

Audit Committee

Date: **Thursday 21 January 2021**

Time: **2pm**

Virtual meeting via Teams

Pursuant to The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020, this meeting of Norfolk County Council Audit Committee will be held using video conferencing.

[Please follow this link to view the meeting online.](#)

Members of the Committee and other attendees will be sent a separate link to join the meeting.

Membership:

Cllr Ian Mackie – Chair
Cllr Judy Oliver – Vice-Chair

Cllr Colin Foulger
Cllr Chris Jones
Cllr Haydn Thirtle
Cllr Karen Vincent
Cllr Brian Watkins

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 15 October 2020.

Page **4**

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 NAS Quarterly Report for the Quarter ended December 2020.

Report by the Executive Director of Finance & Commercial Services.

Page **15**

6 Risk Management

Report by the Executive Director of Finance & Commercial Services

Page **43**

7 Counter Fraud, Bribery and Corruption Annual Report 2020-21 (including whistleblowing)

Page **88**

Report by the Director of Governance

- | | | |
|----------|---|-----------------|
| 8 | Internal Audit Strategy, Our Approach and the Audit Plan 2021/22.
Report by the Executive Director of Finance & Commercial Services | Page 109 |
| 9 | Work Programme
Report by the Executive Director of Finance & Commercial Services | Page 136 |

Tom McCabe
Head of Paid Service
Norfolk County Council
County Hall
Martineau Lane
Norwich
NR1 2DH

Date Agenda Published: 13 January 2021



If you need this document in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or (textphone) 18001 0344 800 8020 and we will do our best to help.

Audit Committee

Minutes of the Virtual Teams Meeting held on Thursday 15 October 2020 at 2pm

Present:

Cllr Ian Mackie – Chairman
Cllr Colin Foulger
Cllr Chris Jones
Cllr Mark Kiddle-Morris
Cllr Judy Oliver – Vice-Chair
Cllr Haydn Thirtle

Vacancy – Liberal Democrat Group

1 Apologies for Absence

- 1.1 An apology was received from Cllr Karen Vincent (Cllr Mark Kiddle-Morris substituted).

2 Minutes

- 2.1 The minutes from the Audit Committee meeting held on 30 July 2020 were agreed as an accurate record.

3 Declaration of Interests

- 3.1 Cllr Ian Mackie declared a non-pecuniary interest in agenda item 5 (Annual Statement of Accounts and Annual Governance Statement – List of Members of the Norfolk Pension Fund) as he was a Governor at Dussindale Primary School; a Town Councillor on Sprowston Town Council and a Town Councillor on Thorpe St Andrew Town Council.
- 3.2 Cllr Haydn Thirtle declared an interest as a Member of the Norfolk Pension Fund.
- 3.3 Cllr Judy Oliver declared an interest as the Chair of the Norfolk Pensions Committee.

4 Items of Urgent Business

- 4.1 The Chair wished to place on record his thanks to the Finance and Internal Audit Teams for their work during the Covid-19 pandemic in continuing to deliver services; he commended the work of the Finance Team in preparing the 2019-20 accounts and the budget for 2021-22 and also placed on record the Committee's thanks to Dr Louise Smith and the Public Health Team for the work they had carried out to mitigate and combat some of the localised outbreaks of covid-19.

The Committee **agreed** to consider agenda item 6 (Norfolk County Council and Norfolk Pension Fund Audit Results Reports – Audit Committee Summary for the year ended 31 March 2020 as its next item of business.

5 Norfolk County Council and Norfolk Pension Fund Audit Results Reports – Audit Committee Summary for the year ended 31 March 2020.

- 5.1 The Committee received the report by the Executive Director of Finance and Commercial Services introducing the External Auditor's (Ernst & Young) Norfolk County Council and Norfolk Pension Fund Audit Results Reports – Audit Committee Summary for the year ended 31 March 2020.
- 5.2 The Executive Director of Finance & Commercial Services commended the work of the Finance Team and departmental Finance colleagues in producing the accounts for 2019-20 whilst working in the different arrangements caused by the covid-19 pandemic.
- 5.3 The Committee welcomed David Riglar and Mark Hodgson from Ernst & Young to the meeting.
- 5.4 Mr Hodgson, from External Auditors Ernst & Young introduced the Norfolk County Council Audit Results Report during which the following points were noted:
- 5.4.1
- The preparation of the financial statements of accounts during the lockdown period, followed by the completely remote audit had proved a significant challenge for everyone involved.
 - Specific audit considerations on the challenges brought about by covid from an accounting and financial reporting perspective were around property, plant and equipment valuations; going concern and pension asset valuations.
 - Due to the covid-19 pandemic the latest publication date for the accounts had been moved to 30 November 2020.
 - The materiality level set for Norfolk County Council was £26.75m.
 - The following updates to the published report were noted:
 - Pension Assurance – work had been completed on the Pension Fund aspect, and the conclusions documented. The assurance letters would be finalised in the next couple of weeks.
 - The conclusions and judgments about how Hymans, the Actuary, had made some assumptions around the McCloud judgement were currently being finalised.
 - No update was yet available for the property, plant and equipment valuations.
 - There were no issues for the Audit Committee to consider from file work and review completed on the Norse Group audit and the reliance on PWC as the component auditor.
 - Audit differences found during the audit process had identified one adjusted numerical difference of £5.89m which was well below the materiality level and had been identified as a school development originally classified as asset under construction and which had actually opened. It had been moved to an operational asset within the revised statements.

- The other disclosure updates were around the addition of a going concern note and additional narrative around estimation uncertainty.
- There was one unadjusted audit difference resulting from the consolidation of Norse into the Group Accounts as Norse, being a private company had adopted the IFRS 16 lease standards in its single entity accounts, whereas Local Government Accounts did not need to include this standard. Officers had chosen not to unconsolidate it within the adjustment which amounted to £10.35m – well below the materiality level and which would not impact on the overall audit opinion. The Committee was advised to consider the point and concur with management's judgