of Senior Auditor / Client Manager.

Progress with the implementation of agreed recommendations

2.9. The table below show where we are with monitoring the implementation of our high and medium priority recommendations: -

	No. 2021/22	No. 2022/23	No. 2023/24*
Total number of recommendations implemented and closed – verified through management assurance	110	87(includes 8 currently set as implemented that have not been finally closed)	6
Total number of recommendations implemented and closed – not verified (closed and picked up in Follow Up audit)	0	2	0
Total number of recommendations no longer applicable	1	2	0
Total number of recommendations implemented and closed – management accepts risk (cost of implementing the recommendation outweighs the risk)	3	3	0
Total number of recommendations in progress of being implemented	3	42	31
Total number of recommendations being monitored for implementation (*as of 10/1/24)	117	136	37

Audits with recommendations in progress being monitored	2	11	4
Number of audits where all the recommendations have been implemented and closed	16	8	0
Total number of audits released for recommendation monitoring	18	19	4

2.10. Regarding the three recommendations still in progress of being implemented in 2021/22: -

- One of these is for the Transforming Care Programme (TCP) Follow Up audit where one recommendation remains in progress. The Assistant Director Integrated Operations MH/LD (joint) has advised that in respect of this recommendation, the external consultants (Tricordant), commissioned to support this work, have completed their involvement and made some recommendations about how we can progress this most effectively. A project manager is now in place who is working up timelines around the work.
- Two relate to Follow up of the Third Party (Staff and Supplier) Access recommendations. The Business Systems Architect advised in December 2023 that more time was needed for these final two recommendations as they involve buy in from third parties and additional resource to manage the process to finalise the implementation.

Quarter ending 31 December 2023

2.11. **Appendix A** details the final reports issued in the quarter ending 31 December 2023.

2.12. Our Strategy for 2023-24 included that we will be:

- Focusing on key risk areas
- Strengthening continuous learning in the team
- Exploring and implementing 'agile audit' approaches
- Reviewing the impact of our shortened audit reporting

Anti-Fraud and Corruption, Whistleblowing and Money Laundering Reporting Officer

2.13. The Head of Legal Services (from 1st January 2023) and Chief Internal Auditor champion the Anti- Fraud and Corruption policy and the Whistleblowing Policy. It is their role to ensure the implementation, integrity, independence and effectiveness of the policy and procedures. The Chief Internal Auditor (formally Deputy MLRO) has taken over the role of Money Laundering Reporting Officer.

2.14. A separate report is included on this agenda that outlines the work in respect of Anti-Fraud and Corruption, Whistleblowing and Money Laundering for the quarter ending 31 December 2023.

France Channel England (FCE) Programme

- 2.15. The delivery of audit work for the current accounting year is progressing well. Our assessment is that we have adequate resources to deliver the audit plan for the accounting year ending 30 June 2024.
- 2.16. Implementation will last until the legal deadline, which is currently set at 31 December 2023 but is currently under discussion by the European Parliament, at the time of drafting this report (January 2024). The FCE Audit Authority is expected to submit its final Annual Control Report to the European Commission by 15 February 2025, although this deadline is also currently under discussion by the European Parliament, with the option of a full year extension. Once the final annual assurance package is submitted by the FCE programme bodies, the programme bodies will continue progressing the remaining programme closure activities, which include the implementation of legacy arrangements and engagement with the European Commissions on the content of the final reports submitted.

Adult Education Budget (AEB) devolution readiness

- 2.17. As part of preparations for the County Deal the Council needs to demonstrate readiness for AEB devolution from the academic year 2025-26 to the Department of Education by 31st May 2024. Readiness includes confirmation of how we will effectively deliver the operational processes and functions to support the devolution. Part of the functions to support this are described in a checklist, as follows:
- Internal Audit Committee awareness of the AEB devolution project
 - Is the project on your risk register and has it been audited (or is due to be) and a report made
 - What (if any) recommendations had been made in the report and when remedial action would be completed to address them.
- 2.18. This topic will be considered in the next reporting round for risk management. A desk top review of the AEB Devolution project will be reported by the end of April 2024.
- 2.19. The Internal Audit team will be aware of their responsibilities towards this funding stream to verify processes, controls and the regularity of payments made to providers; and to report on that work.
- 2.20. The Department for Levelling Up, Housing and Communities published guidance on the English Devolution Accountability Framework, on 16 March 2023. Statutory guidance on the exercise of devolved adult education functions and the associated budget is available.

3 Impact of the Proposal

- 3.1 The Accounts and Audit Regulations 2015 (as amended) require that, from 1 April 2015, the Council must ensure that it has a sound system of internal control that meets the relevant standards. The responsibilities for Internal Audit are set out in the Financial Regulations which are part of the Council's Constitution. Internal Audit follows appropriate standards (the PSIAS). when finalised and adopted, will likely have implications for the way Internal Audit operate and for how the Committee engages with Internal Audit. The revised standards are due to be agreed and implemented in quarter 4 of 2023 and when approved by CIPFA, as the relevant regulatory body. We will plan for the changes and differences to be incorporated into our team working once they are agreed and implemented and will report back to the Audit and Governance Committee on any significant changes and progress with implementation.
- 3.2 A sound internal audit function helps ensure that there is an independent examination, evaluation and reporting of an opinion on the adequacy and effectiveness of internal control and risk management as a contribution to the proper, economic, efficient and effective use of resources and the delivery of the County Council's Strategic Ambitions and core role as set out in the County Council's strategy 'Better Together, for Norfolk 2021-2025'.
- 3.3 The internal audit plan will be delivered within the agreed NAS resources and budget. Individual audit topics may change in year which will result in the higher risk areas being include in the plan to inform the annual audit opinion.
- 3.4 This work adds value to the Council, which is key to our purpose and mission. As a result of the delivery of the internal audit plan and audit topic coverage, the Committee, Executive Directors, Senior Officers and Managers will have assurance through our audit conclusions and findings that internal controls, governance and risk management arrangements are working effectively or there are plans in place to strengthen controls.

4 Evidence and Reasons for Decision

- 4.1 As set out in the proposal.

5. Alternative Options

- 5.1 There are no alternative options.

6. Financial Implications

- 6.1 The service expenditure falls within the parameters of the Annual Budget agreed by the Council.
- 6.2 The costings for NAS remains unchanged, no savings are proposed for 2023/24. We will actively maintain chargeable services and pursue new opportunities when they arise.

7. Resource Implications

- 7.1 **Staff:** There are no staff implications.
- 7.2 **Property:** There are no property implications.
- 7.3 **IT:** There are not I.T. implications.

8. Other Implications

- 8.1 **Legal Implications:** There are no other specific legal implications to consider within this report.
- 8.2 **Human Rights implications:** There are no specific human rights implications to consider within this report.
- 8.3 **Equality Impact Assessment (EqIA) (this must be included):** No implications.
- 8.4 **Data Protection Impact Assessments (DPIA):** There are no DPIA implications.
- 8.5 **Health and Safety implications (where appropriate):** There are no health and safety implications.
- 8.6 **Sustainability implications (where appropriate):** There are no sustainability implications.
- 8.7 **Any other implications:**
- 8.8 When finalised and adopted, any new PSIAS will likely have implications for the way Internal Audit operate and for how the Committee engages with Internal Audit. We will plan for the changes and differences to be incorporated into our team working once they are agreed and implemented and will report back to the Audit and

Governance Committee on any significant changes and progress with implementation. There are no other implications.

9. Risk Implications/Assessment

9.1 Not applicable.

10. Select Committee comments

10.1 Not applicable

11. Recommendations

11.1 See Action Required in Executive Summary.

12. Background Papers

12.1 None

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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Norfolk Audit Services
Final Reports Issued in the Quarter ending 31 December 2023

Final Reports: - Issued in Quarter 3

Opinion Work

1. Processes and governance arrangements for defending SEND appeals and tribunals

Audit Opinion: - Key Issues – Amber

Robust action plans have been agreed to address our recommendations as detailed and summarised below:-

- a) The current amount and type of data analysed should be reviewed and agreed to determine how it can provide management with more meaningful information to help them in reducing costs and improve efficiencies in the service. Specific areas of improvement have been identified and are detailed in the audit report.
- b) Comprehensive procedures should be written and documented. Specific areas included in the report.
- c) Processes should be reviewed including the efficiency of NPLaw meetings, how actions agreed should be detailed on shared case management sheets.
- d) Children's Services should consider their processes and the costs involved at each stage to understand resource implications.
- e) Children's Services should consider completing a file review at the initial stage of tribunal notification to include a triage process and not later in the process when the tribunal bundle is being created for NPLaw.
- f) A defined 'index' of expected supporting documents should be agreed between NPLaw and Children's Services.
- g) A cover sheet should be created to clearly number documents for the bundle which are sent to NPLaw.
- h) Consideration could be given to the creation of a Tribunal Team who could be responsible for compiling the case file bundle and being the point of contact for NPLaw.

Last date of actions due – 30 May 2024

2. Sponsorship of International Employees

Audit Opinion: - no opinion given, advisory work

Robust action plans have been agreed to address our recommendations as detailed below:-

- a) The Authorising Officer must ensure that they have the ability to monitor changes in employees' circumstances to ensure compliance with guidance.
- b) The Authorising Officer must ensure they can easily identify sponsored employees so they can meet guidance and requirements.
- c) The Authorising Officer must ensure that responsibilities are assigned and known and training and guidance provided and the process set up.
- d) For the UKVI sponsorship management system (SMS), the Authorising Officer and the Key Contact must be correctly recorded on SMS and the Authorising Officer must be the most senior person in our organisation responsible for recruitment to ensure that we are compliant with the UKVI's Workers and Temporary Workers.
- e) The Authorising Officer must check that all staff with access to the SMS system have had the relevant checks completed as per the guidance
- f) Procedures and guidance should be issued to HR staff clearly identifying responsibilities.
- g) The right to work form must be updated to cover all the required information as per the UKVI's Employers guidance to right to work checks.
- h) Employees should not have the ability to change their visa or permit expiry date on myOracle; the ability to do this should be removed.
- i) The Authorising Officer should maintain a complete and full list of all employees that we sponsor, or have time limited permissions to work in the UK and use this for monitoring compliance purposes.

Last date of actions due 31 January 2024

3. Additional payments made to staff

Audit Opinion: - Key Issues – Red

Robust action plans have been agreed to address our recommendations as detailed below: -

- a) All honorarium payments should be made in accordance with the honorarium payments section in the Recognition Payments Policy P212.
- b) HR should review the current honorarium payment policy if they consider that this does not support the ethos of the honorariums, to ensure appropriate payments can be made at the appropriate scale.
- c) HR should consider a time period for when honorariums are no longer extended, and a grading review is undertaken.
- d) The HR Advice and Casework Team (ACT) should evidence that they have completed their checks on the F212 Form, including a check to ensure the person is on the Green Book collective agreement and entitled to the payment.

- e) HR should ensure that only eligible accelerated increments are processed for staff members.
- f) All market pay supplements should be made in accordance with the Market Pay Supplement Policy P115 and HR should conduct annual reviews of market pay supplements in line with this policy prior to the anniversary of the date the payments started. HR should ensure that end dates are entered on the system for market pay supplements to ensure identification, review and appropriate cessation.
- g) The HR Transactions Team should document their procedures to facilitate business continuity and staff should be fully trained to complete the checks for honorarium payments.
- h) Correct pay elements should be used on myOracle, when processing additional payments for staff.
- i) HR should ascertain whether myOracle can review the hierarchy function, so the honorarium payment, once authorised, goes to the HR Transactions Team for them to complete their checks automatically.
- j) HR should ascertain if it is possible to restrict honorariums, recognition payments and accelerated increments to Green Book staff only and the recognition payment field to the maximum of £1,000 on myOracle to aid with compliance with the policies P212 and P115.
- k) An information guide should be added to the myOracle system to guide the recognition payment, market pay supplement, accelerated increments, honorarium processes.
- l) HR should have a quarterly report written of all the pay elements used for additional payments made to staff developed. This should be reviewed for anomalies and sample checking completed to ensure that payments comply with relevant policies.

Last date of actions – 30 June 2024

4. Financial Assessments follow up audit

Audit Opinion: - Acceptable

A. Management Letters

No management letters were issued in the quarter.

B. Norfolk Pension Fund

1. Fund Receivables- Contributions and Transfers in – Acceptable

Two improvements were suggested for management

2. Cyber Pledge – no opinion given, advisory work.

Four improvement recommendations were made.

C. Traded Full School Audits

Audits have been completed at the following schools: -

- a) Hemsby Primary School
- b) Hingham Primary School
- c) Blofield Primary
- d) Coltishall Primary School
- e) St Georges Primary

D. External Clients

1. No work has been completed for external clients in this quarter.

Appendix B

All grants certified for the year up to the quarter ending 31 December 2023

LGA	Other
Disabled Facilities Grant (Oct 23)	Supported Families (P/e Dec 23)
Family hub and Start for Life Programme (Sept 23)	Police & Crime Panel (P/e Sept 23)
	BDUK Q4 2022/23

The above certification work covered a total of £12,126,385 revenue to the Authority.

Audit and Governance Committee

Item No: 7

Report Title: Risk Management Quarterly report

Date of Meeting: 15th February 2024

Responsible Cabinet

Member: N/A

Responsible Director: Harvey Bullen, Director of Strategic Finance

Is this a Key Decision? No

Executive Summary

Risk management contributes to achieving corporate objectives, the Council's key priorities and strategy Better Together, For Norfolk, and is a key part of the performance management framework. The responsibility for an adequate corporate risk register rests with the Cabinet, supported by portfolio holders and delivered by the risk owners, reviewers and Risk Management Officer as part of the risk management framework.

This quarterly report references Norfolk County Council's corporate risk register as it stands in February 2024, using risk data that was presented within the risk management report to Cabinet on 10th January 2024.

This report sets out the key corporate risk management messages, agreed at the January 2024 Cabinet meeting following the review of corporate risks over the third quarter of 2023/24. Corporate risks continue to be monitored and treated appropriately in line with the Council's risk management framework and the Full Council-agreed strategy 'Better Together, For Norfolk'.

A summary of significant changes to corporate risks since they were last reported to this Committee has been included in **Appendix A** for information purposes. The latest corporate risk heat map for the corporate risk register is included in **Appendix B** providing a visual summary of corporate risks, and shows the Red, Amber, Green (RAG) status of each risk. Full details of the current corporate risks are included in **Appendix C**, including further explanation on risk scoring.

Recommendations:

To consider and agree the latest:

- a. key messages as per paragraphs 2.1 and 2.2 of this report
- b. key changes to the corporate risk register (**Appendix A**);
- c. corporate risk heat map (**Appendix B**);
- d. corporate risks as at January 2024 (**Appendix C**);
- e. information in this report is sufficient.

1. Background and Purpose

- 1.1 One of the Committee's roles is to consider the effectiveness of the Council's risk management. The purpose of this report is therefore to provide assurance on the effectiveness of risk management and the corporate risk register as a tool for managing the biggest risks that the Council faces, helping the Committee undertake some of its key responsibilities. Risk management contributes to achieving corporate objectives and is a key part of the Council's performance management framework.
- 1.2 The Council's corporate risks were last reported to, and agreed by, Cabinet on 10th January 2024. Prior to reporting these risks, they have been reviewed and updated wherever there is additional mitigation progress or additional risk information to report by risk reviewers on behalf of the risk owners.

2. Proposal

- 2.1 The key general risk messages are as follows:

- The review and updating of corporate risks has taken place with risk owners and reviewer's input
- The Risk Management Function complies with the Accounts and Audit (England) Regulations 2015 (as amended in 2020) and recognised Public Sector Internal Audit standards
- Further to the Cabinet Member risk management training of August 2023, additional Member training was delivered by the Risk Management Officer to the council's three Select Committees in January 2024.

- 2.2 The key specific corporate risk messages are as follows:

Risk Title Change

RM038 - Demand to manage statutory responsibilities

There is an amendment to the title of this risk from **Recovery from the Covid-19 Pandemic** to **Demand to manage statutory responsibilities**.

Risk Score Changes

- **RM031 - NCC Funded Children's Services Overspend**
There is an increase to the score of this risk from 20 to 25, increasing the current risk likelihood from 4 to 5.
- **RM038 - Demand to manage statutory responsibilities**
There is a reduction to the current score of this risk from 16 to 12, decreasing the current likelihood score from 4 to 3.

Risk Description Change

RM013 - Governance protocols for entities controlled by the Council

The key new Local Authority Company Review Guidance 2023 has been incorporated within the risk description as a key new statutory guidance element of this risk.

Risk Owner Change

RM027 – myOracle

The risk owner has changed from the Director of Strategic Finance to the Director of IMT & Chief Digital Officer.

Further information on the specific proposed risk changes listed above in 2.2 can be found in **Appendices A and C**.

3. Impact of the Proposal

- 3.1 Risk management plays a key role in managing performance and is a requirement in the Accounts and Audit Regulations 2015 (amended 2020). Sound risk management helps ensure that objectives are fulfilled, that resources and assets are protected and used effectively and efficiently. The responsibilities for risk management are set out in the Financial Regulations, which are part of the Council's Constitution.
- 3.2 Details of the proposals above in 2.2. can be viewed in **Appendix A**, offering further rationale and impact of the proposals.

4. Evidence and Reasons for Decision

4.1 Not applicable, as no decision is being made.

5. Alternative Options

5.1 There are no alternative options identified.

6. Financial Implications

6.1 There are financial implications to consider, which are set out within the risks at **Appendix C**. The budget for this financial year 2023-24 was set and agreed by Full Council in February 2023, following consultation, with the 2024-25 budget in the process of being set and agreed by full Council, at time of writing this report. Mitigations supporting the controlled treatment of the risk of the potential failure to manage significant reductions in local and national income streams are set out in risk **RM002 - Income streams**, and the corporate risk covering the impact of rising inflation is covered in risk **RM035 - Adverse impact of significant and abnormal levels of inflationary pressure on revenue and capital budgets**. There are financial implications of a demand-driven overspend within Children's Services as set out in **RM031 - NCC Funded Children's Services Overspend** with further explanation provided in Appendix A.

7. Resource Implications

7.1 **Staff:** There are staffing resource implications to consider as part of risk **RM029 - Critical skills required for the organisation to operate effectively**.

7.2 **Property:** There is ongoing work to identify and implement opportunities to reduce our carbon footprint throughout our corporate property portfolio.

7.3 **IT:** The Council's Digital Services (previously Information Management) team are continuing to closely monitor cyber security threat levels with the current geo-political situation and continue to roll out the technology advances that are helping Members and officers to carry out their duties effectively from home as well as Council offices.

8. Other Implications

8.1 **Legal Implications:** There are no specific legal implications to consider within this report.

8.2 Human Rights Implications: There are no specific human rights implications to consider within this report.

8.3 Equality Impact Assessment (EqIA) (this must be included): None applicable.

8.4 Data Protection Impact Assessments (DPIA): None applicable.

8.5 Health and Safety implications (where appropriate):
There are no specific health and safety implications to consider currently.

8.6 Sustainability implications (where appropriate): There are no specific sustainability implications to consider within this report other than to note corporate risk **RM036 – Non-delivery of the NCC Environmental Policy** covering the risk of not delivering the key objectives of the NCC environmental policy, which incorporate sustainability.

8.7 Any Other Implications: There are no other risk implications to consider within this report that are not already addressed.

9. Risk Implications / Assessment

9.1 The risk implications are set out in the report above, and within the risks themselves at **Appendix C**.

10. Select Committee Comments

10.1 There are no recent risk-based comments from the Select Committee meetings to report.

11. Recommendations

Recommendations:

To consider and agree the latest:

- key messages as per paragraphs 2.1 and 2.2 of this report
- key changes to the corporate risk register (**Appendix A**);
- corporate risk heat map (**Appendix B**);
- corporate risks as at January 2024 (**Appendix C**);
- information in this report is sufficient.

12. Background Papers

12.1 The January 2024 Cabinet Risk Management Report (available on the council's reports system CMIS – January 2024 p. 235-288)

Officer Contact

If you have any questions about matters contained within this paper, please get in touch with:

Thomas Osborne, Risk Management Officer

T: 01603 222780

E: thomas.osborne@norfolk.gov.uk



If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Key Changes to Corporate Risks

Risk Title Change

RM038 - Demand to manage statutory responsibilities

The title of this risk has been amended from **Recovery from the Covid-19 Pandemic** to **Demand to manage statutory responsibilities**. This sets the risk in a more current context.

Risk Score Changes

RM031 - NCC Funded Children's Services Overspend

The current score of this risk has increased from 20 to 25, increasing the current likelihood score from 4 to 5.

As at period 6, there is a reported in year cost pressure. The forecast overspend for social care placements and support is c. £6m, primarily due to the significant increase in the average unit cost for external residential and external supported accommodation, the demand continuing to be high for social care services (as seen and reported nationally), additional costs of supporting a small number of children and young people with very complex needs, as well as a significant increase in the demand for community short-break provision. Home to school transport cost pressures are also contributing to this in year cost pressure.

RM038 - Demand to manage statutory responsibilities

The current score of this risk has reduced from 16 to 12, decreasing the current likelihood score from 4 to 3.

Holding list numbers have continued to fall, with planning underway for reducing unallocated safeguarding cases on the holding list to zero ahead of assurance by Care Quality Commission (CQC).

Risk Description Change

RM013 - Governance protocols for entities controlled by the Council

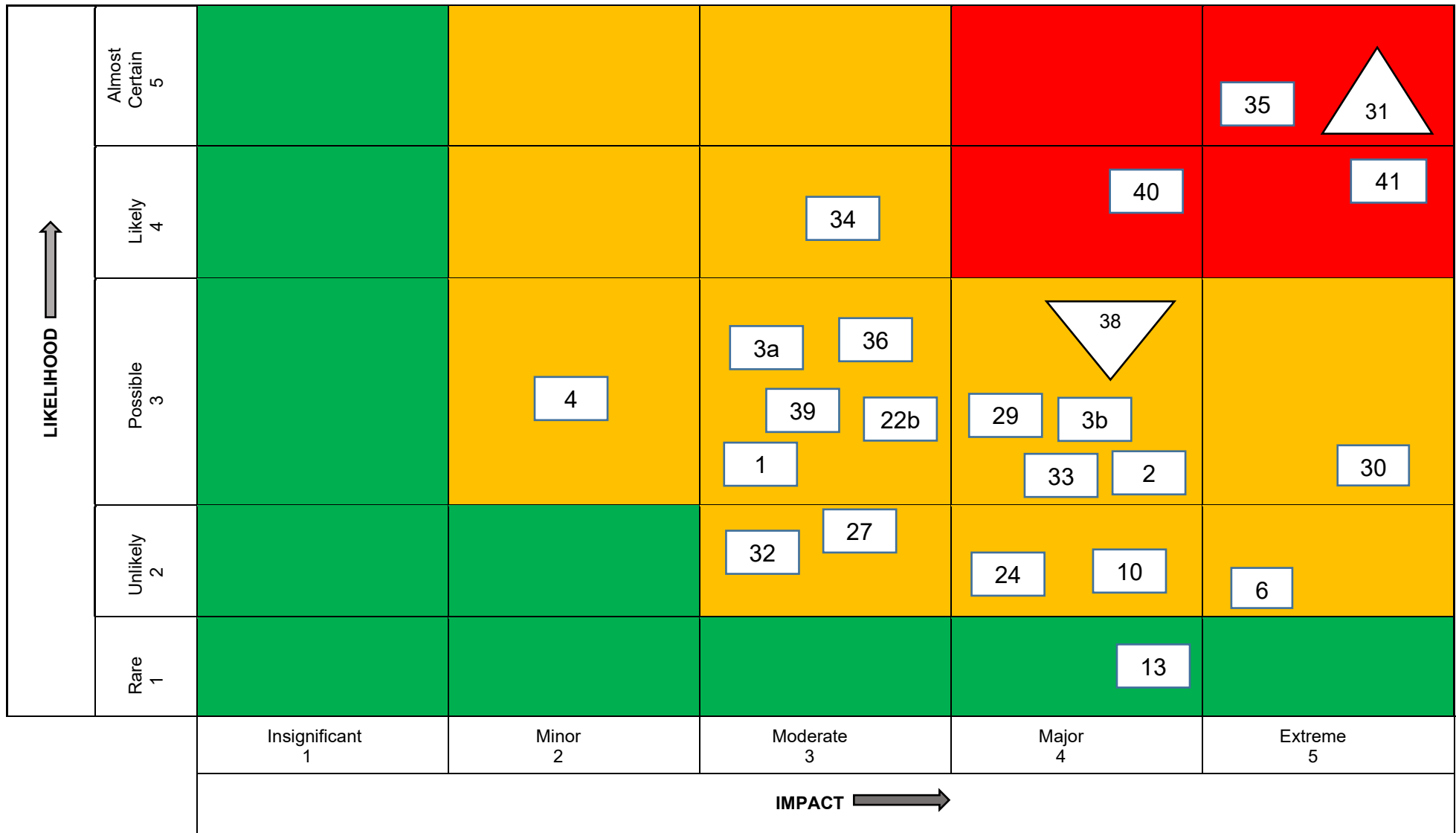
The key new Local Authority Company Review Guidance 2023 has been incorporated into the risk description. This new guidance sets out the governance standards expected of us as a Local Authority and our controlled entities.




Risk Owner Change

RM027 – myOracle

The risk owner from the Director of Strategic Finance to the Director of IMT & Chief Digital Officer.

Corporate Risks - Heat Map



 = Risk score increase
  = Key = no score change
  = risk score decrease

Each corporate risk is assigned a unique risk number to be able to easily identify it. These can be seen in the heat map above.

Red Rated Risks

Risk Number	Risk Title	Score
RM035	Adverse impact of significant and abnormal levels of inflationary pressure on revenue and capital budgets	25
RM031	NCC Funded Children's Services Overspend	25
RM041	Adult Social Services Supplier or Market Failure	20
RM040	ASSD assurance implementation	16

Amber Rated Risks

Risk Number	Risk Title	Score
RM030	Non-realisation of Children's Services Transformation change and expected benefits	15
RM002	Income streams	12
RM038	Demand to manage statutory responsibilities	12
RM003b	Information and cyber security requirements	12
RM033	Norwich Western Link Project	12

RM034	Supply Chain Interruption	12
RM029	Critical skills required for the organisation to operate effectively	12
RM006	Service Delivery	10
RM001	Infrastructure funding requirements	9
RM003a	Information compliance requirements	9
RM022b	Replacement EU Funding for Economic Growth	9
RM036	Non-delivery of the NCC Environmental Policy	9
RM039	ASSD financial, staffing & market stability impacts due to implementation of social care reform	9
RM010	Loss of key ICT systems	8
RM024	Great Yarmouth Third River Crossing (3RC)	8
RM027	myOracle	6
RM032	Capacity to manage a large or multiple incidents or disruptions to business	6
RM004	Contract management for commissioned services	6

Green Rated Risks

Risk Number	Risk Title	Score
RM013	Governance protocols for entities controlled by the Council	4

Risk Number		RM001				Date of update		17 November 2023		
Risk Name		Infrastructure funding requirements								
Portfolio lead		Cllr. Graham Plant				Risk Owner		Paul Cracknell		
Risk Description					Date entered on risk register			01 October 2022		
There is a risk of not realising infrastructure funding requirements to achieve the infrastructure ambition of the Business Plan. 1) Not securing sufficient funding to deliver all the required infrastructure for existing needs and planned growth leading to: • Congestion, delay and unreliable journey times on the transport network • A lack of the essential facilities that create attractive conditions for business activity and investment, and sustainable communities, including good connectivity, public transport, walking and cycling routes, open space and green infrastructure, and funding for the infrastructure necessary to enable the county council to perform its statutory responsibilities, eg education. Overall risk treatment: Treat										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	3	3	9	3	2	6	Mar-24	Amber
Tasks to mitigate the risk										
1.1) Work with other county council officers and partners including government, local enterprise partnerships and district councils to compile evidence and the case for investment into infrastructure in order to achieve success through bidding rounds for capital investment. 1.2) Identify and secure funding including Pooled Business Rates (PBR) to develop projects to a point where successful bids can be made for funding through compiling evidence and cases for investment. 1.3) Engage with providers of national infrastructure – National Highways for strategic (trunk) roads and Network Rail for rail delivery – to ensure timely delivery of infrastructure projects, and work with partners on advocacy and lobbying with government to secure future investment into the networks. 1.4) Review Planning Obligations Standards annually to ensure the county council is able to seek and secure the maximum possible contribution from developers. 1.5) Continue to build the relationship with strategic partners including elected representatives, government departments, local enterprise partnerships, regional bodies such as Transport East (the Sub-National Transport Body) and other local authorities to maximise opportunity and work together in the most effective joined-up manner. 1.6) Periodically review timescales for S106, and other, funding contributions to ensure they are spent before the end date and take action as required. Periodic reviews for transport contributions and an annual review process for library and education contributions. 1.7) Manage risk RM033, Norwich Western Link.										
Progress update										

Progress update

on developing future programmes. Current focus on pipeline projects for RIS3 trunk road programme: A11 Mildenhall, A120 and A14 Copdock Junction

Met DfT officials 4 July to discuss current and potential future programmes

NWL (See RM033): Outline Business Case (OBC) submitted to DfT for approval at end of June 2021. (Addendum submitted Sept 2022.) Awaiting funding confirmation.

Long Stratton Bypass: OBC approved by government July 2021. Planning applications consented by S Norfolk planning committee 15 March 2023.

West Winch Housing Access Road: OBC being progressed.

A47/A17 Pullover Junction King's Lynn: Draft Strategic Outline Case received from WSP. Has been reviewed and progression to the next stage will now be the subject of member decision-making.

Working with partners: Continuing to work with Transport East, districts and other partners.

1.2) PBR funding secured for various projects including Norwich Western Link, West Winch Housing Access Road and A47/A17 Pullover Junction (see 1.1). County levelling-up bid for King's Lynn successful, drawing in circa £24m for measures at Southgates and the Gyratory system (January 23).

Facilitated bids for unspent DLUHC money for transport infrastructure with District Councils October 1.3) Legal challenge claims dismissed in judgement on Development Consent Orders for A47 Blofield to Burlingham, N. Tuddenham to Easton and Thickthorn 7 July

A47 Alliance meeting held 26 June. Advocacy being rolled out.

Responded to consultations on future direction of trunk road programmes on behalf of NCC and A47 Alliance 13 July

Continuing to work with partners on Norwich to London rail, Ely Task Force and East West Rail Main Line Partnership. Government confirmed commitment to EWR and preferred route alignment between Cambridge and Bedford May 2023. Working with Transport East on Transport East Rail Plan and advice on next trunk road programme (see 1.1)

Working with National Highways to deliver improvements at Harfreys Roundabout (now in construction) ahead of completing 3RC and on bringing forward Vauxhall Junction improvement post 3RC

1.4) The standards for 2023 were agreed by Cabinet in June and have been applied to NCC responses to planning applications from 5th June 2023. Work will begin on updating the standards for 2024 at the end of the year and officers are exploring the options to include school transport and review the monitoring fee.

1.5) Continuing to work with Transport East: Transport strategy now endorsed by Ministers. Working with TE on additional workstreams initiated following three-year funding settlement from DfT.

Liaising and attending various wider partnership groups including with DfT, Network Rail and National Highways on strategic road and rail schemes

Engaging with other authorities on Local Transport Plans

1.6) County Council published 2022 Infrastructure Funding Statement in November 2022 and will start preparing the IFS for 2023 in the autumn. Working with other departments such as Children's Services who collect housing data to develop a SharePoint hub to ensure NCC has as much up to date information to inform the collection of S106 payments. Planning Obligations database will be updated and shared with relevant departments to ensure invoices are raised for S106 payments on time.

1.7) See risk RM033, Norwich Western Link.

Risk Number	RM002					Date of update		15 November 2023		
Risk Name	Income streams									
Portfolio lead	Cllr. Andrew Jamieson					Risk Owner		Harvey Bullen		
Risk Description					Date entered on risk register			01 October 2022		
There is a risk of failure to manage significant reductions to, or insufficient increases in, local and national income streams. This may arise from global or local economic circumstances (i.e. rising inflation), and/or government policy on public sector budgets and funding. As a result there is a risk that the Medium Term Financial Strategy savings required for 2023/24 to 2026/27 are not delivered because of uncertainty as to the scale of savings resulting in significant budget overspends, unsustainable drawing on reserves, and severe emergency savings measures needing to be taken. The financial implications are set out in the Council's Budget Book, available on the Council's website. Overall risk treatment:Treat										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	3	4	12	2	4	8	Mar-24	Amber
Tasks to mitigate the risk										
Medium Term Financial Strategy and robust budget setting within available resources. No surprises through effective budget management for both revenue and capital. Budget owners accountable for managing within set resources. Determine and prioritise commissioning outcomes against available resources and delivery of value for money. Regular and robust monitoring and tracking of in-year budget savings by Executive Directors and members. Regular finance monitoring reports to Cabinet. Close monitoring of central government grant terms and conditions to ensure that these are met to receive grants. Plans to be adjusted accordingly once the most up to date data has been received.										
Progress update										

Progress update

County Council on 21.02.22 approved the 2022-23 budget and future Medium Term Financial Strategy 2022-26 taking into account the 2022-23 Local Government Finance Settlement.

The council's external auditors gave an unqualified audit opinion on the 2020-21 Statement of Accounts and were satisfied that the County Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31.03.2021. The External Auditor's opinion on the 2021/22 Statement of Accounts is currently expected to be finalised by the end of November 2023.

The absence of a multi-year funding settlement, coupled with continued uncertainty and the further delay of the significant planned reforms for local government finance, represents a major challenge for the Council in developing its Medium term Financial Strategy. Cabinet on 30.01.23 considered and agreed the 2023-24 Revenue Budget and Medium Term Financial Strategy 2023-27 and made recommendations to County Council. On 21.02.23 County Council agreed the 2023-24 Budget, level of council tax and future Medium Term Financial Strategy 2023-27 taking into account the 2023-24 Local Government Finance Settlement.

On 05.07.23 Cabinet considered the proposed approach to 2024/25 Budget Setting and agreed the target level of savings to be found within Departments. On 02.10.23 Cabinet considered the initial proposals identified to contribute to closing the Council's 2024/25 budget gap, and, following Scrutiny, began the process of public consultation. This supports the Council's robust approach to budget setting to deliver a balanced Budget for Council to consider in February 2024.

The Council will consider the Government's Autumn Statement on 22.11.2023 to inform budget-setting for 2024-25, and any updated Policy Statement, alongside the Provisional Settlement which is due to be announced by DLUHC in December.

Risk Number	RM003a					Date of update		14 November 2023		
Risk Name	Information compliance requirements									
Portfolio lead	Cllr.Kay Mason Billig					Risk Owner		Simon Wynn		
Risk Description					Date entered on risk register			01 October 2022		
There is a risk of failing to comply with statutory information compliance requirements (e.g. under GDPR, FOI, EIR) which could lead to reputational damage and financial impact from any fines or compensation sought, and operational inefficiencies within the organisation, and loss of cooperation with external partners (eg. NHS). Overall risk treatment: Treat										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	3	12	3	3	9	2	3	6	Dec-23	Green
Tasks to mitigate the risk										
1. Mandatory Information Governance Training for all colleagues, with ongoing awareness of IG responsibilities for colleagues. 2. Information Governance Group and Steering Group occur bi-monthly 3. Detailed management information in place to monitor performance 4. Two-way relationship with ICO maintained to ensure positive working relationship 5. Focus on resource available / required to ensure consistency of service 6. Ongoing improvements underway to improve IG operational efficiency and effectiveness. 7. Working closely with Digital Services to exploit the technical opportunities as described in RM003b.										
Progress update										
Mandatory training for Information Governance (Data Protection Essentials) has a current completin rate of 95% in June 2023 following targeted communications. Monthly reminders are now being sent by IG until an automated myOracle solution is delivered which is due by end 2023. A workbook remains in place to match the online training for non-IT users. All NCC employees and anyone accessing NCC data receive IG training.										
Information Governance Group and the escalation Steering Group comprising the SIRO, DPO, Dir. Digital Services, Audit and Caldicott Guardians continues to meet, occuring bi-monthly to deliver a strong focus and accountability on information related matters. The Group also provides oversight on a number of key information related projects.										
Management information continues to be monitored to allow actions to be taken on activity within the IG team and resource to be appropriately allocated / requested. Performance remains strong in Freedom of Information Requests and Police disclosures. Subject Access Requests (SARs) has seen significant improvements since a single team was created in August 2022 and has seen a 40% reduction in open cases to date and a significant improvement in response times within statutory timescales. An update was provided to the ICO in November 2023 following the ICO reprimand										

Progress update

in May 2023 relating to SAR response times and the ICO confirmed that they were pleased to see improvements and now consider the matter closed. The team has been fully resourced since August 2023 and there is a plan in place to ensure all SARs responded to in timescale and the backlog is eliminated during 2024. We continue to look for improvements to process where possible including working with Digital Service to deliver technology solutions to improve performance and reduce risk.

Positive relationship with the ICO in relation to data incidents and responses to subject access request complaints which helps demonstrate a good culture towards information in NCC.

In conjunction with Digital Services, the Electronic Storage Programme underway to reduce risk associated with unstructured information held on Fileshares with the first migrations complete. A schedule of migration and resource is in place to move departments over to the new storage, with retention labels being a key addition.

These activities will enhance many of the mitigations to a higher standard, reducing the likelihood of occurrence - the impact should anything happen would likely result in local or national media attention, depending on the severity of the issue.

Risk Number		RM003b				Date of update		09 November 2023		
Risk Name		Information and cyber security requirements								
Portfolio lead		Cllr. Jane James				Risk Owner		Geoff Connell		
Risk Description					Date entered on risk register			01 October 2022		
There is a risk of failure to comply with relevant information and cyber security requirements. This would incorporate Public Sector Network Assurance, NHS Data Security and Protection Toolkit, and Payment Card Industry -Data Security Standards which could lead to operational, financial and reputation impact. Overall risk treatment: Treat										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	3	12	3	4	12	1	3	3	Mar-24	Green
Tasks to mitigate the risk										
1. Mandatory Training in place for all colleagues - ongoing. A wider phishing simulation will be delivered in 2023/24. 2. Development and monitoring for breaches - ongoing 3. Implementation of improved security measures - ongoing 4. External networking to ensure best practice - ongoing 5. Completing required accreditations - To gain PSN accreditation and Cyber Essentials by Q3. 6. Cyber communications campaign to be rolled out from Q1 of 2023/24.										
Progress update										
- Regular extensive communications to NCC staff on remaining vigilant against cyber-attacks - Ongoing monitoring of compliance levels of mandatory training for all colleagues - Cyber communications campaign (e.g. lockscreen notifications) delivered - Regular involvement with the National Cyber Security Centre - Regular simulated phishing exercise delivered for the whole organisation to understand where weaknesses remain and staff directed to training required - PSN accreditation will continue while new Government standards are developed. PSN Health Check is complete, remediations identified and being applied and submission being prepared for recertification. - Zero Trust design for laptops is 100% deployed - NHS DSP Toolkit application for 2023 completed, valid 30 June 2024. - Regular security patches applied monthly										
Risk score of 12 at present due to a number of continual threats from the geo-political landscape. The impact should anything happen could result in significant operational and financial impact as well as local or national media attention, depending on the severity of the issue.										

Risk Number	RM004					Date of update		20 November 2023		
Risk Name	Contract management for commissioned services.									
Portfolio lead	Cllr. Andrew Jamieson					Risk Owner		Al Collier		
Risk Description					Date entered on risk register			01 October 2022		
There is a risk of failure to deliver effective and robust contract management for commissioned services. Ineffective contract management leads to wasted expenditure, poor quality, failure to achieve anticipated environmental or social benefits, unanticipated supplier default or contractual or legal disputes, and/or reputational damage to the Council. The council spends some £900m on contracted goods and services each year. Overall risk treatment: Tolerate										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	2	3	6	1	3	3	Mar-24	Green
Tasks to mitigate the risk										
<p>1) New governance arrangements: Stand up the Commissioning and Procurement Leadership Group to add senior rigour to contract and category management across ASS, CS and PH. Ensure similar rigour is ensured for other contracts (ie Non-Light Touch Regime/Provider Selection Regime) via working groups and DLTs. Stand up a Commercial Board for escalation and to endorse significant strategies</p> <p>2) New route for procurement pipeline - annual process with additional ad-hoc plans as they arise Approval from new Commercial Board Endorsement from Corporate Board Agreement from Cabinet</p> <p>3) Segment all contracts into Gold/Silver/Bronze according to a defined framework. Also agree where certain categories should be promoted to a higher segment than that for individual contract. Record this on contract register</p> <p>4) Agree minimum contract management requirements for each segment. Ensure these are monitored regularly at departmental DLTs</p> <p>5) Ensure that staff managing contracts participate in relevant contract management training</p> <p>6) Procure and implement a new contract management system to automate the current manual processes, and to provide a single repository of contract information which is accessible to all relevant stakeholders across both procurement and departmental commissioners/contract managers</p> <p>7) Review arrangements between commissioning departments and procurement - escalation, role boundaries, informal vs formal mechanisms</p>										
Progress update										

Progress update

- 1) Governance structure agreed by Tom McCabe. Terms Of Reference, Membership, Meeting Frequency etc in place
- 2) To be agreed and implemented through the Governance groups described in (1) above
- 3) Contract segmentation tool finalised. Exceptions will be agreed by Commercial Board. Individual contract segmentation is recorded on contract register.
- 4) Corporate minimum standards headlines agreed. Next step is to embed across the organisation - this will be a big piece of work crossing all departments
- 5) Contract Management Pioneer Programme available for 10 free places in early 2023. NCC has been accepted onto the programme and delegates are part way through the programme with some due to finish in the next couple of months. Once complete (or maybe sooner) we will consider whether additional staff would benefit from the programme - we would need to pay for further places. Commercial Board has agreed that contract managers will complete the Foundation level of the GCC Contract Management Training
- 6) Commercial Board has agreed to implement the contract management module of In-tend: the system we already use for e-tendering. Project Plan under development. Implementation work to start early December 2023. The first stage will be to transfer our contract and grant register onto the new system, together with formal contractual documentation.
- 7) Detailed RACI conversations at CPLG have built a basis for process mapping. Process mapping work has begun, focussing on mapping required for CCIAF.

Risk Number		RM006		Date of update		15 November 2023				
Risk Name		Service Delivery								
Portfolio lead		Cllr. Kay Mason Billig		Risk Owner		Tom McCabe				
Risk Description				Date entered on risk register		01 October 2022				
There is a potential risk of failure to deliver our services within the resources available for the period 2023/24 to the end of 2024/25. The failure to deliver agreed savings or to deliver our services within the resources available, factoring in causation such as rising inflation, resulting in the risk of legal challenge and overspends, requiring the need for in year spending decisions during the life of the plan, to the detriment of local communities and vulnerable service users. Overall risk treatment: Treat										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	5	10	2	5	10	1	5	5	Mar-24	Green
Tasks to mitigate the risk										
<p>'1) Clear robust framework, ' Better Together, for Norfolk - Business Plan' in place which drives the delivery of the overall vision and priority outcomes. The delivery of a council-wide strategy which seeks to shift focus to early help and prevention, and to managing demand.</p> <p>2) Delivery against the strategic service and financial planning, by translating the vision and priorities into achieved, delivered targets.</p> <p>3) A robust annual process to provide evidence for Members to make decisions about spending priorities.</p> <p>4) Regular and robust in-year financial monitoring to track delivery of savings and manage in-year pressures.</p> <p>5) Sound engagement and consultation with stakeholders and the public around service delivery.</p> <p>6) A performance management and risk system which ensures resources are used to best effect, and that the Council delivers against its objectives and targets.</p>										
Progress update										
<p>Regular budget and performance monitoring reports to Cabinet demonstrated how the Council has delivered against the 2022/23 budgets and priorities set for each of our services, with a balanced outturn position for the year being achieved.</p> <p>The Council has a robust and established process, including regular reporting to Members, which is closely linked to the wider Council Strategy, in order to support the development of future year budget plans taking account of the latest available information about government funding levels and other pressures. This process includes reviewing service budgets and taking into account financial performance and issues arising in the current financial year as detailed in the budget monitoring reports. There is financial monitoring of in-year cost, with monitoring of 2023/24 spend being reported to Cabinet on a monthly basis. Midway through the year, the forecast outturn for 2023-24 currently identifies the risk of a small overspend; work is underway to seek to mitigate this and deliver a balanced outturn position. The impact of the 2023-24 monitoring position will be taking into account in the preparation of the 2024-25 Budget. There has been an updated MTFS position reported to Cabinet within the year, and there will be a budget setting meeting of Full Council in February 2024, and monitoring reports taken to Cabinet in 2024/25. Savings from the Strategic Review are to be embedded in 2023/24 and work is underway to identify further proposals to contribute to closing 2024/25 gap.</p>										

Risk Number	RM010					Date of update		09 November 2023		
Risk Name	Loss of key ICT systems									
Portfolio lead	Cllr. Jane James					Risk Owner		Geoff Connell		
Risk Description					Date entered on risk register			01 October 2022		
<p>The risk of the loss of key ICT systems including: - Network connectivity; - Telephony; - Microsoft Office & all business systems. Loss of core / key ICT systems, communications or utilities for a significant period - as a result of a cyber attack, loss of power, physical failure, fire or flood,or supplier failure - would result in a failure to deliver IT based services leading to disruption to critical service delivery, a loss of reputation, and additional costs. Ransomware is currently the highest risk cyber security threat. While every effort is made to avoid such a security breach, it is also important to ensure we are able to recover as quickly as possible if we became infected. Overall risk treatment: Treat.</p>										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	2	4	8	1	3	3	Mar-24	Green
Tasks to mitigate the risk										
<p>Implement Cloud-based business systems with resilient links for key areas</p> <p>Review and Implement suitable arrangements to protect against possible cyber / ransomware attacks including;</p> <p>Running a number of Cyber Attack exercises with senior stakeholders to reduce the risk of taking the wrong action in the event of a cyber attack</p> <p>We will hold a number of Business Continuity exercises to understand and reduce the impact of risk scenarios</p> <p>WFH has changed the critical points of infrastructure. Access to cloud services like O365 without reliance on County Hall data centres is critical to ensure service continuity.</p> <p>Keep all software security patched and up to date and supported. Actively and regularly review all software in use at NCC and retire all out of date software that presents a risk to keeping accredited to these standards.</p> <p>Continue to closely monitor security processes.</p> <p>Monitor and further understand cyber risks associated with Artificial Intelligence (AI).</p>										
Progress update										

Progress update

Ransomware remains the highest cyber security threat.

While every effort is made to avoid such a security risk by following best practice, it is also important to ensure we are able to recover as quickly as possible if we do become infected.

Cyber / Ransomware

We purchased and implemented a Microsoft Office 365 backup solution which has been implemented to ensure we can recover data in the event that our Microsoft Tenant is encrypted with ransomware. We have retained our old storage, isolated it and switched it off so we have a point in time offline backup copy of our most critical data that we use onsite.

Regular activities to protect us

We have completed another Phishing simulation across all of Norfolk County Council to reduce the risk of people being tricked into clicking on a link.

We quarterly scan our environment for vulnerabilities and when identified patch them

We operate a monthly patch night to apply updates to servers and software as patches

are released which has been completed every single month this year.

Future Network

We are now 80% of the way through implementing our new network which will reduce the complexity, improve security and remove complexity.

"Zero Trust" laptop design is 100% rolled out, removing reliance on County Hall infrastructure for all cloud services including Oracle and Office 365, enabling staff to work from anywhere and access cloud services even if County Hall data centres become unavailable.

Guidance

Procurement guidance (Cloud Principles) for purchasing cloud based services has been reviewed including cloud security has been refreshed

Monitoring and Improvement

We have moved our Domain Service (.gov.uk) to Jisc the UK digital, data and technology agency and moved all other domains to GoDaddy the world's fifth largest web host to help us protect against Denial of Service Attacks.

Artificial Intelligence (AI)

We are monitoring developing cyber risks associated with the use of AI.

Risk Number	RM013				Date of update		12 December 2023			
Risk Name	Governance protocols for entities controlled by the Council.									
Portfolio lead	Cllr. Kay Mason Billig				Risk Owner		Harvey Bullen			
Risk Description					Date entered on risk register			01 October 2022		
<p>The potential risk of failure of the governance protocols for entities controlled by the Council, either their internal governance or the Council's governance as owner.</p> <p>This incorporates the risk of failure of entities controlled by the Council to follow the new Local Authority Company Review Guidance 2023. This sets out the best practice that we as a Local Authority need to adhere to. The failure of governance leading to controlled entities:</p> <p>Non Compliance with relevant laws (Companies, subsidy control procurement, environmental or other)</p> <p>Incurring Significant Losses or losing asset value</p> <p>Taking reputational damage from service failures</p> <p>Being mis-aligned with the goals of the Council</p> <p>The financial implications are described in the Council's latest Annual Statement of Accounts.</p> <p>Overall risk treatment: Treat</p>										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
1	4	4	1	4	4	1	4	4	Mar-24	Met
Tasks to mitigate the risk										
<p>1) All controlled entities and subsidiary companies have a system of governance which is the responsibility of their Board of Directors.</p> <p>The Council needs to ensure that it has given clear direction of it's policy, ambitions and expectations of the controlled entities.</p> <p>The Norse Group objectives are for Business Growth and Diversification of business to spread risks. Risks need to be recorded on the Group's risk register.</p> <p>2) The shareholder committee should meet quarterly and monitor the performance of Norse. A member of the shareholder board, the shareholder representative, should also attend the Norse board.</p> <p>3) The Council holds control of the Group of Companies by way of its shareholding, restrictions in the Norse articles of association and the voting rights of the Directors. The mission, vision and value statements of the individual Norse companies should be reviewed regularly and included in the annual business plan approved by the Board. Norse should have its own Memorandum and Articles of Association outlining its powers and procedures, as well as an overarching agreement with the Council which outlines the controls that the Council exercises over Norse and the actions which require prior approval of the Council.</p> <p>4) To ensure that governance procedures are being discharged appropriately to Independence Matters. The Director of Strategic Finance's representative attends as shareholder representative for Independence Matters.</p> <p>5) Shareholder representation required from the Director of Strategic Finance on both the Norse, and Repton Boards.</p> <p>6) Understanding and implementing the Local Authority Company Review Guidance 2023 by actively seeking assurance that entities under the control of Norfolk County Council are compliant with this.</p>										
Progress update										

Progress update

- 1) There are regular Board meetings, share holder meetings and reporting as required. For NORSE, risks are recorded on the Norse group risk register.
- 2) The Norse Group follows the guidance issued by the Institute of Directors for Unlisted Companies where appropriate for a wholly owned LA company. The shareholder committee meets quarterly and monitors the performance of Norse. A member of the shareholder board, the shareholder representative, also attends the Norse board.
- 3) The Council has reviewed its framework of controls to ensure it is meeting its Teckal requirements in terms of governance and control. The Director of Strategic Finance is responsible for reviewing the ongoing viability of wholly owned entities and regularly reporting the performance of their activities, with a view to ensuring that the County Council's interests are being protected.
All County Council subsidiary limited company Directors have been approved in accordance with the Constitution.
- 4) The Director of Strategic Finance directs external governance.
- 5) There is Shareholder representation from the Director of Strategic Finance on both the Norse, and Repton Boards.
- 6) We continue to work towards achieving the standards set out in the Local Authority Company Review Guidance 2023 by seeking the required levels of governance assurance from the entities under our overall control.

Risk Number		RM022b				Date of update		01 November 2023		
Risk Name		Replacement EU Funding for Economic Growth								
Portfolio lead		Cllr. Fabian Eagle				Risk Owner		Paul Cracknell		
Risk Description					Date entered on risk register			01 October 2022		
There are two parts to this risk as follows; a) external funding and b) Norfolk businesses a) Risk RM14429 covers the closedown of the France (Channel) England INTERREG programme, managed by NCC. In terms of future external funding, we need to make a compelling case to Government for investment in Norfolk from the UK Shared Prosperity Fund (UKSPF), which replaces EU funding. There is a risk of limited opportunity for future skills funding from the UKSPF that NCC needs to be able to achieve the objectives of the Norfolk Investment Framework. b) We need to understand the implications for Norfolk businesses of the Territorial Cooperation Agreement and work with partners to support Norfolk businesses to trade. Overall risk treatment: Treat										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	2	3	6	2	3	6	Mar-24	Amber
Tasks to mitigate the risk										
a) Development of Norfolk Investment Framework to target the UK Shared Prosperity Fund (replacement for EU funding).										
b) Focussed support for business, in conjunction with LEP and Chamber of Commerce.										
Progress update										
a) The Levelling Up White Paper indicates that in the short-term SPF and LU funds will be delivered through Districts. Should a County Deal be agreed, this may change. There is a need to develop a County Deal in order to gain strategic control over key functions and funds, but also to work with districts to maximise strategic use of SPF.										
Feedback from Stakeholders confirms the need for a NIF. Approach endorsed by the Steering Committee (including Town Deal Board Chairs/Local Authorities/Business Reps/University & Research Institutes and Private Sector).										
The NIF will identify funding options for delivery from a range of options including SPF and LUF, other national funding pots as well as private sector investment. The NIF has now been developed for delivery themes, that consist of skills, public sector services, business development and climate change.										
b) There is growth in the economy, but rising inflation and rise of ‘cost of goods’ and energy pose a risk/ added pressure on businesses at present.										
Business advice provided by the LEP's Growth Hub, Norfolk Chamber and Federation of Small Business. While these bodies can provide advice, the challenge for businesses is to invest more resource										

Progress update

in producing the paperwork that is now required for the import/export of goods, and still generate a profit. Government has introduced measures to help secure more HGV drivers (to replace those lost due to both Brexit and the pandemic) and increase the number of seasonal agricultural workers who can work in the UK.

01/11/2023 With the change in Govt Policy, requiring LEPs to be brought into Local Authorities, we will have the responsibility and funding to deliver business support, growth and inward investment. We are working with Suffolk CC and the LEP Board to transition the work of the LEP into the 2 councils and where joint delivery is preferably, agree MOUs for the service. The County Deal is on the agenda for the Cabinet in December 2023 and as such funding linked to this i.e SPF, Rural grants as well as the potential of a 20m per year investment fund will be decided at this point in time. Should the vote be in favour of a County Deal, the risk will be negated and closed.

Growth & Investment are developing a strategy in horizon scanning for funding sources, not just for G&I but wider within NCC. Identified opportunities will be disseminated to the relevant directorate.

Risk Number	RM024					Date of update		05 December 2023		
Risk Name	Great Yarmouth Third River Crossing (3RC)									
Portfolio lead	Cllr. Graham Plant					Risk Owner		Grahame Bygrave		
Risk Description					Date entered on risk register			01 October 2022		
There is a risk of failure to construct and deliver the Great Yarmouth Third River Crossing (3RC) within agreed budget (£121m), and to agreed timescales (construction to be completed by end of 2023). There is a risk that the 3RC project will not be delivered within budget and to the agreed timescales. Cause: delays during statutory processes put timescales at risk and/or contractor prices increase project costs. Event: The 3RC is completed at a later date and/or greater cost than the agreed budget, placing additional pressure on the NCC contribution. Effect: Failure to construct and deliver the 3RC within budget would result in the shortfall having to be met from other sources. This would impact on other NCC programmes. Overall risk treatment: Treat, with a focus on maintaining or reducing project costs and timescales										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	2	4	8	2	3	6	30.01.2023	Amber
Tasks to mitigate the risk										
<p>The project was agreed by Full Council (December 2016) as a key priority infrastructure project to be delivered as soon as possible. Since then, March 2017, an outline business case has been submitted to DfT setting out project costs of £120m and a start of work in October 2020. 80% of this project cost has been confirmed by DfT, but this will be a fixed contribution with NCC taking any risk of increased costs. Mitigation measures are:</p> <p>1) Project Board and associated governance to be further developed to ensure clear focus on monitoring cost and programme at monthly meetings.</p> <p>2) NCC project team to include specialist cost and commercial resource (bought in to the project) to provide scrutiny throughout the scheme development and procurement processes. This will include independent audits and contract/legal advice on key contract risks as necessary.</p> <p>3) Programme to be developed that shows sufficient details to enable overall timescales to be regularly monitored, challenged and corrected as necessary by the board.</p> <p>4) Project controls and client team to be developed to ensure systems in place to deliver the project and to develop details to be prepared for any contractual issues to be robustly handled and monitored.</p> <p>5) All opportunities to be explored through board meetings to reduce risk and programme duration.</p> <p>6) An internal audit has been carried out to provide the Audit Committee and management with independent assurance that the controls in place, to mitigate, or minimise risks relating to pricing in stage 2 of the project to an acceptable level, are adequate and effective and operating in practice.</p>										
Progress update										

Progress update

Progress against actions are: 1) Project board in place. Gateway review highlighted a need to assess and amend board attendance and this has been implemented. A gateway review was completed to coincide with the award of contract decision making - the findings have been reported to the project board (there were no significant concerns identified that impact project delivery). Internal audit on governance report finalised 14 August 2019 and findings were rated green. Further gateway review completed summer 2020 ahead of progressing to next stage of contract (construction). May 23 – Ongoing reporting to Board includes budget updates and programme reviews (see 3 below). November 23 - Board updates in recent period about ongoing delays to completion of works (now looking like end of year before works completed - subject to agreement with port authority) 2) Specialist cost and commercial consultants appointed and continue to review project costs. The Commercial Manager will continue to assess the project forecast on a quarterly basis, with monthly interim reporting also provided to the board. No issues highlighted to date and budget remains sufficient. A further budget review was completed following appointment of the contractor. The full business case was developed and submitted to DfT at end of September 2020 - the project is still at agreed budget. May 23 – Main project remains within original budget, however additional cost/budget implications of WW2 bomb explosion are being considered. August 23 - Review of WW2 bomb repair scope of works and cost ongoing (subject to non-material change to DCO). November 23 - Continuing to update budget based on extended programme. Some risk to overall budget reported, but subject to other risks occurring (being closely monitored). 3) An overall project programme has been developed and is owned and managed by the dedicated project manager. Any issues are highlighted to the board as the project is delivered. The start of DCO examination was 24 September 2019, with a finish date on 24 March 2020. The approval of the DCO was confirmed on 24 September 2020 (no legal challenge). Construction started on 4 January 2021 as planned. Nov 22 - Latest forecasting of completion is June 2023 (reported to Board). Feb 23 - Explosion on site of UXO has resulted in slight delay that is being assessed, but expect opening still by June 23.

March 23 - The major milestone of receiving delivery and lifting the bridge leaves into place was completed on 23 March. May 23 – Overall programme delayed due to works to complete bascule chambers. Summer 23 completion reported. August 23 - programme to bring bridge into operation for navigation Sept 23, with full opening early October. November 23 - Delays due to extended period for bringing the bridge into operation and completion of works on west side. Completion now looking like end of 2023. 4) Learning from the NDR the experience of commercial specialist support was utilised to develop contract details ahead of the formal commencement of the procurement process. Further work fed into the procurement processes (and competitive dialogue) with the bidders. The commercial team leads were in place from the start of the contract (January 2019) and continue in this role to manage contract administration. March 22 - Construction inflation is being closely monitored, but is not currently impacting the overall budget provisions. August 23 - Budget for main works remains on target, however cost of WW2 bomb repairs to quay wall and quay still being assessed. November 23 - Still assessing overall budget allowing for WW2 bomb implications. Main works remain within budget. 5) The project board receives regular (monthly) updates on project risks, costs and timescales. A detailed cost review was delivered to the board ahead of the award of the contract (following the delegated authority agreed by Full Council), and took into account the contractors tender pricing and associated project risk updates. The project currently remains on budget, however the programme to complete the works and open the scheme in early 2023 has been delayed slightly to June 2023. Feb 23 - The wider implications of UXO explosion on site are still being assessed, but main works continuing. March 23 - Completion of the bridge leaf installation removes a key risk for the project. May 23 – Main works to be completed in summer 23, however works package to repair quay wall also being developed and will take longer. November 23 - Main works completion now late 2023. Works to repair quay wall following WW2 bomb damage will continue into 2024.

6) The further internal audit has been concluded and a report circulated. Findings were green with only one minor observation (already actioned).

Risk Number		RM027		Date of update		12 December 2023				
Risk Name		myOracle								
Portfolio lead		Cllr. Jane James		Risk Owner		Geoff Connell				
Risk Description			Date entered on risk register			01 October 2022				
There is a risk of failure of the new Human Resources and Finance system whereby key operational processes don't deliver the required outcomes for the organisation and its' traded services customers. Cause: System build, incomplete process for implementation, inadequate training for self service and HR professional functionality. Event: Operational processes not delivering to the processes required. Effect: Not achieving the full value of the myOracle system. Potential reduced employee satisfaction. New employees not being onboarded quickly enough. Not fully delivering the myOracle and HR review savings. Overall risk treatment: Treat										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	4	8	4	2	8	2	2	4	Jul-25	Amber
Tasks to mitigate the risk										
1) Strong HR subject expert engagement in the system configuration to ensure that myOracle meets the needs of the organisation. 2) Ensure that plans / workarounds are in place to mitigate any residual risks from any issues arising. 3) Ensure that we have the resource in place to be able to deal with any issues as they arise. 4) Increased cadence of senior stakeholder engagement to address any issues arising within operational areas. 5) Extend manager helpline until beyond April 2024. MyOracle reporting (analytics) is emerging as a specific risk given the high level of demand and the limited system capability combined with the specialist skill sets required to maintain an effective work-around. Tasks to mitigate include: •Upskilling of I&A staff and leverage commons skills (eg: Business Analysts) to manage delivery •Reconsideration/re-scoping of contract support. •Re-assess prioritisation of demand – improved requirements management.										
Progress update										

Progress update

- 1) The implementation of MyOracle is live (as of 13th April 2022) and any issues arising are being managed as a BAU exercise and myOracle multi-disciplinary improvement programme post mobilisation to address functional gaps.
- 2) Support team and business teams focused on the identified system and process fixes required and plans/workarounds in place to mitigate those risks - some of the more complex issues have taken longer than predicted to resolve, affecting technology exploitation
- 3) Team in place to rectify issues as they are reported and governance in place to manage business and supplier escalations as required
- 4) Completed procurement and on-boarding of Namos as 3rd party support partner call-off contract to add capacity and aid with specialist more complex areas.
- 5) Budget agreed and staffed for helpline. Moved to support model from 1st July 2023.

Integration has been finalised.

Reconsideration/re-scoping of contract support is underway.

The re-assessing of the prioritisation of demand – improved requirements management is underway.

SFTP “secure file transfer protocol” server located in County Hall Data Centre handles payment information from Highways system and LiquidLogic social care system into MyOracle.

Risk of failure of that server or County Hall Data Centre infrastructure would interrupt transfer of payment information into MyOracle. Most significant impact would be delay of Foster Carer payments.

Mitigation is that County Hall Data Centre services including the SFTP server are replicated to the Disaster Recovery site, which can be commissioned in under 4 hours of a disaster being declared.

Manual process is also possible to extract required information from LiquidLogic for direct upload into MyOracle.

Risk Number	RM029					Date of update		16 November 2023		
Risk Name	Critical skills required for the organisation to operate effectively									
Portfolio lead	Cllr. Kay Mason Billig					Risk Owner		Derryth Wright		
Risk Description					Date entered on risk register			01 October 2022		
There is a risk that a range of critical new/future skills are not available within NCC in the medium to longer term. The lack of these skills will create problems for, or reduce the effectiveness of service delivery. An inability or failure to consider/identify these until they are needed will not allow sufficient time to develop or recruit these skills. This is exacerbated by: 1.The demographics of the workforce (ageing) 2.The need for changing skills and behaviours in order to implement new ways of working including specialist professional and technical skills (in particular IT, engineering, change & transformation; analytical professional best practice etc) associated with the introduction or requirement to undertake new activities and operate or use new technology or systems - the lack of which reduces the effective operation of NCC . 3.NCC's new delivery model, including greater reliance on other employers/sectors to deliver services on our behalf 4.Significant changes in social trends and attitudes, such as the use of new technology and attitudes to the public sector, which may impact upon our 'employer brand' and therefore recruitment and retention 5.Skills shortages in key areas including social work and teaching 6.Improvements to the UK and local economy which may impact upon the Council's ability to recruit and retain staff. 7.Government policy (for example exit payment proposals) and changes to the Council's redundancy compensation policy, which could impact upon retention, particularly of those at more senior levels and/or older workers. 8. Improvements in T&C in other sectors making the NCC employment deal less attractive/providing fewer points of difference e.g. more flexibility of work in other industries, greater gap on pay Overall risk treatment: Treat										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	15	3	4	12	2	4	8	Mar-26	Amber
Tasks to mitigate the risk										
<p>*Identification of what new critical skills are required in services – using workforce planning process and toolkit. As each directorate makes their changes to make savings / manage demand.</p> <p>*Identification of pathways to enable employees to learn, develop and qualify into shortage areas – As each directorate makes their changes to make savings / manage demand</p> <p>*Creation of career families and professional communities, providing visible and clear career paths for colleagues.</p> <p>*Embedding a strengths based approach to performance management e.g. Recruit for strengths not just qualifications and skills and experience - supported by career families activity which will harmonise job descriptions</p> <p>*Explore further integration with other organisations to fill the gaps in our workforce</p> <p>*Develop talent pipelines working with schools, colleges and universities</p> <p>*Undertake market rate exercises as appropriate and review the reward package to support attraction and retention</p> <p>*Develop the use of apprenticeships and early career schemes; this will help grow talent and act as a retention tool</p> <p>*Work with 14 – 19 providers and Higher Education providers to ensure that the GCSE, A level and Degree subjects meets the needs of future workforce requirements</p> <p>*Implementation of new workforce strategy that will lead to improved workforce planning</p> <p>*develop our employee value proposition and employer brand to improve attraction of people with the skills we need</p>										
Progress update										

Progress update

1. Working with education providers to ensure subjects meet future workforce requirements and students see a career in local government as an exciting option
 2. Work has begun to make best use of the 'skills' facility in the new Oracle system. It will take time to understand how best to use the functionality but it is planned to help with finding people within NCC with skills not usually associated with their role, as well as providing easy reporting on professional registrations. This functionality is dependent on completion of career families work which is a long term project.
 3. Work on how to use the full Talent module in Oracle will commence during 23/24
 4. A digital skills learning and development strategy has been developed and resourced. This is a HR and Digital Services partnership activity. Activity has commenced and will continue to be delivered across 23-25.
 5. Mandatory training policy is live and has been socialised. Work is ongoing to enable notifications to be sent to employees that are due/overdue on their training to support compliance. A review of our approach to and prioritisation of mandatory training areas for focus is in development
 6. NCC careers website has been refreshed
 7. Workforce strategy has been agreed and delivery begun. It identifies a number of themes that will support recruitment and retention of employees with the skills we need to be a successful organisation including refreshing our employer brand and development of clear career families
 8. Changes to the organisational design and structure have been implemented. A governance approach to ensure this is maintained is under development
 9. Where a need is identified specific recruitment and marketing campaigns are developed and socialised to support attraction to hard to fill roles e.g. 'We Care' campaign
 10. Our reward offer is reviewed regularly to identify additional areas that would support attraction and retention. e.g. introduction of mileage loan, electric vehicle lease scheme.
 11. Work has begun on the career families and pay and reward review projects
 12. Wellbeing strategy has been agreed and actions to implement begun
- Target changed updated to reflect longer term projects.

Risk Number		RM030				Date of update		17 November 2023		
Risk Name		Non-realisation of Children’s Services Transformation change and expected benefits								
Portfolio lead		Cllr. Penny Carpenter				Risk Owner		Sara Tough		
Risk Description					Date entered on risk register			01 October 2022		
There is a risk of the non-realisation of Children’s Services Transformation change and expected benefits, encompassing the risk that Children’s Services do not experience the expected benefits from the transformation programme. Outcomes for children and their families are not improved, need is not met earlier and the increasing demand for specialist support and intervention is not managed. Statutory duties will not be fully met and the financial position of the department will be unsustainable over time. Overall risk treatment: Treat										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	5	20	3	5	15	1	5	5	Mar-24	Amber
Tasks to mitigate the risk										
1) A demand management and prevention strategy and associated business cases have been completed and a multi-year transformation programme has been established covering social care and education, with 5 key strategic themes: Inclusion, Prevention and Early Intervention, Effective Practice Model, Edge of Care Support and Alternatives to Care, and Transforming the Care Market. 2) Significant investment has been provided to delivery transformation including c. £2m pa transformation investment fund since 2018-19 and £120m for capital investment in Specialist Resource Bases and Specialist Schools 3) A single senior transformation lead, operational business leads and a transformation team have been appointed / aligned to direct, oversee and manage the change 4) Regular governatnce structures in place through the Cabinet Member chaired Transformation and Benefits Realisation Board to track and monitor the trajectories of the programme benefits, risks and issues 5) Services from corporate departments are aligned to provide support to transformation change e.g. HR, Comms, IT, Finance, Information and Analytics, Innovation, etc 6) Interdependencies with other enabling transformation programmes e.g. Smarter Working will be aligned to help maximise realisation of benefits.										
Progress update										

Progress update

Scoring rationale - Risk impact relates to outcomes for children and families not being met, a key county council objective and financial loss of benefits over £3m therefore scored 5. Risk likelihood has reduced from "probable" prior to programme being initiated to "possible" as the transformation programme is seeing initial success after first 48 months of the programme, therefore scored 3.

November 2023 update:

- The investment in transformation has proved successful since 2018/19 having met existing targets for specific schemes albeit in the context of overall dept overspends
- Overall programme broke even in April 2021 and has delivered gross savings of £67m, net savings of £50m up to 2022/23. Target for 23/24 stands at £16m
- Programme has helped to mitigate the cost pressures for 2022/23 that resulted due demand related pressures for Transport and Placement budgets
- Core indicator of number of Children in Care is broadly stable. Unit costs are under considerable pressure due to the cohort with the very highest and most complex needs

continuing to grow as a proportion of all children looked after. The pandemic continues to have a substantial impact e.g. delays in the court system and the impact of hidden harm on CYP. Examples of other factors are; lack of supply of placements, worsening of emotional wellbeing and mental health amongst children, young people and parents, impact of inflation on families and services such as transport, ongoing shortages of staff in key professional specialisms. A number of existing transformation projects are in train to support these young people more effectively and reduce unit costs over the medium term.

- A 3-5 year strategy and financial plan to outline the next phase of transformation is under development, including the implementation of Children's Social Care Reform, alongside the development of a strategic sufficiency business case, including a whole council focus on the recruitment and retention of foster carers. A paper was presented to Informal Cabinet on 4 September, with agreement to bring a final business case back in the New Year.

Risk Number	RM031				Date of update		17 November 2023			
Risk Name	NCC Funded Children's Services Overspend									
Portfolio lead	Cllr. Penny Carpenter				Risk Owner		Sara Tough			
Risk Description					Date entered on risk register			01 October 2022		
There is a risk that in-year pressures from service demand and other external factors beyond the department's control materialise and lead to a significant overspend. Risk Treatment: Tolerate										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
5	5	25	5	5	25	3	5	15	Mar-24	Amber
Tasks to mitigate the risk										
<p>1. Transformation programme in place that targets improvement to operating model, ways of working, and placement & sufficiency to ensure that intervention is happening at the right time, with the right children and families supported, with the right types of support, intervention & placements. This will result in improved value for money through ensuring that money is spent in the right places, at the right times with the investment in children and families resulting in lower, long-term costs.</p> <p>2. Improved monitoring system implemented to identify, track and respond to financial challenges.</p> <p>3. Cohorts will be regularly analysed to ensure that all are targeted appropriately and to develop new transformation initiatives to meet needs cost effectively.</p> <p>4. Further recognition of underlying budget pressures, including pandemic-related additional budget pressures, within recent NCC budgets and within the MTFS, including for front-line placement and support costs (children looked after, children with disabilities and care leavers), operational staffing, and home to school transport for children with SEND.</p> <p>5. Local First Inclusion programme in place (supported by the Safety Valve deal) that has planned for additional spend in mainstream schools to support children with high level SEND to remain within them, where it is appropriate for them to do so, and enabling the achievement of good outcomes. This investment acts as a key driver to the long-term aim of returning the DSG to an in-year balanced budget and, subsequently, to repay the cumulative deficit, through mitigating the need for further expansion of special schools (above planned increases) or independent provision.</p>										
Progress update										

Progress update

Scoring rationale - Risk impact relates to financial impact of over £3m, therefore scored 5. Risk likelihood has increased from "probable" to "almost certain" following the forecast as at Period 6 (end of September 2023) showing a £9.8m overspend, partially mitigated by (£1m) use of ear-marked reserves

November 2023 update:

- Improved monitoring systems and financial oversight have become embedded
- Multiple Transformation projects been successfully delivered over the past 5 years that will contribute to mitigate this risk
- Children Looked After numbers have reduced significantly since January 2019 through to 2022, which resulted in reduced overall placement costs. However, unit costs have been under considerable pressure due to external market forces, significant inflationary and National Living Wage increases. There are a number of transformation projects aimed reduce unit costs over the medium term.
- The LA has been more successful at supporting families to stay together and keeping the number of children looked after remained stable for much of 22-23, with the exception of unaccompanied asylum seeking children for whom the LA receives additional Government funding; this bucked the national trends, though there was a small increase seen at the end of the year that will be kept under close review for 23-24
- There are a wide range of factors that have impacted on the financial pressures faced by Children's Services nationally, including unit costs are increasing significantly due to the cohort with the very highest and most complex needs continuing to grow as a proportion of all children looked after. The pandemic continues to have a substantial impact e.g. delays in the court system and the impact of hidden harm on CYP. Examples of other factors are; lack of supply of placements, worsening of emotional wellbeing and mental health amongst children, young people and parents, impact of inflation on families and services such as transport, ongoing shortages of staff in key professional specialisms.
- As at period 6, there is a reported in year cost pressure.

The forecast overspend for social care placements and support is c. £6m, primarily due to the significant increase in the average unit cost for external residential and external supported accommodation, the demand continuing to be high for social care services (as seen and reported nationally), additional costs of supporting a small number of children and young people with very complex needs, as well as a significant increase in the demand for community short-break provision. The first full Home to School Transport forecast for the year is a £4.8m overspend despite the additional budgeted resources provided for 2023-24. The persistent inflationary increases for fuel and the cost of vehicles, along with the rises in National Living Wage, has seen increases in the cost of tenders awarded for transport routes

- Action is under way to positively impact transport related costs, both the demand-side and the supply-side factors. On the supply-side, there is a piece of focussed work underway in conjunction with the officers from across the council to look at the transport provision market and any additional levers that could be developed to have a beneficial effect. Much demand-side activity is already delivering benefits and is continuing to be pursued and expanded, including a focus on supporting young people to be travel independent (such as the TITAN Travel Training programme) and the initial impacts of Local First Inclusion in reducing the distances that have to be travelled for those attending new provisions.
- Children's Services continues to undertake a substantial transformation programme to both improve outcomes for children and young people as well as delivering financial savings e.g. Placement Sufficiency strategic plan. These aim to mitigate risks and pressures that emerge and accompanies management action within the department that continues to be taken to reduce these risks and cost pressures wherever possible.
- The department has also put in place cost pressure mitigation and analysis plan, to identify proposals to mitigate in-year cost pressures.

Risk Number	RM032					Date of update		05 December 2023		
Risk Name	Capacity to manage a large incident or multiple incidents or disruptions to business									
Portfolio lead	Cllr. Jane James					Risk Owner		Sarah Rhoden		
Risk Description					Date entered on risk register			29 October 2021		
NCC is affected by an internal or external incident/emergency that impacts on the authority’s ability to deliver critical services. This could be internal threats such as loss of IMT or power or external impacts such as supporting the countywide response to Norfolk’s Highest risk such as Coastal flooding or pandemic flu. There is a risk of a large scale incident or series of incidents that cause potential negative impacts on the reputation, resources or financial stability, that affect NCC's ability to deliver it's services. There are a number of ongoing situations which are compounding this risk. 1. Energy providers issue of reasonable worst case scenario for power national power outages. 2. Seasonal weather risks. Overall risk treatment: Tolerate.										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	4	16	3	2	6	3	2	6	31.03.24	Met
Tasks to mitigate the risk										
1) Maintain the Corporate Resilience Plan. 2) Maintain a robust Business Continuity process, including training and exercising. 3) Having the appropriate groups in place to be able to support and manage any response to an incident causing business disruption. 4) Supporting and embedding of Business Continuity looking at best practice to support the operational delivery of services. 5) Further training planning for both BC and Emergency Planning. 6) Active engagement and participation in the Norfolk Resilience Forum. 7) On going review of winter risks 8) Member of the NRF and attendance at weekly Norfolk Risk Intelligence Group (RIG)meetings 9) NRF Plans and procedures in place, including training and exercising										
Progress update										
The BC process and emergency response mechanisms are in place and enabled within NCC, support is in place from the Resilience team who deliver 24/7 response support. Current BC stats = 81% of NCC plans reviewed and 78% plans have been exercised. For situational awareness the Norfolk Resilience Forum (NRF) has in place weekly Risk Intelligence Group (RIG) meetings. Due to global and national uncertainty, pre-emptive planning is on going to look at the risks that NCC and Norfolk will face, these will include: seasonal weather - surface flooding. Health issues- pressure in care systems, outbreaks, re-emergence of COVID, Hospital roof collapse and care home failure. Cost of living impacts. Disruption to power or communications systems, Industrial Action, Animal Health outbreaks, Cyber attacks. Current weather related risks are seasonal weather and still some localised flooding in the Norfolk Broads area. Current Score at 6 due to available mitigation measures under our remit being implemented to control the current risks.										
This risk should remain on the risk register due to the potential of unknown future risks that may impact on the authorities ability to deliver it core services.										

Risk Number	RM033			Date of update		20 November 2023				
Risk Name	Norwich Western Link Project									
Portfolio lead	Cllr. Graham Plant			Risk Owner	Grahame Bygrave					
Risk Description			Date entered on risk register			01 October 2022				
<p>There is a risk that the NWL project could fail to receive funding approvals from the Department for Transport (DfT), and/or statutory approvals necessary within the necessary timescales to achieve the Orders to construct the project (related to planning consent, land acquisition, highway orders) to enable the Norwich Western Link (NWL) project (at £251m) to be delivered to the agreed timescales (target opening by late 2025). Cause: Objection to the project (particularly related to environmental impacts) that results in either DfT or Secretary of State failing to provide the necessary approvals for the funding/Orders. Event: The scale of the project and the funding requirement from DfT (at 85%) is such that without their funding contribution, it will not be possible to deliver the project. Without the necessary Orders in place, it will not be possible to deliver the project. Effect: The benefits that the project would bring in terms of traffic relief, accommodating growth in housing and employment, economic recovery and journey time savings would not be achieved. If ultimately the project does not get constructed there is the possibility that any funding already provided by DfT would need to be repaid and that the capital expenditure up to that stage could need to be repaid from revenue funds (as there would be no capital asset to justify the use of capital funding). Overall risk treatment: Treat</p>										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	3	4	12	1	4	4	Sep-24	Amber
Tasks to mitigate the risk										
<p>1. Work closely with DfT to resolve any queries related to the OBC approval. 2. Ensure programme dates for statutory approvals are achieved and submission details are legally checked. 3. Develop strong team resource to ensure well developed submissions for statutory processes (including public inquiry) are provided. 4. Provide regular updates to the project board to ensure any issues related to programme, cost and risk are reported. 5. Monitor scale of expenditure prior to Secretary of State approval to ensure any potential financial implications can be accommodated within the NCC financial envelope.</p>										
Progress update										

Progress update

1. OBC submitted to DfT for approval at end of June 2021. Awaiting funding confirmation, but timescale to be confirmed. July 2022 - Report approved by Cabinet (includes revised timescales and budget - 85% DfT contribution retained in OBC addendum submitted to DfT (approval ongoing). Feb 23 - DfT funding approval still awaited, but no further requests for info received from DfT. March 23 - No funding announcement in March Budget Statement. May 23 - Still no decision from DfT, but no further work required to OBC. Awaiting outcome of Treasury review of funding nationally. Aug 23 - Still awaiting Treasury review outcome and DfT announcement. Nov 23 - DfT confirmed approval of OBC on 13 November.

2. Programme being reviewed to ensure realistic timescales for pre-planning application consultation and planning submissions are in place (to be agreed by the project board). July 2022 - Timescales updated in Cabinet report and agreed. Sept 22 - Govt mini-budget on 23rd Sept set out fast-tracking of projects, including NWL. Details awaited to understand any implications. Jan 23 - No further details from (different) government re fast-tracking. Feb 23 - Timescales for planning application submission will be updated in Spring 23 Cabinet report (date TBC). May 23 - Awaiting OBC decision is continuing to delay planning application process (and Cabinet approvals). Report to be taken to Cabinet asap following OBC decision. Aug 23 - Report taken to Cabinet in July setting out reduced activity on project whilst awaiting DfT funding decision. Nov 23 - Report to be taken to December Cabinet setting out latest position of project and seeking approval to submit planning application early in 2024.

3. Resource review in progress to ensure the team structure is suited to the next phases of the project. July 2022 - Team structure in place with some gaps in resource being resolved, but very challenging employment market conditions. Sept 22 - maintaining resources on project is proving challenging. Ongoing recruitment and discussions with WSP. Feb 23 - Resourcing remains challenging, but is an issue within construction sector generally. Aug 23 - Continuing resource issues, notably at Engineer/Project Engineer level. Nov 23 - Need to procure additional resource now project OBC confirmed.

4. Project board meetings in place and risk, programme, cost regularly reported. July 2022 - All details updated in Cabinet report and cost, risk and programme will be monitored by Board based on Cabinet report. Sept 2022 – Board closely monitoring budget including inflation/economic implications. May 23 - Delays to project OBC decision reported to project board. Implications will continue to be considered and reported to Cabinet.

5. Section 151 officer updated on expenditure to date at project board and is comfortable that any potential cost/budget implications could be accommodated within the NCC financial envelope. July 2022 - Details in Cabinet report agreed with s151 officer and budget recommendation and implications accepted by Cabinet and Full Council on 19 July. January 2023 - Still awaiting DfT OBC approval (following November 2022 budget statement). Feb 2023 - Still no decision from DfT. March 2023 - Still no DfT decision. April 2023 - Report to be presented to Cabinet June 2023 to update on project (also to address DfT funding position). May 23 Report now planned for July 2023 Cabinet, to consider implications of ongoing delay to DfT OBC approval. August 23 - Report agreed by Cabinet, reducing activity whilst awaiting OBC approval. Nov 23 - OBC approved and report update to Cabinet in December to reinstate full delivery activity.

Risk Number		RM034		Date of update		07 November 2023				
Risk Name		Supply Chain Interruption								
Portfolio lead		Cllr. Kay Mason Billig		Risk Owner		Al Collier				
Risk Description				Date entered on risk register		01 October 2022				
There is a risk of a supply chain interruption, which could affect any of the Council's supply chains. This could take the form of either a sudden or gradual interruption, affecting the ability to deliver one or more services effectively. Cause: Examples of sudden interruptions include; loss of power; loss of supplies due to panic-buying (fuel being the prime example with knock-on effects); supplier insolvency; inability to replace critical components. Examples of gradual interruptions include; a gradual inability to recruit key in-demand staff (e.g. drivers & care workers); a gradual material shortage (e.g. construction materials); inflation; industrial action; staff absence owing to Covid-19 / seasonal flu, gradually contracting labour markets. Event: The materialisation of a sudden or a gradual interruption or degradation of a NCC supply chain. Effect: Different causes will generate different effects, but the common effect would be a disruption to service delivery stemming from the interruption of the supply chain involved. This could have knock on effects to other services depending on the interconnectedness / scale of the supply chain. Overall risk treatment: Tolerate (treating with general mitigations)										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	4	16	4	3	12	3	2	6	Mar-24	Amber
Tasks to mitigate the risk										
For loss of power: 1) Understanding power resilience of County Hall 2) Understanding failover if we lost County Hall power 3) Reviewing plans for simultaneous loss of power or gas to multiple sensitive sites, e.g. care homes. 4) Thinking through command and control in case of widespread power loss For fuel: 5) Sending out a de-brief form to all involved in the fuel disruption (NCC) and the Resilience team will collate the returns. This will inform changes to the NCC approach and potentially update the Corporate plan. Our work will feed into the wider NRF de-brief to the NRF plan. For food: 6) Consideration of academies and our role with free school meals. 7) Maintain good relationships with key suppliers. For supplier insolvency: 8) Formalising tiering of contracts For critical spares: 9) Work with providers to ensure there is adequate support to just in time (JIT) deliveries (contingency stock of critical spares). For IT: 10) Ensure IT refresh is considered and appropriate stock pre-ordered. General mitigations against sudden major disruptions include: Early warning and trigger points Supply diversity Supplier relationships Public sector resource pooling Effective plans										
Progress update										

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Progress update

For loss of power:

- 1) Power resilience understood.
- 2) Resilience of Disaster Recovery site understood.
- 3) This is being looked at via normal BAU winter preparedness. Resilience Reps and DMT's are supported by the Resilience Team to review BC plans.
- 4) Command and control will follow existing processes. Any issues to be reported by department and escalated to appropriate response level (Silver/Gold) to manage the NCC response. If beyond NCC the NRF will be activated to respond.

For fuel:

- 5) Resilience Team have sent out a de-brief form to all involved in the fuel disruption (NCC) and has to critical services and have created a BC exercise for services to work through their fuel issues and supply needs.

For food:

- 6) Work to be carried out with providers to ensure they think about support to just-in-time deliveries (contingency stock of basics).
- 7) Close communication and good relations being upheld with key suppliers of food.

For supplier insolvency:

- 8) Tiering of contracts being formalised.

For critical spares:

- 9) Ongoing work with providers to ensure adequate support is available for JIT deliveries.

For IT:

- 10) Laptops for next round of IT refresh pre-ordered and in supplier's warehouse.

Further detail of the wider resilience work being undertaken to help prevent supply chain interruption can be seen in risk RM032.

Risk Number	RM035					Date of update		15 November 2023		
Risk Name	Adverse impact of significant and abnormal levels of inflationary pressure on revenue and capital budgets									
Portfolio lead	Cllr. Andrew Jamieson					Risk Owner		Harvey Bullen		
Risk Description					Date entered on risk register			01 October 2022		
There is a risk that significant and abnormal levels of inflationary pressure persist for an extended period of time with a negative impact on both the Council's revenue budget and capital programme. Unusually high levels of inflation across various sectors are being experienced, driven by a number of economic and other factors which are entirely outside the council's control. Forecasts are increasingly suggesting that this situation is likely to persist for a protracted period. There is a risk that this level of inflation will have very significant impacts across several areas of the council including: - Increasing demand for a range of support and services including hardship funds as the cost of living and inflationary pressures impact on wider society. - Direct impact of inflationary pressures on revenue pay budgets - pay awards for 2023-24 and 2024-25 in excess of the level which has been assumed in the budget / MTFS. - Direct impact of inflationary pressures on non-pay revenue budgets including energy and fuel costs. - Direct impact of inflationary pressures on the Capital Programme including the cost of construction for various schemes. This is significantly reducing the Council's purchasing power and creating significant challenges for programme management and scheme delivery. Risk Treatment: Tolerate (overall levels of inflation are outside of the Council's control), but treating the aspects that the Council is in a position to control.										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
5	5	25	5	5	25	5	3	15	May-23	Green
Tasks to mitigate the risk										
1) Close budgetary control 2023-24 - Monitoring budgets and emerging pressures during the financial year, reviewing activity levels and pressures in order to mitigate and minimise these as far as possible as part of regular budget monitoring and management processes. Where pressures cannot be avoided / mitigated, identifying alternative off-setting savings and / or funding (such as from business risk reserves) to deliver a balanced budget position for 2023-24.										
2) Setting 2024-25 Budget - Developing the 2024-25 Budget to provide as far as possible for known and unavoidable cost pressures, and identifying further income or off-setting savings initiatives to ensure that a robust and achievable Budget can be considered by Full Council in February 2024.										
3) Reviewing capital programme - Review of cost estimates, forecasts and profiling of major projects. The Council will monitor this risk and review the potential pressures on the capital programme and proactively manage the schemes, deferring some schemes where possible to minimise the impact of inflation and continue to deliver the capital programme within the budget available. The impact of cost pressures on the capital programme forecast will be picked up as part of the regular capital monitoring process during 2023-24 and as part of setting the 2024-25 Capital Programme.										
4) Articulating the financial challenges faced by the Council to Government and other stakeholders - The Council's work to ensure that sufficient funding allocations are provided / available will include responses to Government consultations, funding announcements, discussions about the 2023-24 pay award, and other engagement.										

Progress update

- 1) Budget monitoring and reporting of variances, risks and mitigations to Cabinet is underway in respect of 2023-24. Inflation in 2023-24 is beginning to show signs of decreasing, with the October CPI of 4.6% representing a decrease from 6.7% in September.
- 2) Budget process is underway for 2024-25 including identification of saving proposals considered by Cabinet in October 2023. Further savings required to close forecast budget gap and work ongoing to identify and validate cost pressures in order to develop a robust and deliverable Budget.
- 3) Monitoring of Capital Programme underway in respect of 2023-24 and reported to Cabinet. Review of capital programme profiling is continuing at pace and resulting in deferral of borrowing to later years of the programme. The development of new schemes for 2024-25 programme is being considered in context of wider position, but there is likely to be very limited scope for additions funded from borrowing.
- 4) Ongoing engagement including formal consultation responses and ad-hoc opportunities.

Risk Number	RM036					Date of update		07 November 2023		
Risk Name	Non-Delivery of the Environmental Policy									
Portfolio lead	Cllr. Eric Vardy					Risk Owner		Al Collier		
Risk Description					Date entered on risk register			01 October 2022		
There is a risk of not delivering the key objectives of the NCC environmental policy. This could stem from not achieving the key objectives within our control to deliver. These include; achieving Net Zero Across the County Council Estate by 2030, working in partnership across the County, especially through the Norfolk Climate Change Partnership on the delivery of; the Climate Action Plan, major environmental infrastructure projects; sustainable travel projects; the 1 Million Trees for Norfolk project; the Pollinator Action Plan as well as continued roll out of LED streetlighting upgrades and implementation of the EV strategy. Event: Non-delivery of the key objectives. Effect: This could lead to greater potential for increased damage to the local and global environment. Overall risk treatment: Treat										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	4	16	3	3	9	2	2	4	Mar-25	Green
Tasks to mitigate the risk										
1) Achieve Net Zero across NCC Estates by 2030. 2) Develop and deliver Climate Action Plan through Norfolk Climate Change Partnership. 3) Delivery of major environmental infrastructure projects for example Wendling Beck. 4) Delivery of all of the major transport infrastructure projects including ZEBRA. 5) Delivery of the 1 Million Trees for Norfolk project. 6) Delivery of the Pollinator Action Plan. 7) Rollout of 15k LED lights by the end of 2023 8) Rollout of electric vehicles										
Progress update										
Regular reporting cycles are already established for each of the key objectives. 1) Digital dashboard established and strong delivery against scope 1 and 2 emission targets. 2) Development work ongoing with Norfolk Climate Change Partnership. A number of strategic workshops are taking place in the third quarter of 22/23 which will inform the direction and content of the climate action plan. 3) Strong progress to date with all key environmental infrastructure projects on schedule. 4) Sustainable transport projects progressing well and major investment in ZEBRA scheme and cycling and walking programmes secure. 5) Delivery of 1 Million Trees project progressing positively with plan in place to accelerate planting plan following Covid-19 impact on planting programme. Current scoping work ongoing regarding new partnerships and approaches to increase planting. 6) Pollinator Action Plan approved by Cabinet and under delivery - no major issues to report. 7) We have currently replaced 3.7k lights. 8) We are currently developing metrics for the fleet of NCC electric vehicles. With the sign-off of the NCC Climate Strategy, we are now in the process of incorporating this into this risk going forward.										

Risk Number		RM038		Date of update		05 November 2023				
Risk Name		Demand to manage statutory responsibilities								
Portfolio lead		Cllr. Alison Thomas		Risk Owner		Rob Mack				
Risk Description				Date entered on risk register		14 March 2022				
If there is insufficient time and staffing resource in operational teams to focus on recovery actions, then the risk of harm to service users will be unaddressed with the associated adverse impact to staff wellbeing & retention, increased complaints & LGSCO findings; and reputational challenge from Members/the Council and from the public. Overall risk treatment: Treat										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	4	16	3	4	12	2	4	8	Apr-24	Amber
Tasks to mitigate the risk										
15.7.22 clear governance with backlogs position reported to DLT via recovery and oversight group. Recovery monitoring through finance and accountability meetings.peripatetic assessment team focussing on holding list reduction.Duty teams responding to urgent and crisis needs 8.11.22 All Places have recovery plans in place - weekly monitoring in place 18.08.23 Whole department approach to supporting recovery (progress report to DLT weekly)Dedicated leadership in placeRecovery plans developed for each Community Care TeamSAFE event delivered. Improvement Cycles introduced to support & review performance progress & outcomesPartner provider procured to deliver additional assessment capacity for 12 months. Connecting Communities ways of working supporting focus on outcomes. Implement a centralised recruitment approach.										
Progress update										
17.07.2023 Connecting Communities Environment for Social Care ways of working now rolled out to all Community Care Teams (older people and people with physical disabilities)Weekly recovery and locality learning cycles embedded and reviewing performance metrics including holding list reduction3/5 Community Care teams now have holding lists lower than in November 2021Short term bed workshop and proposed immediate workplan focus to be discussed at DLT w/c 17/7 as part of discharge paperMobilisation of external provider project under way with planned go live from 24/7Continued monitoring of unallocated safeguarding referral numbers through recovery learning cycle (significantly reduced number)New Finance and Performance Boards launched in July 18.08.2023 Social Care Community Engagement (SCCE) team, Norfolk First Response Service and Community Care teams have now all adopted new ways of working delivered through the Connecting Communities programme – supports focus on improvement cycles and outcomes for people.Holding list – current Older People/Physical Disability holding list is 2088 people, this is the lowest number since November 2021 (data not available before this date). The % reduction in people on holding lists since 01/12/22 is Norwich 33%; East 67%; North 25%; West 47% and South +45%). Revised trajectories show recovery to manageable levels on holding list push out to November 2024. This is influenced by winter pressures, short term bed pressures & current performance experience.New Power BI dashboards published to support managers to manage their service performance. Partner provider has started taking trusted assessment work from w/c 7/8/23. Plan is up to 1000 assessments over a 12-month period.Principal OT writing strategic paper for future OT model and recovery of OT holding list (currently 670 people waiting OT assessment)Temporary additional staff recruited to support reduction in people waiting in short term beds following a hospital stay/currently in a community hospital.Service Development plans written or being developed for SCCE, NFR and each Community Care team to confirm local plan & focus for caseload management & embedding Connecting Communities ways of working over the next 9 months. Legacy planning progressing as Connecting Communities programme enters next transitional phase (sustaining) where NCC solely lead the programme & deliverables.										

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Progress update

13/09/2023: - Continuation of legacy planning for the Connecting Communities programme leading to September Programme Board decision making on next phase of programme and offboarding of Newton Europe.

- Learning Cycle governance embedded and driving recovery actions
- Finance & Performance Boards held monthly to track Vital Sign KPIs
- focus on recovering performance following summer leave staff absence impact

Holding list at 2053 (as of 12/09/23)

- Xyla Health & Social Services (external provider) project on track to deliver 1000 assessments on behalf of NCC within 12 months

02/10/2023

Xyla Health & Social Services (external provider) project - some recruitment difficulties meaning workflow back into NCC is slower than anticipated. SRO reporting to DLT w/c 02/10/2023 with update. This has not affected the volume of work transferring to the provider. Newton Europe have now offboarded (29/10/2023) and will now support NCC with a series of performance and KPI health checks over the next 8 months. Service Development Planning and revised trajectories with Community Care teams to be developed and agreed. Norwich locality - undertaking a Holding list focus week (16/10) to reduce holding list further. South locality - focused action (data cleansing, rapid intervention) to reduce holding lists and reducing Care Act completion times

01/11/2023

Holding list reduction continues with unallocated cases on the Holding list reducing to below 2000 for the past 3 weeks (currently 1878 for Community Care teams). Challenges particularly with increasing OT referral numbers. Positive outcome to Norwich focus week, East and West locality sustaining performance and reductions in North and South too. Xyla Health & Social Services (external provider) project - have now taken 235 cases from the Holding list and completed 60 with 135 allocated. They continue to experience some recruitment challenges, but plans in place and monitored by Senior Responsible Officer (Michaela Hewitt). Planning for reducing unallocated Safeguarding cases on the holding list to zero underway ahead of Assurance by CQC inc. involvement of specialist safeguarding team and Director of Community Social Work. Recovery learning cycles happen fortnightly with DLT recovery summary presented on a weekly basis to ensure grip and focus. Connecting Communities ways of working supporting focus on outcomes for people in addition to reduction in numbers. Current recovery targets of moving the Holding lists to manageable levels take to November 2024. Trajectories are currently under review with locality Operational Directors.

Risk Number	RM039		Date of update		10 November 2023					
Risk Name	Financial, Staffing & Market Stability impacts due to implementation of Social Care Reform (now October 2025)									
Portfolio lead	Cllr. Alison Thomas		Risk Owner	Sonia Kerrison						
Risk Description			Date entered on risk register		19 July 2022					
<p>Financial Risk There is a risk that the Government will not provide sufficient funding to support the implementation of Social Care Reform and that we (NCC) will not have any monies to fill any shortfalls or additional costs. There is a risk that the Government has hugely underestimated the cost to implement Social Care Reform and therefore there will be a shortfall in funding to Local Authorities. Added to this, NCC does not have any additional monies to fill any shortfall from the Government or any other additional costs (related to additional cases, more service users that require more input into costs, support & maintenance for Care Accounts etc) associated with the Social Care Reform implementation. Resourcing/Staffing Risk There is a risk that there will be insufficient resources both internally and to recruit externally to meet the new demands of the social care reform. we will not have sufficient resources (SW, Finance and Brokerage) to process the increased care act and eligibility checks as more self funders request LA to purchase care on their behalf or reach the £86,000 cap. In addition we may not be able to recruit the necessary additional staff externally due to lack of social workers both regionally and nationally. We are struggling to recruit for vacancies we have now. Market Stability Risk There is a risk that there will be insufficient capacity in the market to meet the new demands of the social care reform. The implementation of 18(3) whereby self funders can request Local Authorities to purchase care on their behalf, has a destabilising impact on our already fragile care market. In addition the level of provider failures/contract handbacks are really worrying and may impact our ability to provide suitable care or alternatives to those who can no longer afford first and third party top ups once they reach the cap. There also may not be sufficient care in the market for us to provide suitable lower price alternatives if first party and third party top ups are required. Overall risk treatment: Treat</p>										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	4	16	3	3	9	2	2	4	Oct-25	Amber
Tasks to mitigate the risk										
<p>Social Care Reform has been delayed by 2 years to October 2025. The SCR Programme will continue working through the Modelling and Impact analysis to understand the impact and plan for implementation.</p> <p>The programme is :Developing the Target Operating Model to deliver Reform, including:</p> <p>How we will approach assessments in the future so that we can better meet demand (proportionality, whether we get partners involved in carrying out some assessments (trusted assessor model), whether we introduce self assessment, self service, and optimising the use of technology).</p> <p>Implementation of changes within reform to Charging and the creation of Care Accounts.</p> <p>Market sustainability and Fair Access to Care.</p> <p>Working with customers, carers and partners to plan and shape the Transformation required to deliver Social Care Reform.</p>										
Progress update										

Progress update

Programme is currently defining detailed activities and scope for each workstream which will determine what products will be due from each workstream.

Review of Programme completed end of November - milestones and programme of work requires review and potential rescoping following Government Budget on 17/11/2022.

The Government announcement to delay the implementation of SCR by 2 years to October 2025 gives Norfolk County Council additional time to prepare and plan for the implementation of SCR. The Programme funding to implement SCR has been refined following the Budget and further analysis is required.

The programme is :

Developing the Target Operating Model to deliver Reform, including:

How we will approach assessments in the future so that we can better meet demand (proportionality, whether we get partners involved in carrying out some assessments (trusted assessor model), whether we introduce self assessment, self service, and optimising the use of technology). Mapping and scoping the potential savings that the use of technology and self assessment models may create through assessment activity being delivered differently.

Implementation of changes within reform to Charging and the creation of Care Accounts.

Market sustainability and Fair Access to Care.

Working with customers, carers and partners to plan and shape the Transformation required to deliver Social Care Reform.

Risk reviewed by Senior Management Team as a group on 15/12/2022 - agreement on risk level and mitigations in place.

Update 3/4/2023

Revised programme progressing to plan. Target Operating Model (TOM) currently being created.

Revised programme endorsed via SMT and DLT.

Challenges in obtaining data to support TOM in relation to staffing resource and activity being discussed 23/5/2023

Challenges in obtaining data to enable robust modelling for the Target Operating Model for demand and staffing escalated to DLT.

Update 3/7/2023

Project Manager availability for the TOM work has been reduced temporarily to enable PM to support strategic review phase 2 - the TOM next stage has been delayed accordingly. The timeline for the roll out of LAS client portal accounts has been extended to enable further pilot testing on a wider scale in the Learning Disability service - agreed via June OD/HOIC meeting and with LD HOIC.

Update 29/8/2023

Programme currently being reviewed with any proposed changes being considered by ASC DLT September 2023.

Update on programme taken to People and Select Committee July 2023 where programme and approach was endorsed.

Update 10/11/2023

SCR reform programme of work reviewed by DLT October 2023. Decision made to dissolve current programme and refocus work activity and priorities following the strategic review and in light of the national political landscape including uncertainty regarding the implementation of the proposed charging reforms and the care cap.

Continue to prepare for expected social care reform, using the delay announced in the Government's Autumn Statement to rescope our project programme to improve our efficiency and outcomes for people.

Key activities to deliver above are: A Digital work programme through the ASC ASTEC Board to implement digital tools using Imposhere to enable on line self-assessment, client portals and client accounts. Governance and work will be via the ASC ASTEC Board. Create a model of Trusted Assessment and work with the Care Market to implement this. Create a Target Operating Model for ASC identifying future workforce requirements.

Risk Number	RM040				Date of update		15 November 2023			
Risk Name	Assurance implementation									
Portfolio lead	Cllr. Alison Thomas					Risk Owner	Debbie Bartlett			
Risk Description					Date entered on risk register			22 July 2022		
<p>A CQC rating of good or above indicates a social service department that is providing the right support in the right way to promote positive outcomes for the people who need to draw on adult social care, and those that support them. A rating of less than good indicates that we are not assessing need, providing support or working in partnership with others in a way that enables the best possible outcomes for people in the local area. If we are rated less than good in the upcoming assurance regime, we are likely to have increased difficulty providing timely and high quality intervention for people. It is likely to increase our difficulties recruiting and retaining good staff, which will further impact our ability to manage the demands well, both from staffing and governance perspectives, leading to further loss of practice quality, increased wait times for citizens and less than optimal outcomes more of the time. Overall risk treatment: Treat</p>										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	4	4	16	2	3	6	Apr-24	Amber
Tasks to mitigate the risk										
<p>Performance Improvement Group (PIG) in place to drive performance improvements, meeting monthly. Quality Improvement Group (QIG) established Feb 23 to drive quality improvement, including ensuring that increased focus on recovery does not compromise quality of work.</p> <p>The action plan developed following regional mock assurance, updated following ex-director challenge session in Jan '23. This is reviewed regularly at PIG and continues to drive performance improvements and assurance readiness.</p> <p>Performance is majorly impacted by recovery. Recovery tracker maps performance against key metrics weekly and is circulated to senior managers. All areas have recovery plans with routine monitoring.</p> <p>Connecting Communities transformation programme is having a significant positive impact on our ability to ensure optimal outcomes for more people as we change our ways of working, embedding more preventative work and reducing the reliance on formal social care.</p> <p>Our refreshed corporately significant vital signs embed our commitment to prevent the need for formal care, reduce the reliance on formal social care, manage the risk in our waiting lists well, manage safeguarding work effectively and work with provider market to improve the quality of provision. These, and their feeder indicators, are used to direct performance conversations as part of our governance structure, directly linking to aspects of the CQC framework.</p> <p>We closely monitor development of the CQC assurance process, including feedback from the pilot sites as they complete the process.</p>										
Progress update										

02

Progress update

April '23: Further clarity regarding assurance regime now available. Desktop exercise for all ASSDs from April 2023. Up to 20 selected for assurance Oct-Dec '23 based partly on perception of risk. Given our recovery pressures and associated waiting times and waiting lists, this increases likelihood of us being assured in first or second tranch. Risk scores remain valid.

July '23: The SALT and ASCOF returns for 22/23 have now been finalised and submitted. We have seen significant improvement in a number of metrics, but remain with low performance when compared with the East of England region or the England average for last year in some measures. Comparative data will not be available until around September/October.

The ADASS Spring Survey was recently submitted and early indications are that we have more people waiting for assessments of various types than the regional average.

The Office for Local Government launched a dataset for local government this week, containing seven measures for adult social care. For five of these measures, we are below the median performance for our nearest statistical neighbours. For two measures we are at or above the median. This is in the public domain but draws on data from 21/22.

Given these datasets being in the public domain, the likelihood of CQC assuring us earlier in the process is increased.

Nov '23: Awaiting final guidance from CQC regarding details of their approach assurance, and are carefully monitoring for information from our networks. Engaging in regional challenge event which will give further indication of our performance from a 'critical friend' perspective.

Risk Number		RM041				Date of update		16 November 2023		
Risk Name		Adult Social Services Supplier or Market Failure								
Portfolio lead		Cllr. Alison Thomas				Risk Owner		Gary Heathcote		
Risk Description					Date entered on risk register			05 September 2023		
The Council contracts with independent providers (of care homes, nursing homes, home care, supported living, housing with care and day care) spending over £330m annually to support around 16,500 adults at any one time. Failure in the care market may be defined as the sudden/unplanned loss of any or all of these services by reason of: inadequate quality, lack of financial viability, deficient supply of workforce, provider decision to withdraw from the market or natural disaster, The Council has a duty under the s5 of the Care Act 2014 to meet the needs of people who require assistance from public funds and to secure a diverse and good quality care market for this purpose.										
Original			Current			Tolerance Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	4	5	20	3	4	12	Apr-24	Amber
Tasks to mitigate the risk										
1) Annual uplift of fees and consideration of cost of care to ensure a full understanding of a fair price for care 2) Process in places to ensure NCC business is conducted well with invoices paid promptly. 3) Work with providers to ensure early communication of cashflow concerns. 4) Use of a provider at risk dashboard to support earlier conversations with providers 5) PAMMS review to work proactively with all providers to support quality improvement and implementation of quality improvement and escalation policy 6) Agreed workforce strategy and implementation plan including increased focus on recruitment and retention 7) Up to date market position statement to track changes in demand and protections of future need and signal commissioning intentions. 8) Fair cost of care work completed for home support and older people residential and nursing and market sustainability plan reported to Cabinet 9) Weekly multi team meeting to review providers with highest risks and actions required 10) Annual winter resilience plan to help address capacity 11) Specific actions to focus on issues related to providers of services for people with learning disabilities - these include commissioning actions to develop new compliant care including capital investment to increase independent living and residential care review; LD&A quality improvement actions to provide additional support to providers undertaking improvement actions. 12) ICS Social Care Quality Improvement Programme in place										
Progress update										

Progress update

18/08/2023

Internal capacity meeting to oversee actions and impact

Connecting communities programme with focus on Norfolk First Response - to increase reablement capacity

Weekly provider at risk meeting - focused on actions to monitor and manage providers delivering services to working age adults, with critical risks.

PAMMS Reviews programme on track, and team supporting providers with urgent quality and safeguarding issues

Quality Improvement and Escalation policy in place

Regular review of provider risk dashboard for residential and nursing and development for other parts of the care sector. Further development of the provider at risk dashboard developed

Regular communication with Market via NORCA and engagement programme.

Further incentives put in place when needed for home support from hospital or NFR

International Recruitment approach

There is a community of practice in place and developed offer implemented with ICB. Norfolk is the lead sponsor for the regional programme using government funding for international recruitment.

Home support and OP residential and nursing cost of care work completed. Market Sustainability Plan completed.

ICS Social Care Quality Improvement Programme in place and working towards agreed deliverables.

Market position statement presented to Cabinet 4 July. Market Position seminar held with providers.

Paper to DLT setting out specific pressures relating to WAA care providers with further funding agreed to support targeted support. Two Quality Improvement Officers appointed and new wrap around support model being developed.

2023-24 fee increase agreed by Cabinet in January 2023.

Proactive sourcing implemented within brokerage.

No change.

Audit and Governance Committee

Item No: 8

Report title: Anti-Fraud, Bribery and Corruption Report (including whistleblowing) for the period ending 31 December 2023

Date of meeting: 15 February 2024

Responsible Cabinet Member: N/a

Responsible Director: Director of Legal Services & Monitoring Officer

Is this a key decision? No

Executive Summary

The Council's Anti-Fraud, Bribery and Corruption Policy continues to direct the proactive anti-fraud work undertaken by Council. This report provides an update in respect of the pro-active and reactive anti-fraud, bribery and corruption activity undertaken during the period ending 31 December 2023.

Furthermore, an update in respect of the Council's Whistleblowing provision can be found in section four of this report.

Recommendations

To consider and agree: -

- **the key messages featured in part 3 of this report, that the work and assurance meet their requirements and advise if further information is required.**

1. Background and Purpose

- 1.1 One of the roles of the Committee is to have oversight of the effectiveness of the anti-fraud and corruption and whistleblowing arrangements of the Council including the strategy, policies and any associated guidance.
- 1.2 Norfolk Audit Service (NAS) leads on the strategic delivery of Counter Fraud, Bribery and Anti-Corruption work across all NCC's services on behalf of the Director of Legal Services & Monitoring Officer. The aim is

to protect the public purse, NCC, its staff and its service users from corrupt activities that would undermine NCC's aims and objectives of meeting public service requirements.

- 1.3 This report supports the remit of the Committee in providing proactive leadership and direction on anti-fraud, bribery and corruption governance and issues. The purpose of this report is to update the Committee on outcomes and activities undertaken during the period.

2. Proposals

- 2.1 To consider and agree: -

- the key messages featured in part 3 of this report, that the work and assurance meet their requirements and advise if further information is required.

3. The key messages are as follows: -

Reactive Updates

3.1. During the period the following outcomes have been gained, and the following reactive activities have been undertaken by the Council's Investigative Auditor (IA):

- In November 2023, a former Assistant Headteacher of a maintained junior school was convicted of four counts of fraud following an internal counter fraud investigation, later passed to Norfolk Police.

On 1 February 2024, the accused was sentenced to 10 Months imprisonment, suspended for 18 months.

The total value of funds under consideration was in the region of £15,000 (Scheme value). The identified loss to fraud agreed by the court was £8520.66

Internal enquiries were initiated in 2022 after a transaction anomaly related to the Holiday Activities Food Program (HAF) (initially identified by the Council's School Finance team) was passed to Norfolk Audit Service for review.

Enquiries identified suspected dishonest activity, dishonest financial gains and false invoices and documents.

The investigation found that the false invoices and documents received were provided in an attempt to cover up the fact that the fund were spent illegitimately.

Working closely with the School and the Council's Children's Services (EducationHR); formal disciplinary action was taken against the defendant who was dismissed from their post in October 2022.

Investigation files and evidence were then provided to Norfolk Police in pursuance of a complaint of fraudulent activity.

Prevention and recovery of losses.

The detection, investigation and pursuance of this case led to:

- The immediate recovery of £7620 in HAF funds paid towards future events in 2022.
- The prevention of further potential losses to fraud estimated to be in the region of £8,000 to £10,000.
- The commencement of a Proceeds of Crime Act investigation aimed at recovering the losses identified by the court (£8520.66).

This case demonstrates the Council's commitment to tackling Fraud and Corruption and has been publicised to raise awareness as a deterrent in accordance with:

- a. The Council's Anti-Fraud arrangements
 - b. The National Strategy; Fighting Fraud and Corruption Locally.
-
- 3.2. Three previously reported Investigations remain ongoing with law enforcement at the point of reporting. We understand that progress on the investigations has been made during the period and the IA continues to work with law enforcement on these matters.
 - 3.3. One new report of potentially fraudulent activity has been reported to Action Fraud following internal investigations.
 - 3.4. One internal investigation has been completed in the area system access. The investigation was completed under the Council's policies and procedures and outcomes reported to service leads.
 - 3.5. The IA continues to work with other departments and managers to assist with ongoing reactive work where necessary.

- 3.6. Other investigations and enquiries remain ongoing in respect of concerns received through the Councils Whistleblowing arrangements (see below).

Pro-Active updates.

- 3.7. **Due to investigation priorities and capacity, pro-active counter fraud initiatives remain a challenge to resource. However, the following areas have been considered and progressed during the period:**

- 3.8. **New Legislation – Failure to Prevent Fraud.**

The UK Government has introduced a new "failure to prevent fraud" offence as part of the Economic Crime and Corporate Transparency Act, aimed at holding organisations accountable for fraud committed by their employees or agents for the organisation's benefit, especially when there are no reasonable fraud prevention procedures in place. This move seeks to close loopholes in existing legislation, encourage cultural change towards fraud prevention in businesses, and improve protection for fraud victims. It imposes potential unlimited fines on guilty organisations and applies to large bodies corporate, subsidiaries, and partnerships in all sectors. The government will publish guidance on what constitutes reasonable procedures to prevent fraud, with the offence coming into force post the guidance publication.

It is the current understanding that both the County Council and Maintained Schools fall within the scope of the new offence strengthening the need to have adequate counter fraud programs across services.

Additionally, efforts are currently underway to evaluate the applicability of the offence to the Council's trading companies, ensuring comprehensive coverage and compliance across different organisational structures within the local authority. This is a critical step in aligning with the new regulations and strengthening overall fraud prevention mechanisms.

The UK government has published a [fact sheet](#) about the new offence.

- 3.9. **National Fraud Initiative**

Progress has been made during the period in reviewing, investigating and resolving thousands of data matches identified through the National Fraud Initiative.

The National Fraud Initiative (NFI) is an exercise operated by the Cabinet Office that matches electronic data within and between public and private sector bodies to prevent and detect fraud. All local authorities in England are required to provide various sets of data to the NFI bi-Annually to support the activity.

Once the exercise is complete, significant findings will be reported to the Committee.

3.10. Policy reviews

Annual reviews have been completed of the Council's Anti-Fraud Bribery and Corruption Policy, Whistleblowing Policy and Anti Money Laundering Policy. These policies remain fit for purpose.

3.11. Networking and Events

Attendance at regional anti-fraud meetings has taken place. The purpose of these meetings is to enhance NCC's counter fraud culture, promote the reporting lines for raising concerns, identify areas for counter fraud activity and assess potential investigations.

3.12. Norfolk Fraud Hub

FraudHub continues to have a positive impact in respect of its capabilities for person tracing and background checks. During the period FraudHub has assisted with identifying potential fraud.

The Council continues to explore new technologies and systems to assist with the prevention and detection of fraud from both within and external to the authority.

Funds recovered through the Single Person Discount (SPD) recovery project are shared between the LA's on the standard Council Tax basis. The project is set continue and will be reviewed annually.

3.13. Norfolk Against Scams

NAS continues to support Norfolk Against Scams Partnership (NASP) in cooperation with Norfolk Trading Standards.

The work undertaken by NAS includes promoting fraud and scams awareness to Norfolk Schools. NASP is a partnership of organisations committed to taking a stand against scams and aims to make Norfolk a scam free county.

3.14. **Mandatory Training**

A refresh of the Council Mandatory Anti-Fraud eLearning has commenced. Meetings with Learning and Development teams have taken place and agreement reached in respect of a way forward.

4. **Whistleblowing**

4.1. Norfolk Audit Service is responsible for receiving and progressing all disclosures made to the Council under the NCC Whistleblowing Policy.

A summary of the Whistleblowing activity received can be found below:

- A total of 22 referrals have been made in the financial year to date.
- This represents a significant increase in referrals year on year. It is considered that increase may be due to better promotion and awareness of the provision which is promoted within the Anti-Fraud mandatory E-learning program.
- Whistleblowing themes include areas such as: Care, Finance, Property, Health and Safety, Contract issues, Equality and entitlements.
- All concerns received under the whistleblowing provision are taken seriously and progressed to a conclusion.
- Norfolk Audit Service continues to explore new ways to operate the whistleblowing provision through reviews and recommendations.

The role of Norfolk Audit Service in dealing with Whistleblowing complaints is to assess the disclosures and ensure these matters are addressed by either investigating the matter or; forwarding to the correct department for review and investigation by that department if appropriate.

We also liaise with Whistleblowers as an independent point of contact to ensure segregation of duties and that matters have been resolved to their satisfaction.

Where a whistleblowing referral is received, we will inform the appropriate Executive Director (where appropriate) of the referral to ensure the matters are addressed effectively.

Evidence and Reasons for Decision

4.1 Not applicable.

5. Alternative Options

5.1 There are no alternative options.

6. Financial Implications

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

7. Resource Implications

7.1 **Staff:** There are no staff implications.

7.2 **Property:** There are no property implications.

7.3 **IT:** There are not I.T. implications.

8. Other Implications

8.1 **Legal Implications:** There are no specific legal implications to consider within this report.

8.2 **Human Rights implications:** There are no specific human rights implications to consider within this report.

8.3 **Equality Impact Assessment (EqIA) (this must be included):** No implications.

8.4 **Data Protection Impact Assessments (DPIA):** There are no DPIA implications.

8.5 **Health and Safety implications (where appropriate):** There are no health and safety implications.

8.6 **Sustainability implications (where appropriate):** There are no sustainability implications.

8.7 **Any other implications:** There are no other implications.

9. Risk Implications/Assessment

9.1 Not applicable.

10. Select Committee comments

10.1 Not applicable

11. Recommendations

11.1 See Action Required in Executive Summary.

12. Background Papers

NCC Anti-Fraud, Bribery and Corruption Policy

NCC Whistleblowing Policy

NCC Anti-Money Laundering Policy

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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Audit and Governance Committee

Item No 9.

Report title: Norfolk County Council Audit Results Report – Audit Committee Summary for the year ended 31 March 2022

Date of meeting: 14 February 2024

Responsible Cabinet Member: N/A

Responsible Director: Harvey Bullen (Director of Strategic Finance)

Is this a key decision? No

Executive Summary/Introduction from Cabinet Member

This report introduces the External Auditor's (Ernst & Young) Norfolk County Council Final Audit Results Reports for the year ended 31 March 2022.

The report enables the Committee to formally consider matters raised by the Council's external auditors.

Actions Required

The Audit and Governance Committee is asked to

- Consider the update to the audit scope for risk and materiality issued by Ernst & Young
- Consider and agree matters raised in the Ernst & Young Norfolk County Council and Audit Results Reports before Ernst & Young issue their audit opinions.
- Note the previously acknowledged Ernst & Young Audit Results Reports for the Norfolk Pension Fund Audit 2021-22 received on 22 November 2022 before Ernst & Young issue their audit opinions

1. Background and Purpose

- 1.1 For each financial year audit, the Council's External Auditors (Ernst & Young) produce Audit Results Reports summarising their work and findings from both the Pension Fund audit and the Norfolk County Council audit. The Pension Fund Audit Results Report was presented to the Audit and Governance Committee on 22 November 2022 providing an unqualified audit opinion.
- 1.2 The audit of the Norfolk County Council Annual Statement of Accounts and Annual Governance Statement was delayed due to national technical accounting issues in relation to infrastructure assets and the 2022 Pension Fund Triennial Valuation issued in March 2023 which significantly impacted the material accuracy of the pension liabilities disclosed in the 2021-22 accounts. A provisional Audit Results Report dated 14 August 2023 was presented to the Audit and Governance Committee meeting on 7 September 2023 highlighting three areas for additional consideration, namely the

Norse Group governance arrangements, Join Committee governance and plans to address projected budget gaps.

- 1.3 This final Audit Results Report dated 30 January 2024 provides an update to the Provisional Audit Results Report dated 14 August 2023 and concludes on the outstanding audit work. This report provides an unqualified audit opinion of the Council's 2021-22 financial statement. Ernst & Young expect to issue the audit certificate after they have issued the audit opinion, the Whole Government Accounts (WGA) submission is completed and their Auditors Annual Report for 2021-22 has been issued including the value for money commentary.
- 1.4 The final Audit Results Reports also note the delays caused by additional audit work carried out within the Value for Money audit on the Norse Group's governance frameworks and charging mechanisms. Ernst & Young have concluded that there is no evidence of intentional overcharging and no evidence of significant weakness in the Council's governance arrangements in relation to the Norse Group.

2. Proposals

- 2.1 This proposal enables the Audit Committee to formally consider matters raised in the Ernst & Young Norfolk County Council Audit Results Reports, before Ernst & Young issue their audit opinions.

3. Impact of the Proposal

- 3.1 Once the Statement of Accounts are approved, taking into account any matters raised by the External Auditors, it is anticipated that the Council's external auditors, Ernst & Young, will be in a position to complete their audit. Following this the Council will then publish the accounts in their final form.

4. Evidence and Reasons for Decision

- 4.1 Appendix A1 to this report sets out the Ernst & Young Norfolk County Council Audit Results Report – Audit Committee Summary for the year ended 31 March 2022. It includes an update on the Value for Money risk assessment undertaken by Ernst & Young.
- 4.2 Appendix A2 to this report holds the link to the Ernst & Young Norfolk County Council Pension Fund Audit Results Report
- 4.3 Appendix A3 to this report contains the draft Auditor's Report to the members of Norfolk County Council on the Pension Fund's Financial Statements
- 4.4 Appendix A4 to this report holds the draft Auditor's report to the members of Norfolk County Council on the Council's Financial Statements and the Fire Fighter's pension fund Financial Statements.

5. Alternative Options

- 5.1 In order to meet the Council's statutory obligations relating to the publication of accounts, no viable alternative options have been identified to the recommendations in this report.

6. Financial Implications

- 6.1 The auditor's Audit Result Reports are based on work associated with the 2021-22 Annual Statements of Account for the Council
- 6.2 The cost of the audits for Norfolk County Council are set out in the Audit Results Reports.

7. Resource Implications

- 7.1 There are no direct staff, property or IT implications arising from this report.

8. Other Implications

8.1 Legal Implications:

In order to fulfil obligations placed on chief finance officers by regulations 10 of the Accounts and Audit Regulations 2015, the Director of Strategic Finance must publish an approved statement of accounts.

8.2 Equality Impact Assessment (EqIA) (this must be included)

There are no equality issues arising from the Audit Results Report.

8.4 Data Protection Impact Assessments (DPIA)

There are no Data Protection issues arising from the Audit Results Report.

9. Risk Implications/Assessment

- 9.1 The risk of not accepting matters raised in the audit results reports is the potential to miss statutory reporting deadlines.

10. Recommendation

- 10.1 Recommendations are set out in the introduction to this report.

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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Email address: j.fernandezgraham@norfolk.gov.uk



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A1 Norfolk County Council Provisional Audit Results Report 2021-22

(see separate file attached)

A2 Norfolk Pension Fund EY Audit Results Report 2021-22

([please click on this link to see the report presented at the Audit and Governance Committee meeting held on 28 November 2022](#))

A3 Draft Auditor's Report to the members of Norfolk County Council on the Pension Fund's Financial Statements

(see separate file attached)

A4 Draft Auditor's report to the members of Norfolk County Council on the Council's Financial Statements and the Fire Fighter's pension fund Financial Statements.

(see separate file attached)

Norfolk County Council Final Audit Results Report

Year ended 31 March 2022

30 Jan 2024



Building a better
working world



Norfolk County Council
Audit and Governance Committee
Norfolk County Council
County Hall
Martineau Lane
Norwich
NR1 2DH

30 January 2024

Dear Audit and Governance Committee Members

2021/22 Audit Results Report

We are pleased to attach our Audit Results Report, summarising status of our audit for the forthcoming meeting of the Audit and Governance Committee. This report summarises our audit conclusion in relation to the audit of Norfolk County Council for 2021/22.

The audit is designed to express an opinion on the 2021/22 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Norfolk County Council's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements.

This report is intended solely for the information and use of the Audit and Governance Committee, other members of the Council and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Governance Committee meeting on 15 February 2024.

Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

Encl

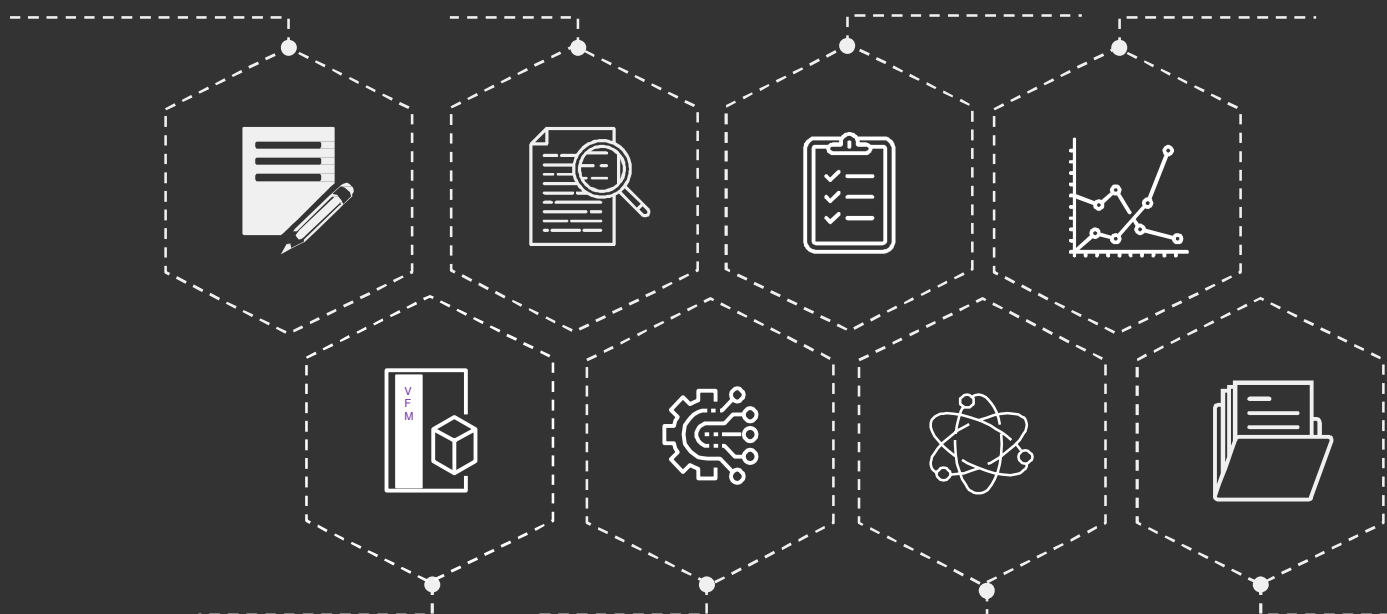
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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Governance Committee and management of Norfolk County Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Governance Committee, and management of Norfolk County Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Governance Committee and management of Norfolk County Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary

Executive Summary

Scope update

In our Provisional Audit Planning Report dated 15 July 2022, which was presented to the Audit and Governance Committee meeting on 28 July 2022, we provided you with an overview of our audit scope and approach for the audit of the financial statements.

We have reassessed our risks during the audit and have made the following changes. Other than these changes we have carried out our audit in accordance with this Plan.

Changes to our risk assessment

Fraud risk: We identified a fraud risk within the Plan relating to “Accounting adjustments made in the Movement in Reserves Statement”. On review, we removed this risk as we determined that it was duplicated and was already contained within our specific fraud risk of “Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute”

Significant risk: We noted in our Provisional Audit Planning Report that a national issue had been identified in March 2022 in relation to the accounting for infrastructure assets. Subsequent to the issue of our Plan, CIPFA, the Department for Levelling up, Housing and Communities (DLUHC) and other related stakeholders agreed a temporary solution for this issue. DLUHC issued a Statutory Instrument which came into effect on the 25 December 2022. This allowed for a temporary change in accounting rules in this area giving Authorities the option to account for Infrastructure Assets on a net rather than gross basis. CIPFA also released an update to the Local Authority Accounting Code and a Local Authority Accounting Panel (LAAP) bulletin was issued which provided practitioners guidance on how they should account for Infrastructure Assets should an Authority wish to adopt the Statutory Instrument. The Council has opted to adopt the statutory override and we have therefore reduced this risk to a higher inherent risk.

This report provides an update to our Provisional Audit Result Report dated 14 August 2023 which was presented to the Committee in September 2023. There have been no further changes to our audit scope since that date.

Materiality update

In our Provisional Audit Planning Report dated 15 July 2022, we reported that Group materiality had been set at £32.9 million and Council materiality at £28 million, which represents 1.8% of the gross expenditure on provision of services in the 2020/21 Statement of Accounts. We have revisited materiality before the execution phase of the audit and updated Group Materiality to £35.3 million and Council materiality to £30.4 million, which represents 1.8% of the gross expenditure on provision of services in the 2021/22 Statement of Accounts. We also revisited materiality at the conclusion of the audit and determined that this remains appropriate. Performance materiality has increased to £26.5 million for the Group and £22.8 million for the Council.

Since our Provisional Audit Result Report dated 14 August 2023 there have been no further changes to our materiality.

Status of the audit

Our audit work in respect of the Council's financial statements is substantially complete. Details of the outstanding completion procedures are included in Appendix D.

Subject to satisfactory completion of our completion procedures, we expect to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3. We expect to issue the audit certificate after we issue the audit opinion, once the WGA submission has been completed and we have issued our Auditor's Annual Report, including our value for money commentary.

We have noted below some of the main issues which have resulted in delays to the completion of the audit:

- The national issue in relation to the accounting for infrastructure assets has taken time to resolve with a temporary solution not confirmed until 25 December 2022. The Council has opted to adopt the statutory override and we have completed our audit procedures in this area. This issue however resulted in a significant delay to the completion of the audit whilst a national resolution was sought.
- In addition, due to the delays in the completion of the audit, the 2022 triennial valuation for the pension fund was issued March 2023. We have considered CIPFA Bulletin 14 – Closure of the 2022/23 Financial Statements which noted that It is likely that several funds will receive the final triennial valuation statements for 2022 from their actuaries before their auditors have provided their audit opinion and when accounts were prepared and that this needed to be considered by accounts preparers and auditor when reviewing those judgments and estimates. The Council obtained an updated IAS19 report which reflected the 2022 triennial valuation and has amended their accounts to reflect this. We have performed additional procedures to gain assurance over the material accuracy of the amended figures. This issue has also impacted on the timeframe for the completion of the audit.
- As part of our audit we have also had to give consideration to disputes with joint venture companies within the Norse Group. These were brought to our attention during the course of our audit and included allegations of potential overcharging and weaknesses in the governance frameworks for the management of some of the Joint Ventures. We have considered the potential impact of these allegations on the Norfolk County Group Statement of Accounts and as well as on our assessment of the Council's value for money arrangements. We have concluded that there is no evidence of intentional overcharging and therefore no significant impact on the Group or Norfolk County Council accounts. We have also concluded that there was no evidence of a significant weakness in the Council's governance arrangements in relation to this and therefore there is no impact on our opinion in relation to this. Due to the nature of this issue and the involvement of other entities in the process this has taken some time to conclude and is the main reason for the delay in the conclusion of our audit.

Executive Summary

Auditor responsibilities under the Code of Audit Practice 2020

Under the Code of Audit Practice 2020, we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- **Financial sustainability**
How the Council plans and manages its resources to ensure it can continue to deliver its services;
- **Governance**
How the Council ensures that it makes informed decisions and properly manages its risks; and
- **Improving economy, efficiency and effectiveness:**
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Status of the audit – Value for Money

In our Provisional Audit Result report dated 14 August 2023 we reported that we have completed our pre-liminary risk assessment and identified three areas which required additional consideration. These are Norse governance arrangements, Joint Committee governance, and plans to address projected budget gaps. We have completed our work in this area and determined that there are no significant weaknesses existed in the arrangements in relation to any of these areas. We will report our full commentary in the Annual Audit Report.

Audit differences (Single Entity)

Uncorrected Differences

1. A monthly accrual process was completed one month in arrears. This resulted in payables and expenditure being understated by £2,849,643. This was partially offset by a prior year error due to the same accrual process reducing the in year income statement impact by £1,747,374.

Corrected Differences

We identified the following differences to bring to your attention which management have agreed to adjust. Further details can be found in section 04 of this report:

1. A difference in relation to the Council's pension liability which was understated by £56.717 million as a result of the updated IAS19 report being obtained to reflect the 2022 triennial valuation.
2. One capital grant where income of £16,280,000 was recognized in 2021/22 which related to the subsequent financial period, resulting in an overstatement of grant income and an understatement of capital grants received in advance.
3. A late increase in valuation for one investment property asset (Norwich Airport Industrial Estate) of £3,570,000, resulting from an updated valuation received from the Council's valuers.
4. Norwich Airport Industrial Estate was incorrectly classified as Investment Property and should be reclassified to Assets Held for Sale. The value of the asset was £21,021,000
5. The proceeds from investments and purchases of investments line within the cash flow were presented on a net basis through the proceeds line in the amount of £110,000,000 where as on a gross basis the proceeds line would be reported as £280,000,000 and the purchases line as £170,000,000.

Executive Summary

Audit differences (Group)

Uncorrected Differences

1. The Council have not made the consolidation adjustments for IFRS 16 which is consistent with the approach taken in 2019/20 and 2020/21. We have reviewed the consolidation pack provided by Norse and can confirm that finance leases have reduced in year from £22 million to £19 million as a result of the IFRS 16 impact. Therefore we still consider this to be immaterial. This is considered further in Section 4 of the report.
2. The component auditor identified difference in relation to Norse's dilapidation provision which was understated by £1.864 million as a result of updated square footage and building cost inputs to the calculation of the provision.

Corrected Differences

There are no corrected differences within the Group accounts.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We note that updates have been made to the AGS to keep information current. These do not impact on our conclusion and are good practice. We have no matters to report as a result of this work.

We will perform any procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission following the completion of the financial statements audit. We note that the Council is below the £2 billion threshold set by the NAO for detailed procedures to be undertaken. However until the NAO confirm whether they will require us to undertake any additional procedures we are not able to confirm that we have completed all required work and are therefore not able to issue our certificate of completion of the Council's audit.

We identified three external confirmations for investments held with Toronto Dominion Bank, each of £10 million totalling in aggregate £30 million, for which we were unable to obtain investment confirmations. We performed alternative procedures to gain assurance over these balances.

We have no other matters to report.

Objections

We have not received any objections to the 2021/22 accounts from members of the public.

However, we received correspondence from a local elector relating to decision making which we have treated as information received during the course of the audit and have considered as part of our value for money work. We obtained further information from management regarding this issue and we have no matters to report.

Executive Summary

Areas of audit focus

In our Provisional Audit Plan, we identified a number of key areas of focus for our audit of the financial report of Norfolk County Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section 02 of this report.

Below we have summarised the conclusions of our work on the areas of audit focus.

Fraud Risks	Findings & Conclusions
Misstatements due to fraud or error (risk of management override)	Subject to final partner review we have not identified any evidence that management has overridden controls in order to prepare fraudulent financial statement balances or postings within the financial statements from the work completed to date. Final Update: We have concluded our procedures and noted no issues.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure and REFCUS	Subject to final partner review we have completed our work on the testing of REFCUS and additions made to property, plant and equipment during the year and have not identified any evidence of manipulation through inappropriate capitalisation. Final Update: We have concluded our procedures and noted no issues.
Removed Fraud Risks	Findings & Conclusions
Risk of fraud on accounting adjustments made in the "Movement in Reserves Statement"	We have removed this fraud risk as it was identified that the risk is a duplication of the above risk.
Inherent Risk (Previously Significant)	Findings & Conclusions
Infrastructure assets	We have downgraded this risk to an inherent risk. Our audit work on infrastructure assets is complete and we have no matters to report. The Council has applied the statutory override and Code adaptation and reported these assets on a net book value basis and made appropriate disclosures in the accounts related to this. Final Update: We have concluded our procedures and noted no issues.



Executive Summary

Areas of audit focus (Continued)

Area of Audit Focus / Inherent Risks	Findings & Conclusions
Accounting COVID-19 related government grants	<p>Subject to final partner review we have completed our audit work in this area and have no matters to report.</p> <p>Final Update: We have concluded our procedures and noted no issues.</p>
Pensions liability – IAS19	<p>Subject to final partner review we have completed our audit work in this area. The Council obtained an updated IAS19 report in March 2023 following release of the March 2022 triannual valuation and have amended the statements to reflect an increase in pension liability of £56.717 million. See section 04 of this report for further details.</p> <p>Final Update: We have concluded our procedures and noted no other issues than those above.</p>
Valuation of property, plant, and equipment and investment property	<p>Subject to final partner review we have completed our audit work in this area and have one finding to report. One investment property (Norwich Airport Industrial Estate) had a late valuation update by the management expert resulting in an increase of £3.57 million. The investment property was then reclassified from investment property to assets held from sale with a value of £21.021 million as it now met the accounting standard definition of an asset held for sale. See section 04 of this report for further details.</p> <p>Final Update: We have concluded our procedures and noted no other issues than those above.</p>
Group accounts	<p>At the date of issuing this report, our work in this area is still ongoing. We will update the Committee on our findings once the work is finalised.</p> <p>Final Update: We have concluded our procedures and noted two unadjusted audit differences as reported by the component auditor relating to IFRS 16 and Dilapidation Provisions.</p>

Executive Summary

Areas of audit focus (continued)

We request that you review these and other matters set out in this report to ensure:

- There are no residual further considerations or matters that could impact these issues
- You concur with the resolution of the issue
- There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit and Governance Committee or Management.

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We identified in our related party testing two cases where related party declarations were not received from Members by the council. As an important part of the related party identification process it is recommended that additional training is provided to Councillors on the requirement to provide these declarations. There are no other matters we wish to report in respect to the statutory audit of the Council's accounts.

In the Group audit undertaken by the component auditor, 12 control improvements were identified for the Norse Group. We have reviewed the recommendations from the component auditor and determined that none of these items are of a level that would impact on our opinion. All matters raised by the component auditor have been taken to the Norse board.

Independence

We can confirm we have no independence issues. Please refer to Section 07 for our update on Independence.



02

Areas of Audit Focus

Our response to significant risks

We have set out the significant risks (including fraud risks) identified for the current year audit along with the rationale and expected audit approach.

Fraud Risk:

Misstatements due to fraud or error (risk of management override)

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What did we do?

In response to this risk, we:

- Identified fraud risks during the planning stages, which reflect the significant fraud risk recognised in this report (the risk of inappropriate capitalisation of expenditure).
- Inquired of management about risks of fraud and the controls put in place to address those risks.
- Understood the oversight given by those charged with governance of management's processes over fraud.
- Considered the effectiveness of management's controls designed to address the risk of fraud.
- Determined an appropriate strategy to address those identified risks of fraud which is reflected in the significant risks documented on this file.
- Performed mandatory procedures regardless of specifically identified fraud risks, including:
 - Testing journal entries at year-end to ensure there are no unexpected or unusual postings.
 - Undertaking a detailed review of accounting estimates for evidence of bias (such as the valuation of land and buildings and pension liability balances) and substantively any tested unusual or unexpected transactions.

What are our conclusions?

Our work to identify fraud risks during the planning stages identified those areas of the accounts that involve management estimates and judgements as the key areas at risk of manipulation. The identified areas were:

- Inappropriate classification of revenue spend as capital expenditure; and
- manipulation of revenue expenditure funded through capital under statute (REFCUS) through the movement in reserve statement.

The results of our work on these specific risks are set out on the following page.

In relation to our general procedures to address the risk of management override:

- We have not identified any material weaknesses in controls or evidence of material management override.
- We have not identified any instances of inappropriate judgements being applied.
- Our testing of journals is completed. We have not identified adjustments outside of the normal course of business. All journals tested have appropriate rationale.
- Our work on accounting estimates including land and building valuation and pensions liabilities has not found any evidence of bias.
- We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.

Our response to significant risks (continued)

Fraud Risk:

Inappropriate capitalisation of revenue expenditure and REFCUS.

What is the risk?

We have considered the key areas where management has material opportunity and incentive to override controls. We have identified the main areas as being;

- Inappropriate classification of revenue spend as capital expenditure; and
- manipulation of revenue expenditure funded through capital under statute (REFCUS) through the movement in reserve statement.

Both of these areas would improve the financial position of the general fund as capitalised revenue expenditure can be funded through borrowing with only minimal charges recorded in the general fund, deferring the expenditure for a number of years until the borrowing is repaid.

What did we do?

In response to this risk, we:

- For significant capital additions, we examined invoices, capital expenditure authorisations, leases and other data that support these additions. We reviewed the sample selected against the definition of capital expenditure in IAS 16.
- We extended our testing of items capitalised in the year by lowering our testing threshold. We also reviewed a larger random sample of capital additions below our testing threshold.
- Reviewed REFCUS entries in the movement in reserves statement and tested entries to ensure they met the accounting definition of REFCUS expenditure.
- Journal testing – we used our testing of journals to identify high risk transactions, such as items originally recorded as revenue expenditure and subsequently capitalised.

What are our conclusions?

Subject to final partner review we have completed our work on capital additions and REFCUS and have not identified any additions that were incorrectly capitalised or REFCUS items which did not meet the statutory definition.

Our testing of year end journals did not identify any movements from expenditure to capital outside of the normal course of business.

We note that prior to the completion of our audit procedures but subsequent to the publishing of the authorized draft accounts, management identified an adjustment in REFCUS reducing the expenditure by £4.382 million related to Gayton School. We have reviewed this adjustment and agreed the updated treatment is appropriate. As management identified this issue and brought it to our attention we are satisfied that this was due to error and not management override or fraud.

Final Update: We have concluded our procedures and noted no other issues than those above.

Other areas of audit focus (continued)

What is the risk/ area of focus?

Infrastructure Assets

In March 2022, an issue was raised with the National Audit Office's Local Government technical network in relation to the accounting for infrastructure assets. Under the CIPFA Code, these assets are held at depreciated historic cost. It has been identified that, whilst local authorities add expenditure incurred on replacing or enhancing such assets, most do not appear to be reviewing the Code requirement to establish whether this spend is a replacement of an asset, or a recognised component, and therefore, are not derecognising the old component. As a consequence gross cost/gross accumulated depreciation are therefore continually increasing, and the balance sheet may be misstated where the expenditure is a replacement for an asset/component not fully depreciated.

Norfolk County Council has material infrastructure assets of £1,049 million held on its balance sheet at 31 March 2022.

DLUHC issued a Statutory Instrument which came into effect on the 25 December 2022, which allowed for a temporary change in accounting rules in this area giving Authorities the option to account for Infrastructure Assets on a net rather than gross basis. CIPFA also released an update to the Local Authority Accounting Code and a Local Authority Accounting Panel (LAAP) bulletin was issued which provided practitioners guidance on how they should account for Infrastructure Assets should an Authority wish to adopt the Statutory Instrument.

The Council has applied the statutory override and Code update.

What did we do and what is our conclusion?

We,

- reviewed the draft financial statements to identify prima facie whether the County Council is recording disposals of infrastructure assets, or components.
- made enquiries to understand management's current processes, including bringing forward our knowledge from previous year's audits.
- performed a reasonableness check to determine whether the economic useful lives used by management to calculate depreciation were appropriate and obtain an understanding of how these had been determined.
- compared the depreciation charge included in the financial statements to the potential depreciation charge using the CIPFA example useful economic lives.
- reviewed updated accounting disclosure to ensure they are in line with the requirement of amended CIPFA code of practice and accurately reflected the Council's practices.

Following our initial review, we concluded that the accounting of the Council's infrastructure assets was not in line with the CIPFA Local Authority Accounting Code 2021/22 as originally issued as a significant proportion of the Council's annual spend on infrastructure asset's was likely to be on the replacement of assets and that historically no write off of the gross cost and accumulated depreciation had been made. Therefore the impact on the accounts was likely to be material.

The Council chose to adopt the statutory instrument and Code adaptation and has amended the disclosures in its financial statements to comply with the revised requirements and report the value of these assets on a net book value basis only.

Final Update: We have concluded our procedures and noted no other issues than those above.

Other areas of audit focus (continued)

What is the risk/ area of focus?	What did we do and what is our conclusion?
<p><u>Accounting for COVID-19 related government grants</u></p> <p>In response to the COVID-19 pandemic, the Council have received significant levels of grant funding, both to support the Council and to pass on to local businesses. Each of these grants will have distinct restrictions and conditions that will impact the accounting treatment of these. We are aware of new COVID-19 grant income in 2021/22 for example the COVID-19 Additional Relief Fund (CARF) that is material in nature.</p> <p>Given the volume of these grants, the new conditions for the Council to understand the accounting impact of, there is an inherent risk that these may be misclassified in the financial statements or inappropriately treated from an accounting perspective.</p>	<p>In response to this risk, we:</p> <ul style="list-style-type: none"> • Sample tested Government grant income to ensure that grants have been correctly classified as specific or non-specific in nature; • Sample tested Government grant income to ensure that they have been correctly classified in the financial statements based on any restrictions imposed by the funding body; • Reviewed the instructions and conditions of each grant that we tested to corroborate the Council's assessment of whether they were acting as an agent or principal in disbursing the grants. <p>We have completed our work and our testing confirmed that grants have been accounted for correctly subject to final partner and EQR review.</p> <p>Final Update: We have concluded our procedures and noted no other issues than those above.</p>

Other areas of audit focus (continued)

What is the risk/ area of focus?	What did we do and what is our conclusion?
<p>Pensions liability – IAS19</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.</p> <p>The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet.</p> <p>At 31 March 2022, this totalled £1,739 million. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body.</p> <p>Accounting for this scheme involves significant estimation and judgement and management engages an actuary to undertake the calculations on their behalf</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>In response to this risk, we:</p> <ul style="list-style-type: none"> ➤ Liaised with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Norfolk County Council; ➤ Assessed the conclusions drawn on the work of the actuary by the Consulting Actuary, PwC, commissioned by the National Audit Office for all local government sector auditors, and considered the review of this undertaken by the EY actuarial team; ➤ Used our internal EY pensions team to calculate an estimate of the Council's pension liability by running their own 'actuarial model' and comparing this to that produced by the Council's actuary; and ➤ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19. <p>We have completed our work in this area subject to final partner and EQR review:</p> <ul style="list-style-type: none"> ➤ We have received the assurance from the Norfolk Pension Fund auditors in regard to the information supplied to the actuary, and confirmed there are no findings impacting on the Council's accounts. The Pension Fund auditor reported no difference in asset values between the original estimate included in the IAS19 report and the actual year end values. ➤ We have reviewed the assessment of the Pension Fund actuary by PwC and EY Pensions and have followed up on relevant points and have not identified any issues. ➤ Our procedures to determine our own estimate for the Council's pension liability found that the liability calculated by the actuary fell within our reasonable range. ➤ We have agreed the Council's IAS 19 disclosures to the actuaries' report and ensured these are fairly stated in the accounts. <p>The pension liability and related disclosures in the draft statement of accounts were based on an IAS19 report which included estimates based on roll forward of the information and assumptions in the March 2019 triannual valuation. The Council obtained an updated IAS19 report in March 2023 following release of the March 2022 triannual valuation. This has resulted in an amendment to the draft Statement of Accounts increasing the pension liability by £56.717 million. Further details can be found in section 04 of this report.</p> <p>Final Update: We have concluded our procedures and noted no other issues than those above.</p>

Other areas of audit focus (continued)

What is the risk/ area of focus?	What did we do and what is our conclusion?
<p>Valuation or property, plant, and equipment and investment property</p> <p>The fair value of property, plant and equipment (PPE) and investment properties (IP) represents significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.</p> <p>At 31 March 2022, the net book value of PPE was £1,767 million, and the fair value of investment properties was £14.635 million.</p> <p>Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the Balance Sheet.</p>	<p>In response to this risk, we:</p> <ul style="list-style-type: none"> ➤ Considered the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ➤ Performed testing of key assumptions and key asset information for a sample of 15 specialist assets valued at depreciated replacement costs, 6 assets valued at existing use value and 3 investment property assets. ➤ Considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; ➤ Considered changes to useful economic lives as a result of the most recent valuation; ➤ Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code; ➤ Reviewed assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated; ➤ Tested accounting entries to ensure they have been correctly processed in the financial statements; and ➤ Reviewed the disclosures to ensure this is adequate in relation to estimation uncertainty.

We have completed our work in this area subject to final partner and EQR review:

- We identified one investment property (Norwich Airport Industrial Estate) with a late valuation update by the management expert resulting in an increase of £3.57 million. The property was then reclassified from investment property to assets held from sale with a value of £21.021 million as it now met the accounting standard definition of an asset held for sale. See section 04 of this report for further details
- We did not identify any other issues from our review of the work performed by the valuer over the Council's assets, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- We did not identify any specific changes to assets that had occurred that required communication to the valuer.
- Testing of accounting entries confirmed they had been correctly processed in the financial statements.
- All assets had been appropriately revalued within the Council's 5 year rolling programme with the exception of those assets with a value less than £0.02 million. We determined the total value of assets not included in the programme to be £0.175 which is immaterial to the accounts.
- We identified and applied relevant indices to assets not subject to valuation in 2021/22 and estimated that the value of these assets may be understated by £22.07 million. This estimated difference is below our audit materiality and therefore we are satisfied that the valuation of assets is materially accurate and no adjustment to the draft statement of accounts is required.

Final Update: We have concluded our procedures and noted no other issues than those above.

Other areas of audit focus (continued)

What is the risk/ area of focus?	What did we do and what is our conclusion?
<p>Group Reporting</p> <p>Within the group accounts of the Council there are various accounting issues that have arisen during the period for consideration in the audit including the treatment of IFRS 16, the impact of the withdrawal from the Norwich Norse Partnership, and the consolidation of the new Repton entity.</p>	<p>In response to this risk, we:</p> <ul style="list-style-type: none"> • Liaised with the auditors of NORSE Group Ltd to obtain assurances over the information supplied in the consolidation pack to Norfolk County Council; • Reviewed the consolidation adjustments made by the Council; and • Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to the Group Accounts. <p>Our work in this area is on going to date we have the following findings.:</p> <ul style="list-style-type: none"> ➤ On 1 April 2019, Norse Group Ltd adopted IFRS 16, in accordance with recognised accounting standards required for larger companies. This has resulted in £10.350 million of Operating Lease Liabilities being reclassified as Finance Leases from that date, increasing the value of both Lease Liabilities and Property Plant and Equipment in the Group Balance Sheet. These leases are reflected in the Group Accounts at 31 March 2020 as Finance Liabilities of £12.116 million, matched by an increased value of fixed assets (Property, Plant & Equipment). In order to apply the CIPFA Code to the Group accounts, the impact of the adoption of IFRS 16 by the Norse Group should be reversed out of the Group Accounts, reducing both assets and liabilities by £12.116 million. In 2021/22 the CIPFA code has not adopted IFRS 16 and the Council have not made the necessary adjustments consistent with the prior year. We have not been provided with a breakdown of the impacted leases in 2021/22. However, the movement on Finance Leases in the Norse accounts is a reduction of £3 million and therefore we can conclude that not making this consolidation adjustment is still immaterial. Norse Management have chosen not to adjust for this amount and therefore it would not be recorded within the Group Balance Sheet. ➤ The component auditor reported that the dilapidation provision was understated after performing an updated assessment using data from Royal Institution of Chartered Surveyors (RICS) and Building Cost Information Service (BCIS) rates. The provision was originally recorded at £0.800 million where as the component auditors assessment determined a range of £1.400 million to £2.700 million. This resulted in an understatement of the provision by £1.864 million. <p>Final Update: We have concluded our procedures and noted no other issues than those above.</p>



03

Audit Report

DRAFT



Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORFOLK COUNTY COUNCIL

Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of Norfolk County Council ('the Authority') and its subsidiaries (the 'Group') for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Movement in Reserves Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement
- the related notes 1 to 47 to the Authority Accounts
- the related notes 1 to 16 to the Group Accounts
- and include the Firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of Norfolk County Council and the Group as at 31 March 2022 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Our opinion on the financial statements

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Strategic Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Authority's ability to continue as a going concern for a period to 31 March 2025.

Our responsibilities and the responsibilities of the Director of Strategic Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Other information

The other information comprises the information included in the Norfolk County Council Statement of Accounts 21-22, other than the financial statements and our auditor's report thereon. Director of Strategic Finance is responsible for the other information contained within the Statement of Accounts 21-22.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.



Our opinion on the financial statements

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Authority .we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects.

Responsibility of the Director of Strategic Finance

As explained more fully in the Statement of the Director of Strategic Finance's Responsibilities set out on page 15, the Director of Strategic Finance is responsible for the preparation of the Statement of Accounts, which includes the Group financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Director of Strategic Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Strategic Finance is responsible for assessing the Group and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Authority either intends to cease operations, or has no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these



Audit Report

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Our opinion on the financial statements

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are:

- Local Government Act 1972,
- Education Act 2002 and school Standards and Framework Act 1998 (England)],
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- National Health Service Act 2006,
- Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948),
- The Local Government Finance Act 2012,
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Group and the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how Norfolk County Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Group and the Authority's committee minutes, through enquiry of employees to confirm Group and the Authority's policies and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Group and the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified a risk of inappropriate capitalisation of revenue expenditure (including revenue expenditure funded by capital under statute) and management override of controls to be our fraud



Our opinion on the financial statements

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested a sample of the Group and the Authority's capitalised expenditure and revenue expenditure funded by capital under statute to ensure the criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We also assessed whether the judgements made in making accounting estimates are indicative of a potential bias and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether Norfolk County Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Norfolk County Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Norfolk County Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



Audit Report

DRAFT

Our opinion on the financial statements

Delay in Certification of Completion of the Audit

We cannot formally conclude the audit and issue an audit certificate until the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Norfolk County Council. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Norfolk County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Group and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
Date



04 Audit Differences



Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Adjusted audit differences

We highlight the following misstatement which has been corrected by management that were identified during the course of our audit:

Pension liability

The pension liability and related disclosures in the draft statement of accounts were based on an IAS19 report which included estimates based on roll forward from the March 2019 triannual valuation. The Council obtained an updated IAS19 report in March 2023 following release of the March 2022 triannual valuation. This has resulted in an increase in the net pension liability reported in the draft Statement of Accounts of £56.717 million.

The following is the adjustment was made to correct for this:

- Debit: Comprehensive Income Statement – Remeasurement of net defined benefit liability - £56.717 million
- Credit: Balance Sheet – Liability related to defined benefit pension scheme - £56.717 million
- Debit – Comprehensive Income Statement – Pension cost - £56.717 million
- Credit – Balance Sheet – Unusable Reserves – Pension reserve - £56.717 million

Other pension fund disclosures in the accounts were also updated to reflect the updated IAS19 report.

Capital grant income

Capital grant income was recognized in 2021/22 which related to the subsequent financial reporting period. This resulted in an overstatement of grant income and an understatement of capital grants received in advance.

The following adjustment was made to correct for this:

- Debit: Comprehensive Income Statement – Capital grant income- £16.280 million
- Credit: Balance Sheet – Capital grants received in advance- £16.280 million



Audit Differences

Adjusted audit differences (cont)

We highlight the following misstatement which has been corrected by management that were identified during the course of our audit:

Investment property

A late update to the valuation of Norwich Airport Industrial Estate was performed by management's valuation expert (Norfolk Property Services). This resulted in an increase to the investment property value of £3.570 million. This flows through to the capital adjustment account increasing unusable reserves on the balance sheet by the same amount. The late valuation occurred as management planned to complete the sale of the property in the following year. An evaluation of the property against the accounting standards for classification as assets held for sale identified that the full value of the property should be reclassified from investment property to assets held for sale.

The following is the adjustments are made to correct for this:

- Debit: Balance Sheet - Investment property – £3.570 million
- Credit: Comprehensive Income and Expenditure Statement – Financing and investment income and expenditure - £3.570 million
- Debit: Comprehensive Income and Expenditure Statement – Financing and investment income and expenditure - £3.570 million
- Credit: Movement in Reserves Statement – Unusable Reserves -Capital adjustment account – £3.570 million
- Debit: Balance Sheet – Current held for sale investment property –£21.021 million
- Credit: Balance Sheet – Investment property - £21.021 million

REFCUS

Management identified an adjustment to Revenue Expenditure Funded by Capital Under Statute (REFCUS) related to the building of Gayton Primary School. In the draft statement of accounts the expenditure was presented as REFCUS when it should have been capitalized. This resulted in an overstatement of gross expenditure in the amount of £4.382 million and understatement of property, plant, and equipment for the same.

The following is the adjustments are made to correct for this:

- Debit: Balance Sheet – Property, plant, equipment –£4.382 million
- Credit: Comprehensive Income and Expenditure Statement – Children's services gross expenditure - £4.382 million
- Debit: Comprehensive Income and Expenditure Statement - £4.382 million
- Credit: Movement in Reserves Statement – Unusable Reserves - Capital adjustment account –£4.382 million



Audit Differences

Adjusted audit differences (cont)

We highlight the following misstatement which has been corrected by management that were identified during the course of our audit:

Cash Flow Statement – Note 38

We identified that the cash flow presented the purchase of short term and long term investments line as £110 million and the proceeds of short term and long term investments line as £0. This was a result of the cash flow presenting these amounts on a net basis through the purchases line item. The appropriate presentation is on a gross basis within the cash flow. This resulted in increased to the purchase of short term and long term investments in the amount of £170 million and the proceeds of short term and long term investments line of £170 million.

Unadjusted Audit differences

We highlight the following misstatement which have not been corrected by management that were identified during the course of our audit: :

Accounts payable accruals

We identified a monthly accrual process that was completed one month in arrears. This resulted in payables and expenditure being understated by £2.849 million. This was partially offset by a prior year error due to the same accrual process reducing the net in year income statement impact by £1.747 million.

The following adjustment should be made to correct for this, if management had decided to make the amendment:

- Debit: Comprehensive Income Statement –Other expenditure £2.849 million
- Credit: Balance Sheet –Short term creditors - £2.849 million

Group Accounts – Balance Sheet – Leases - IFRS 16 impact through consolidation

On 1 April 2019, Norse Group Ltd adopted IFRS 16, in accordance with recognised accounting standards required for larger companies. This has resulted in £10.350 million of Operating Lease Liabilities being reclassified as Finance Leases from that date, increasing the value of both Lease Liabilities and Property Plant and Equipment in the Group Balance Sheet. These leases are reflected in the Group Accounts at 31 March 2020 as Finance Liabilities of £12.116 million, matched by an increased value of fixed assets (Property, Plant & Equipment). In order to apply the CIPFA Code to the Group accounts, the impact of the adoption of IFRS 16 by the Norse Group should be reversed out of the Group Accounts, reducing both assets and liabilities by £12.116 million.

In 2021/22 the CIPFA code has not adopted IFRS 16 and the Council have not made the necessary adjustments consistent with the prior year. We have not been provided with a breakdown of the impacted leases in 2021/22. However, the movement on Finance Leases in the Norse accounts is a reduction of £3 million and therefore we can conclude that not making this consolidation adjustment is still immaterial. Norse Management have chosen not to adjust for this amount and therefore it would not be recorded within the Group Balance Sheet.



Audit Differences

Unadjusted Audit differences (cont)

Group Accounts – Balance Sheet – Provisions - Dilapidation

The component auditor reported that the dilapidation provision was understated after performing an updated assessment using data from Royal Institution of Chartered Surveyors (RICS) and Building Cost Information Service (BCIS) rates. The provision was originally recorded at £0.800 million where as the component auditors assessment determined a range of £1.400 million to £2.700 million.

Norse Management's view is that they have completed an internal assessment of the provision and arrived at a yearend balance that they deem as supportable given the judgemental nature of the provision. The component auditor has therefore reported an unadjusted audit difference of 1.864 million which is the top end of their assessment.



05

Value for Money

01

The Council's responsibilities for value for money (VFM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the Cipfa code of practice on local authority accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment

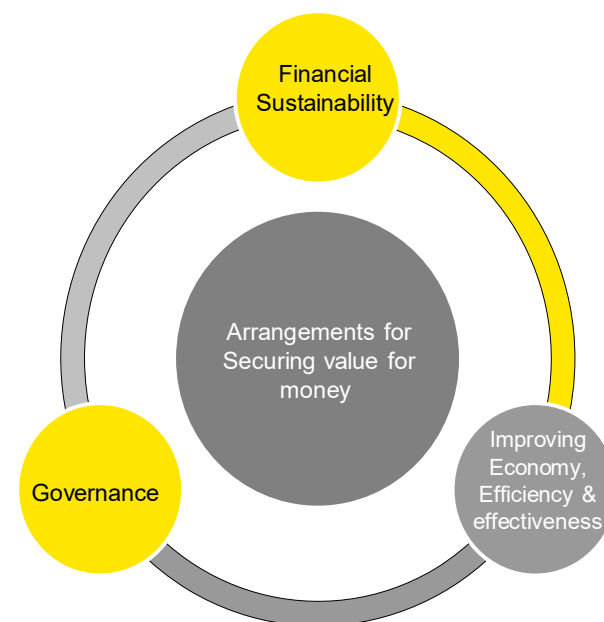
We have completed our planning and pre-liminary risk assessment procedures including discussions with management and review of key minutes and documents. As a result, we have identified three areas which required additional consideration and particular focus in relation to the Council's arrangements to fully complete our risk assessment procedures and determine if a significant risk was present. These are:

- Norse governance arrangements;
- Joint Committee governance; and
- Plans to address projected budget gaps.

Status of our VFM work

We have completed our further consideration and additional procedures on joint committee governance and plans to address projected budget gaps and concluded that there is no significant risk present in relation to these areas. We have also now completed our further consideration and additional procedures to assess the Norse governance arrangements, and are satisfied that there are no significant weaknesses in the Council's arrangements in relation to this.

We will include our detailed VFM commentary in relation to these areas and our other VFM risk assessment procedures and conclusions in the Auditor's Annual Report.





06 Other reporting issues

01

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2021/22 with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

At the time of writing, we have not concluded our work to determine whether the financial information in the final version of the Statement of Accounts 2021/22 and published with the financial statements is consistent with the audited financial statements. We will complete this procedure once we receive the final version of accounts including audit amendments.

Our work on the Annual Governance Statement is now complete and we have not identified any issues

Final Update: We have obtained a final set of accounts and confirmed expected amendments have been processed. We have therefore completed our procedures and have no matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We will perform the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission following the completion of the financial statements audit. We note that the Council is below the £2 billion threshold set by the NAO for detailed procedures to be undertaken. However until the NAO confirm whether they will require us to undertake any additional procedures we are not able to confirm that we have completed all required work and are therefore not able to issue our certificate of completion of the Council's audit.

The audit certificate will be issued once this work is complete and once we have reported our VFM commentary in the Auditors Annual Report.

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”).

We did not identify any issues which required us to issue a report in the public interest.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations; and
- Group audits.

External Confirmations - we identified three investments held with Toronto Dominion Bank, each of £10 million totalling in aggregate £30 million, for which we were unable to obtain investment confirmations. As a result, we had to perform alternate audit procedures over these balances. These procedures included:

1. Review of bank statements to confirm amounts paid out to Toronto Dominion Bank and amounts received back
2. Review of deal notes from broker to assess date of purchase, date maturity, amounts invested, and third parties involved.

From these procedures we have obtained sufficient audit evidence to conclude on balance reported within the accounts for these investments.

We have no other matters to report.



07

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1st April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fee due for the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services have been submitted. We confirm that we have not undertaken any non-audit work.

EY Transparency Report 2022

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2023:

[EY UK 2023 Transparency Report | EY UK](#)

Relationships, services and related threats and safeguards

Services provided by Ernst & Young

Description	Planned Fee 2021/22 £	Scale Fee 2021/22 £	Final Fee 2020/21 £
PSAA Scale Fee	98,361	98,361	98,361
Changes in work required to address additional professional and regulatory requirements and changes in scope associated with risk (Note 1)	TBC	TBC	60,751
PSAA expected additional minimal core fees (Note 2):			
• VFM	TBC	10,000 to 19,000	
• ISA 540 accounting estimates		4,400	
Total Fee	TBC	TBC	159,112

All fees exclude VAT

Note 1: The 2020/21 Code work included a proposed additional fee of £120,054. This relates to our proposed uplifts to the base scale fee due to increased regulatory requirements, as communicated during our 2019/20 audit, as well as additional work in respect of Covid, significant risks regarding changes to the general ledger and grant income, the additional requirements from the new NAO Code of Audit Practice and updated ISAs. PSAA Ltd have determined a final additional fee for 2020/21 of £60,761.

For 2021/22, the scale fee will again be impacted by the increased regulatory requirements as well as a range of other factors which will result in additional work, including some of those that were present in the prior year.

As detailed in this report, the following areas will require additional procedures to respond to the risks identified which are not part of the PSAA scale fee:

- Significant risk: Infrastructure assets;
- Inherent risks: COVID-19 grants; Pension liability – IAS19; valuation of land and buildings, and group accounting

The final additional fee for 2021/22 will be discussed with officers before being submitted for PSAA determination, following the completion of our audit.

Note 2: In August 2021, PSAA published 'Additional information for 2020/21 audit fees'. PSAA commissioned external independent technical research for setting standardised fee variations to assess the expected impact on audit work programmes of a range of new and updated audit requirements. In the absence of alternate information, we have included the same minimum fees in 2021/22.



08

Appendices

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- Existence: An asset, liability and equity interest exists at a given date
- Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

There were no significant changes to our audit approach apart from our decision to distinguish between the different land and building valuation methods when identifying our significant and inherent risks in this area. We also deemed it appropriate to remove our risk around the MIRs.





Appendix B

Required communications with the Audit and Governance Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

Our Reporting to you		
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit and Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Provisional Audit Plan – July 2022
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Provisional Audit Plan – July 2022
Significant findings from the audit	<ul style="list-style-type: none"> Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures Significant difficulties, if any, encountered during the audit Significant matters, if any, arising from the audit that were discussed with management Written representations that we are seeking Expected modifications to the audit report Other matters if any, significant to the oversight of the financial reporting process 	Provisional Audit Results Report – September 2023 Audit Results Report – 15 February 2024 Annual Auditors Report – 30 April 2024
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> Whether the events or conditions constitute a material uncertainty related to going concern Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements The appropriateness of related disclosures in the financial statements 	Provisional Audit Results Report – September 2023 Audit Results Report – 15 February 2024




Appendix B

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Misstatements	<ul style="list-style-type: none"> Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation The effect of uncorrected misstatements related to prior periods A request that any uncorrected misstatement be corrected Material misstatements corrected by management 	Provisional Audit Results Report – September 2023 Audit Results Report – 15 February 2024
Subsequent events	<ul style="list-style-type: none"> Enquiry of the Audit and Governance Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Provisional Audit Results Report – September 2023 Audit Results Report – 15 February 2024
Fraud	<ul style="list-style-type: none"> Enquiries of the Audit and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity Any fraud that we have identified or information we have obtained that indicates that a fraud may exist Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> Management; Employees who have significant roles in internal control; or Others where the fraud results in a material misstatement in the financial statements. The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected Any other matters related to fraud, relevant to Audit, Standards and Statutory Accounts Committee responsibility. 	Provisional Audit Results Report – September 2023 Audit Results Report – 15 February 2024
External confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures. 	Provisional Audit Results Report – September 2023 Audit Results Report – 15 February 2024

Appendix B

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	<p>Provisional Audit Results Report – September 2023</p> <p>Audit Results Report – 15 February 2024</p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Provisional Audit Plan – July 2022</p> <p>Provisional Audit Results Report – September 2023</p> <p>Audit Results Report – 15 February 2024</p> <p>Annual Auditors Report – 30 April 2024</p>
Consideration of laws and regulations	<ul style="list-style-type: none"> • Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur • Enquiry of the Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Governance Committee may be aware of 	<p>Provisional Audit Results Report – September 2023</p> <p>Audit Results Report – 15 February 2024</p>

Appendix B

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Provisional Audit Results Report – September 2023 Audit Results Report – 15 February 2024 Annual Auditors Report – 30 April 2024
Group Audits	<ul style="list-style-type: none"> An overview of the type of work to be performed on the financial information of the components An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Provisional Audit Plan – July 2022 Provisional Audit Results Report – September 2023 Audit Results Report – 15 February 2024
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Provisional Audit Results Report – September 2023 Audit Results Report – 15 February 2024
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Provisional Audit Results Report – September 2023 Audit Results Report – 15 February 2024
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	Provisional Audit Results Report – September 2023 Audit Results Report – 15 February 2024

Management representation letter - draft

This is our draft letter of management representation. This could be subject to change following the completion of the final audit procedures

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young

[Address]

This letter of representations is provided in connection with your audit of the consolidated and Council financial statements of Norfolk County Council ("the Group and Council") for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and Council financial statements give a true and fair view of the Group and Council financial position of Norfolk County Council as of 31 March 2022 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and Council CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our consolidated and Council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial statements and financial records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and Council the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

Management representation letter

Management Rep Letter

2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and Council financial statements. We believe the consolidated and Council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) and are free of material misstatements, including omissions. We have approved the consolidated and Council financial statements.
3. The significant accounting policies adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)) for the Group and Council that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic and the effects of the conflicts and related sanctions in Ukraine, Russia and or Belarus on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and Council financial statements taken as a whole. [We have not corrected these differences identified and brought to our attention by the auditor because \[specify reasons for not correcting misstatement\].](#)
6. We confirm the Group and Council does not have securities (debt or equity) listed on a recognized exchange.

Management representation letter

Management Rep Letter

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the consolidated and Council financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information provided and completeness of information and transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the consolidated and Council financial statements, including those related to the COVID-19 pandemic. and including those related to the conflict can related sanction in Ukraine, Russia or Belarus.

Management representation letter

Management Rep Letter

3. We have made available to you all minutes of the meetings of the Group and Council committees including the Council, Finance, Policies and Resources Committee and Audit and Governance Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 15 February 2024.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated and Council financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and Council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

7. From 13 December 2021 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact on the Group and Council financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and Council financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 45 to the consolidated and Council financial statements all guarantees that we have given to third parties.

Management representation letter

Management Rep Letter

4. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the consolidated and Council financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the consolidated and Council financial statements).

5. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

6. Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the consolidated and Council financial statements or as a basis for recording a loss contingency.

E. Going concern

1. Note 46 to the consolidated and Council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent events

1. There have been no events including events related to the COVID-19 pandemic, and including events related to the conflict and related sanctions in Ukraine, Russia and Belarus, subsequent to year end which require adjustment of or disclosure in the consolidated and Council financial statements or notes thereto.

G. Group audits

1. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst the Council, subsidiary undertakings and associated undertakings.

H. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Annual Governance Statement and the, Narrative Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

Management representation letter

Management Rep Letter

I. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and reflected in the consolidated and Council financial statements.
2. The key assumptions used in preparing the consolidated and Council financial statements are, to the extent allowable under the requirements of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), aligned with the statements we have made in the other information or other public communications made by us.

J. Ownership of assets

1. Except for assets recognised as right-of-use assets in accordance with IFRS 16 Leases, the Group and Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Group and Council's assets, nor has any asset been pledged as collateral. All assets to which the Group and Council has satisfactory title appear in the balance sheet.

K. Reserves

1. We have properly recorded or disclosed in the consolidated and Council financial statements the useable and unusable reserves.

M. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of land and buildings included in property, plant and equipment and investment properties and IAS 19 pension liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and Council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Management representation letter

Management Rep Letter

N. Estimates

Valuation of land and buildings included in property plant and equipment and investment properties

1. We confirm that the significant judgments made in making the valuation of land and buildings included in property, plant and equipment and investment properties estimate have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of land and buildings and investment properties estimate.
3. We confirm that the significant assumptions used in making the valuation of land and buildings and investment properties estimate appropriately reflect our intent and ability to continue to use the assets in the provision of services or generation of income on behalf of the Group and Council.
4. We confirm that the disclosures made in the consolidated and Council entity financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialized skills or expertise has been applied in making the valuation of land and buildings and investment properties estimate.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and parent entity financial statements, including due to the COVID-19 pandemic.

IAS 19 Pensions liability

1. We confirm that the significant judgments made in making the IAS 19 pensions liability estimate have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the IAS 19 pensions liability estimate.
3. We confirm that the significant assumptions used in making the IAS 19 pensions liability estimate appropriately reflect our intent and ability to continue to participate in the Norfolk Pension Fund
4. We confirm that the disclosures made in the consolidated and Council entity financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

Management representation letter

Management Rep Letter

5. We confirm that appropriate specialized skills or expertise has been applied in making the IAS 19 Pensions Liability estimate.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and parent entity financial statements, including due to the COVID-19 pandemic.

O. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.




Yours faithfully,

(Chief Financial Officer/Finance Director)

(Chair of the Audit and Governance Committee)

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Subsequent events procedures	Extension of some audit procedures such as review of minutes up to the date of our auditor's report	EY and Management
Agreement of final set of financial statements	EY to receive final signed set of accounts with all audit adjustments, and review it for consistency with our schedule of misstatements.	EY and Management
Receipt of management representation letter	Management to prepare and provide us with their representation letter for the 2021/22 audit	Management

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ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

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Norfolk Pension Fund

Audit Results Report

Year ended 31 March 2022
29 January 2024



Building a better
working world

29 January 2024



Audit Committee / Pensions Committee Members,
Norfolk County Council
County Hall
Martineau Lane
Norfolk – NR1 2DH

Dear Audit Committee/ Pension Fund Committee Members

2021/22 Audit Results Report

We are pleased to attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Audit Committee. This report summarises our audit conclusion in relation to the audit of Norfolk Pension Fund for 2021/22.

The audit is designed to express an opinion on the 2021/22 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Norfolk Pension Fund's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

This report is intended solely for the information and use of the Audit Committee and Pension Fund Committee, other members of the Pension Fund, and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on the 15 February 2024.

Yours faithfully

Debbie Hanson

Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

Enc

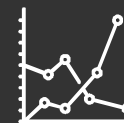
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05 Other Reporting Issues

06 Assessment of Control Environment

07 Independence

08 Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the **Audit Committee, Pension Fund Committee, and management of Norfolk County Council** in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the **Audit Committee, Pension Fund Committee, and management of Norfolk County Council** those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the **Audit Committee, Pension Fund Committee, and management of Norfolk County Council** for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary

Executive Summary

Scope update

In our Provision Audit Plan presented to the 28 July 2022 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this Plan. We revisited our materiality calculation and confirmed that the level of £49 million set at planning stage remained appropriate. Performance materiality also remained unchanged at £36.8 million. We revisited materiality in our provisional Audit Result Report dated 22 November 2022 and confirmed this level remained appropriate. In this final Audit Result Report we confirm the materiality has remain unchanged.

Due to the timing of the completion of the audit we have included in the scope of our audit consideration of the impact of the triennial valuation completed as at 31 March 2022. We have not made any other revisions to the audit risks and planned audit procedures set out within the Provisional Audit Plan and Provisional Audit Results Report.

Status of the audit

Our audit work in respect of the Pension Fund opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report:

- Subsequent events review;
- Agreement of the final set of financial statements; and
- Receipt of signed management representation letter

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix B.

Subject to satisfactory completion of the following outstanding items above, we expect to issue an unqualified opinion upon the Pension Fund Financial Statements in the form which appears at Section 3.

Audit differences

Uncorrected audit differences

At the time of issuing this report, there are no uncorrected audit differences in the accounts.

Corrected audit differences

We identified a limited number of minor audit disclosure differences in the financial statements, which management has amended for.

Control observations

During the audit, we did not identify any significant deficiencies in internal controls. We have taken a wholly substantive approach to the audit.

Other reporting issues

We have no other matters to report.

Executive Summary

Areas of audit focus

In our Provisional Audit Plan, we identified a number of key areas of focus for our audit of the financial report of Norfolk Pension Fund. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the “Areas of Audit Focus” section of this report.

Misstatements due to fraud or error –management override relating to investment income and asset valuation –investment journals.

- We have completed our testing and found no indications of management override of controls and our work on the posting of investment journals has identified no matters to report.

Valuation of complex investments (unquoted investments) (significant risk)

- We have completed our work in this area and have no matters to report.

Change of custodian (significant risk)

- We have completed our work in this area and have no matters to report.

IAS 26 disclosure –actuarial value of promised retirement benefits (area of audit focus)

- We have completed our work in this area and identified disclosure adjustments required to reflect the impact of the triennial valuation.

Going concern disclosure (area of audit focus)

- We have completed our work in this area and have no matters to report.

We request that you review these and other matters set out in this report to ensure:

- There are no residual further considerations or matters that could impact these issues;
- You concur with the resolution of the issue; and
- There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by Management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee, the Pension Fund Committee, or Management.

Independence

Please refer to Section 7 for our update on Independence.



02

Areas of Audit Focus

Significant risk

Misstatements due to fraud or error – management override relating to Investment income and asset valuations – investment Journals

What is the risk?

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We have considered the specific areas where management has the opportunity and incentive to override controls that could affect the Fund Account and the Net Asset Statement.

We have identified the main areas as being around the investment income (£69.6 million) and asset valuations (£4.89 billion) from the Custodian reports being incorrectly posted to the general ledger specifically through journal postings, to secure a more favourable reported financial position.

What did we do?

We have performed the following procedures, as set out in our Audit Plan:

- We identified fraud risks during the planning stage;
- We inquired of management about risks of fraud and the controls put in place to address those risks;
- We obtained an understanding the oversight given by those charged with governance of management's processes over fraud;
- We considered the effectiveness of management's controls designed to address the risk of fraud;
- We performed mandatory procedures regardless of specifically identified fraud risks, including;
 - testing of journal entries and other adjustments in the preparation of the financial statements and assessed them for evidence of management bias and evaluated them to understand their business rationale;
 - reviewing accounting estimates for evidence of management bias; and
 - evaluating the business rationale for significant unusual transactions.
- We utilised our data analytics capabilities to assist with our work, including journal entry testing;
- To address the specific risk we identified relating to posting of investment journals, we:
 - Tested journals at year-end to ensure there are no unexpected or unusual postings;
 - Undertook a review of the reconciliation to the fund managers and custodian reports;
 - Re-performed the detailed investment note using the reports we obtained directly from the custodian or fund managers; and
 - Checked the reconciliation of holdings included in the Net Assets Statements back to the source reports.

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Fund's normal course of business.

Our additional procedures in relation to the review of the reconciliations to source reports, including fund managers and custodians reports, and the re-performance of the investment note have not identified any instances of inappropriate posting of investment journals.

Significant risk

Valuation of complex investments (unquoted investments)

What is the risk?

The Fund's investments include unquoted pooled investment vehicles such as private equity, infrastructure and property investments.

Judgements are made by the investment managers to value these investments whose prices are not publicly available. The material nature of this type of investment, means that any error in judgement could result in a material valuation error.

Market volatility also means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could therefore have a material impact on the carrying value of the investments within the financial statements.

In 2021/22, approximately 30% of the overall fund fell within this investment type. As these investments are more complex to value, we have identified the Fund's investments in private equity, infrastructure and pooled property investments as a higher risk estimate, as even a small movement in the valuation assumptions could have a material impact on the financial statements.

What did we do?

As set out in our Audit Plan, we have performed the following procedures:

- Assessed the competence of management experts;
- Reviewed the basis of valuation for property investments and other unquoted investments and assessed the appropriateness of the valuation methods used;
- Where available, we reviewed the latest audited accounts for the relevant fund managers to ensure that there were no matters arising that highlight a risk of material differences in the reported funds valuation within the financial statements;
- Performed analytical procedures and checked the valuation output for reasonableness against our own expectations;
- Obtained and reviewed internal control reports for fund managers, where available, to identify any internal control issues and assess whether they would have an impact on the valuations provided by the fund managers; and
- Reviewed investment valuation disclosures to verify that significant judgements surrounding the valuation of these investments had been appropriately made in the Pension Fund's financial statements

What are our conclusions?

Our testing has not identified any material misstatements within year end investment asset valuations.

Our additional procedures, including the review of the latest set of audited accounts and the internal control reports for the fund managers, identified one matter to bring to your attention. Last year, we reported that the Aviva Infrastructure fund accounts had been qualified due to insufficient information being made available to the auditor due to an ongoing legal case. This qualification is still in place for the same reason. The value of the Pension Fund's investment is £43 million and we have concluded that it was unlikely to this would have a material impact on the Pension Fund. Management have included an enhanced disclosure in Note 5 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty in relation to this matter. We have not identified any material valuation differences in the reported funds valuation within the financial statements.

In addition, we also challenged the material accuracy of the valuation as at 31 March 2022 through substantive analytical review using relevant indices. We have not identified any material differences following the completion of our work.



Areas of Audit Focus

Significant risk

Change in custodian

What is the risk?

In November 2021, the Pension Fund made a change of custodian from HSBC to Northern Trust.

Given the nature of the custodian's role to the Pension Fund and their key role for the provision of information upon which the financial statements are based, we therefore consider that this presents a significant audit risk.

The audit risk is that information may be incorrectly transferred leading to errors within or reported within the 2021/22 financial statements.

What did we do?

In response to this risk, we:

- Obtained an understanding of the custodian change process and updated our understanding of the custodian as a service organisation;
- Understood management's process for gaining assurance that all relevant information was transferred from HSBC to Northern Trust, thereby mitigating and potential risk over the transfer date; and
- Undertook a review of Management's reconciliations between the closing custodian reports from HSBC and the opening custodian reports from Northern Trust to ensure completeness of investments and investigate any reconciling differences.

What are our conclusions?

We have not identified any issues in the completion of our work in this area.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk/ area of focus?

IAS26 – Actuarial present value of promised retirement benefits

The Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £6,651 million as at 31 March 2022.

The figure is material and subject to complex estimation techniques and judgements by the Actuary, Hymans Robertson. The estimate is based on a roll-forward of data from the previous triennial valuation in 2019/20, updated where necessary, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability.

There is a risk that the valuation uses inappropriate assumptions to value the liability as at the 31 March 2022.

What did we do and what are our conclusions?

In response to this risk, we

- Assessed the competence of management experts, Hymans Robertson;
- Engaged with the NAO's consulting actuary and our EY Pensions Advisory Team to review the IAS26 approach applied by the actuary and assess whether this was reasonable and compliant with IAS26; and
- Reviewed and ensured that the IAS26 disclosure was in line with the relevant standards and was consistent with the valuation provided by the actuary, Hymans Robertson.

We have not identified any issues with the competence of the actuary.

There were no significant changes in the IAS 26 approach or methodology and the assumptions used in calculating the IAS 26 figure was considered reasonable and compliant.

The disclosure of IAS 26 was in line with the relevant standards and the valuation provided by the actuary.

Update: Due to the timing of the completion of the audit the triennial valuation as at 31 March 2022 was released by the Pension Fund actuary Hyman Robertson which constituted a subsequent event. Our work in this area included review of update financial and demographic assumptions as well as inspection of changes between the original IAS26 report and the update report for alignment with expectations. We have considered the updated valuation information and agreed with management updates to the note disclosures to reflect the updated figures. We have reviewed the updated note disclosures and confirmed consistency with the IAS26 report.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures

What is the risk/ area of focus?

What did we do and what are our conclusions?

Going concern disclosure

There is a presumption that the Fund will continue as a going concern for the foreseeable future. However, the Fund is still required to carry out a going concern assessment that is proportionate to the risks it faces.

The unpredictability of the current economic environment and also the volatility of the capital markets due to the ongoing impact of Covid as well as the Ukraine-Russia conflict give rise to a risk that the Pension Fund may not appropriately disclose the impact of these issues on their going concern assessment. The disclosure should be underpinned by management's assessment based on the Pension Fund's actual year end financial position and projected performance and cashflows for the going concern period of 12 months from the auditor's report date.

We have not identified any issues in the completion of our work in this area.



03 Audit Report



Our proposed opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORFOLK COUNTY COUNCIL ON THE PENSION FUND'S FINANCIAL STATEMENTS

Opinion

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2022 and the amount and disposition at that date of the its assets and liabilities as at 31 March 2022; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Council as administering authority for the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Strategic Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period of 12 months from when the Fund's financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Strategic Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.



Our proposed opinion on the financial statements

Other information

The other information comprises the information included in the Statement of Accounts 2021/22, other than the financial statements and our auditor's report thereon. The Director of Strategic Finance is responsible for the other information contained within the Statement of Accounts 2021/22.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.



Our proposed opinion on the financial statements

Responsibility of the Director of Strategic Finance

As explained more fully in the Statement of the Director of Strategic Finance's Responsibilities set out on page 77, the Director of Strategic Finance is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Director of Strategic Finance is also responsible for such internal control as the Director of Strategic Finance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Strategic Finance is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Administering Authority either intends to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with Director of Strategic Finance].

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Fund is complying with those frameworks by making enquiries of the Tmanagement. We corroborated this through [our reading of the Pension Board minutes, through enquiry of employees to confirm Pension policies, and through the inspection of employee handbooks and other information].
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.



Our proposed opinion on the financial statements

- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. Based on our risk assessment procedures we identified the manipulation of journal entries of the investment income and investment asset valuations and management override of controls to be our fraud risk.
- In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- To address our fraud risk we tested the consistency of the investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.
- The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation to the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of Norfolk County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



04 Audit Differences



Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation. Until our audit is fully complete it is possible that further differences may be identified.

Summary of unadjusted differences

At the date of this report, there are no unadjusted audit differences arising from our audit.

Summary of adjusted differences

Our audit identified a limited number of minor misstatements in disclosures which our team have highlighted to management for amendment. These have been corrected during the course of the audit and relate to disclosure and presentational matters in the Annual Accounts and the accounts included within the Annual Report.



05

Other reporting issues

01

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Norfolk Pension Fund Annual Report with the audited financial statements. We have reviewed the Pension Fund Annual Report and are satisfied that it is consistent with the financial statements. We have prepared and will issue a consistency statement to Management alongside our audit report.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Pension Fund's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

Other than those areas we have outlined in the previous section, we have nothing to report in respect of these matters.



06

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Pension Fund to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Fund has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

Update on prior year recommendations:

In the prior year, we identified a management control deficiency around the disclosure of level 2 and level 3 investments in Note 16 Fair Value – Basis of Valuation. We have not identified any similar occurrences in the current year.



07

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Pension Fund, and its members and senior management and its affiliates, including all services provided by us and our network to the Pension Fund, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees due for the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted. We confirm that we have not undertaken non-audit work.

Other communications

EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2022:

[EY UK 2022 Transparency Report | EY UK](#)

Relationships, services and related threats and safeguards

Services provided by Ernst & Young

Description	Planned Fee 2021/22 £	Scale Fee 2021/22 £	Final Fee 2020/21 £
Total Fee – Code work	20,866	20,866	20,866
Total agreed fees:	20,866	20,866	20,866
Changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	50,006 (provisional)	-	17,037
Additional audit fee in respect of work on behalf of admitted body auditors (charged to the Pension Fund) (Note 2)	15,000	-	12,500
Total fees	85,872	20,866	50,403

All fees exclude VAT

Note 1: We proposed an increase to the base scale fee of £40,005 for 2020/21 to reflect the cost of increased regulatory requirements. We also undertook additional work in regards to ISA 540, prior period adjustments and going concern. We submitted a scale fee variation to PSAA for 2020/21 of £54,699 and PSAA have determined a final additional fee totalling £17,037.

For 2021/22, the scale fee is again be impacted by the increased regulatory requirements as well as other factors which resulted in additional work, including some of those that were present in the prior year. We have proposed an increase of £50,006 in relation to the increased regulatory requirements, and will confirm our proposed additional fee to reflect work on other specific risks once we have concluded the audit. These additional fees will be again determined by PSAA.

Note 2: We plan to charge an additional fee of £15,000 in 2021/22 to take into account the additional work required to respond to IAS19 assurance requests from admitted bodies and their auditors. The Pension Fund can recharge this fee to the relevant admitted bodies.







08

Appendices

Required communications with the Audit Committee

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	Provisional Audit Plan – 15 July 2022
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Provisional Audit Plan – 15 July 2022
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report – 28 November 2022 – Audit Committee Audit Result Report – 15 February 2024 – Audit Committee

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	<p>Audit Results Report – 28 November 2022 – Audit Committee</p> <p>Audit Result Report – 15 February 2024 – Audit Committee</p>
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	<p>Audit Results Report – 28 November 2022 – Audit Committee</p> <p>Audit Result Report – 15 February 2024 – Audit Committee</p>
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	<p>Audit Results Report – 28 November 2022 – Audit Committee</p> <p>Audit Result Report – 15 February 2024 – Audit Committee</p>
Fraud	<ul style="list-style-type: none"> • Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Audit Committee responsibility 	<p>Audit Results Report – 28 November 2022 – Audit Committee</p> <p>Audit Result Report – 15 February 2024 – Audit Committee</p>

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<ul style="list-style-type: none"> Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> Non-disclosure by management Inappropriate authorisation and approval of transactions Disagreement over disclosures Non-compliance with laws and regulations Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report – 28 November 2022 – Audit Committee Audit Result Report – 15 February 2024 – Audit Committee
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <ul style="list-style-type: none"> The principal threats Safeguards adopted and their effectiveness An overall assessment of threats and safeguards Information about the general policies and process within the firm to maintain objectivity and independence Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.	Provisional Audit Plan – 15 July 2022 Audit Results Report – 28 November 2022 – Audit Committee Audit Result Report – 15 February 2024 – Audit Committee
External confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit Results Report – 28 November 2022 – Audit Committee Audit Result Report – 15 February 2024 – Audit Committee
Consideration of laws and regulations	<ul style="list-style-type: none"> Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	Audit Results Report – 28 November 2022 – Audit Committee Audit Result Report – 15 February 2024 – Audit Committee




Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Internal controls	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit 	Audit Results Report – 28 November 2022 – Audit Committee Audit Result Report – 15 February 2024 – Audit Committee
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report – 28 November 2022 – Audit Committee Audit Result Report – 15 February 2024 – Audit Committee
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report – 28 November 2022 – Audit Committee Audit Result Report – 15 February 2024 – Audit Committee
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	Audit Results Report – 28 November 2022 – Audit Committee Audit Result Report – 15 February 2024 – Audit Committee
Fee reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit plan is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Provisional Audit Plan – 15 July 2022 Audit Results Report – 28 November 2022 – Audit Committee Audit Result Report – 15 February 2024 – Audit Committee

Appendix B

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item 	Actions to resolve 	Responsibility 
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report.	EY and Management
Agreement of revised and approved set of Financial Statements	Agree all changes made to draft accounts are updated in the final set of accounts.	EY and Management
Management Representation Letter	Receipt of signed management representation letter.	Management

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point, no issues have been identified that would cause us to modify our opinion. A draft of the current opinion is included in Section 3.

Management representation letter - draft

This is our draft letter of management representation. This could be subject to change following the completion of the final audit procedures

Management Rep Letter

[To be prepared on the entity's letterhead]
[Date]

Ernst & Young
[Address]

This letter of representations is provided in connection with your audit of the financial statements of Norfolk Pension Fund ("the Fund") for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the period from 1 April 2021 to 31 March 2022 and of the amount and disposition of the Fund's assets and liabilities as at 31 March 2022, other than liabilities to pay pensions and benefits after the end of the period, have been properly prepared in accordance with the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We understand that the purpose of your audit of the Fund's financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records (See Note B)

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with [the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22].
2. We confirm that the Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.
3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Fund in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and are free of material misstatements, including omissions. We have approved the financial statements.
4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund, we believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/2022 that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
6. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

Management representation letter

Management Rep Letter

B. Non-compliance with laws and regulations including fraud

1. We acknowledge that we are responsible for determining that the Fund's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have not made any reports to The Pensions Regulator, nor are we aware of any such reports having been made by any of our advisors.
5. There have been no other communications with The Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of noncompliance with any legal duty.
6. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund's financial statements
 - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund, its ability to continue, or to avoid material penalties

- Involving management, or employees who have significant roles in internal control, or others
- In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. You have been informed of all changes to the Fund rules.
3. All material transactions have been recorded in the accounting records and [all material transactions, events and conditions] are reflected in the financial statements[, including those related to the COVID-19 pandemic and including those related to the conflict and related sanctions in Ukraine, Russia, and/or Belarus
4. We have made available to you all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date 5 December 2023.

Management representation letter

Management Rep Letter

5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
6. We confirm the completeness of information provided regarding annuities held in the name of the members of the management of the Fund.
7. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
8. No transactions have been made which are not in the interests of the Fund members or the Fund during the fund year or subsequently.
9. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22

10. From the date of our last management representation letter 13 December 2021 through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. **All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.**
2. **We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.**
3. **We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 26 to the financial statements all guarantees that we have given to third parties.**

E. Going Concern

1. Note 2 to the financial statements discloses all the matters of which we are aware that are relevant to the Company's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than the receipt of the 2022 triennial valuation described in Note 6 to the financial statements, there have been no events, including events related to the COVID-19 pandemic and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

Management representation letter

Management Rep Letter

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Accounts for the year 2021/22.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Independence

1. We confirm that, under section 27 of the Pensions Act 1995, no members of the management of the Fund of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

I. Derivative Financial Instruments

1. We confirm that all investments in derivative financial instruments have been made after due consideration by the members of the management of the Fund of the limitations in their use imposed by The LGPS Management and Investment of Funds Regulations 2016. The Fund's Investment Strategy Statement has been duly reviewed to ensure that such investments comply with any limitations imposed by its provisions. The financial statements disclose all transactions in derivative financial instruments that have been entered into during the period, those still held by the members of the management of the Fund at the Fund's year end and the terms and conditions relating thereto.
2. Management has duly considered and deemed as appropriate the assumptions and methodologies used in the valuation of 'over the counter' derivative financial instruments which the Fund is holding, and these have been communicated to you.

J. Pooling investments, including the use of collective investment vehicles and shared services

1. We confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS Management and Investment of Funds Regulations 2016 in respect of these investments has been followed.

K. Actuarial valuation

1. The latest report of the actuary Hymans Robertson as at 31 March 2022 and dated 20 April 2023 has been provided to you. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on this report.

L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we have engaged to value Private Equity Investments and IAS26 actuarial valuation disclosures and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

M. Estimates

Valuation of Level 3 Investments

1. We confirm that the significant judgments made in making the valuation of investments have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.

Management representation letter

Management Rep Letter

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of investments.
3. We confirm that the significant assumptions used in making the valuation of investments appropriately reflect our intent and ability to carry out the functions of the pension fund on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty [and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
5. We confirm that appropriate specialized skills or expertise has been applied in making the valuation of investments.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements, including due to the COVID-19 pandemic.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
5. We confirm that appropriate specialised skills or expertise has been applied in making the actuarial present value of promised retirement benefit estimate.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements, including due to the COVID-10 pandemic.

Yours faithfully,

Director of Strategic Finance

(Chair)

Actuarial Present Value of Promised Retirement Benefits Estimate

1. We confirm that the significant judgements made in making the actuarial present value of promised retirement benefit estimate have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the actuarial present value of promised retirement benefit estimate.
3. We confirm that the significant assumptions used in making the actuarial present value of promised retirement benefits estimate appropriately reflect our intent and ability to carry out the specific courses of action on behalf of the entity.

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ED None

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORFOLK COUNTY COUNCIL ON THE PENSION FUND'S FINANCIAL STATEMENTS

Opinion

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2022 and the amount and disposition at that date of the its assets and liabilities as at 31 March 2022; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Council as administering authority for the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Strategic Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern through to 31 March 2025.

Our responsibilities and the responsibilities of the Director of Strategic Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2021/22, other than the financial statements and our auditor's report thereon. The Director of Strategic Finance is responsible for the other information contained within the Statement of Accounts 2021/22.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects

Responsibility of the Director of Strategic Finance

As explained more fully in the Statement of the Director of Strategic Finance's Responsibilities set out on page 15, the Director of Strategic Finance is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Director of Strategic Finance is also responsible for such internal control as the *Director of Strategic Finance* determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the *Director of Strategic Finance* is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Administering Authority either intends to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with [Director of Strategic Finance].

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Fund is complying with those frameworks by making enquiries of the management. We corroborated this through our reading of the Pension Board minutes, through enquiry of employees to confirm Pension policies, and through the inspection of other information.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of minutes.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. Based on our risk assessment procedures we identified the manipulation of journal entries of the investment income and investment asset valuations and management override of controls to be our fraud risk.
- In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- To address our fraud risk we tested the consistency of the investment income and investment asset valuation from the independent sources of the custodian and the fund managers to the financial statements.
- The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation to the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of Norfolk County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Norfolk County Council and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP
Luton
X February 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORFOLK COUNTY COUNCIL

Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of Norfolk County Council ('the Authority') and its subsidiaries (the 'Group') for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Movement in Reserves Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement
- the related notes 1 to 47 to the Authority Accounts
- the related notes 1 to 16 to the Group Accounts
- and include the Firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of Norfolk County Council and the Group as at 31 March 2022 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Strategic Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Authority's ability to continue as a going concern for a period to 31 March 2025.

Our responsibilities and the responsibilities of the Director of Strategic Finance with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Other information

The other information comprises the information included in the Norfolk County Council Statement of Accounts 21-22, other than the financial statements and our auditor's report thereon. Director of Strategic Finance is responsible for the other information contained within the Statement of Accounts 21-22.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Authority.
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects.

Responsibility of the Director of Strategic Finance

As explained more fully in the Statement of the Director of Strategic Finance's Responsibilities set out on page 15, the Director of Strategic Finance is responsible for the preparation of the Statement of Accounts, which includes the Group financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Director of Strategic Finance determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Strategic Finance is responsible for assessing the Group and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Authority either intends to cease operations, or has no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are:

- Local Government Act 1972,
- Education Act 2002 and school Standards and Framework Act 1998 (England)],
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- National Health Service Act 2006,
- Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948),
- The Local Government Finance Act 2012,
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Group and the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how Norfolk County Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Group and the Authority's committee minutes, through enquiry of employees to confirm Group and the Authority's policies and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with

the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Group and the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified a risk of inappropriate capitalisation of revenue expenditure (including revenue expenditure funded by capital under statute) and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested a sample of the Group and the Authority's capitalised expenditure and revenue expenditure funded by capital under statute to ensure the criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We also assessed whether the judgements made in making accounting estimates are indicative of a potential bias and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether Norfolk County Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Norfolk County Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Norfolk County Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in Certification of Completion of the Audit

We cannot formally conclude the audit and issue an audit certificate until the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Norfolk County Council. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Norfolk County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Group and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
Date

Audit and Governance Committee

Item No: 10

Report Title: Work Programme

Date of Meeting: 15th February 2024

Responsible Cabinet Member: N/A

Responsible Director: Harvey Bullen, Director of Strategic Finance, Section 151 Officer, Finance Directorate

Is this a Key Decision? No

Executive Summary

The Committee's work fulfils its Terms of Reference as set out in the Council's Constitution and agreed by the Council. The terms of reference fulfil the relevant regulatory requirements of the Council for Accounts and Audit matters, including risk management, internal control and good governance.

Following constitutional changes agreed by Full Council on 19th of July 2022 the Audit and Standards Committee have merged.

Recommendations

The Committee are asked to consider and agree:

- the work programme for the Committee
- if further information is required.

1. Background and Purpose

- 1.1 In accordance with its Terms of Reference, which is part of the Constitution, the Committee should consider the programme of work set out below.

2. Proposal

2.1 The proposed work is set out below:

- **April 2024** reports
 - Director of Strategic Finance (S151 Officer)
 - Internal Audit Strategy and Plan 2024-25
 - External Audit Letter and Audit Plan 2024
 - Treasury Management Report 2023-24
 - Risk Management Report and Risk Management Annual Report 2023-24
 - Insurance Annual Report 2023-24
 - Audit and Governance Committee Annual Report 2023-24
 - Norfolk Audit Services Annual Report 2023-24 (including Quarter ended April 2024)
 - Audit Committee – Terms of Reference
 - Audit Committee Work Programme
 - Assistant Director Legal Services (Monitoring Officer)
 - Anti-Fraud and Corruption Strategy and Whistleblowing Update and Anti-Fraud and Corruption Annual Report 2023-24
- **July 2024** reports
 - Director of Strategic Finance (S151 Officer)
 - Governance of Norfolk Pension Fund 2023-24
 - NAS Quarterly Report Quarter ended June 2024
 - Risk Management Report
 - Audit Committee Work Programme
 - Assistant Director Legal Services (Monitoring Officer)
 - Annual Monitoring Officer report 2023-24
 - Anti-Fraud and Corruption Strategy and Whistleblowing Update
 - Executive Director of Strategy and Transformation
 - Annual SIRO Report 2023-24
- Medium Term topics to note:

- Executive Director, CES - Environmental Policy Update

2.2 The Committee may wish to propose further reports on additional topics relevant to the Committee's terms of reference.

3. Impact of the Proposal

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

4. Evidence and Reasons for Decision

4.1 Not applicable.

5. Alternative Options

5.1 There are no alternative options.

6. Financial Implications

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

7. Resource Implications

7.1 There are no Staff/Property or IT implications

8. Other Implications

8.1 There are no Legal /Human Rights/ Equality Impact Assessment (EqIA) /Data Protection Impact Assessments (DPIA)/Health and Safety/Sustainability or other implications.

9. Risk Implications / Assessment

9.1 There are no risk implications. Risk Management reports feature in the programme.

10. Select Committee Comments

10.1 None.

11. Recommendations

1. Please see the Executive Summary above.

12. Background Papers

12.1 None.

Officer Contact

If you have any questions about matters contained within this paper, please get in touch with:

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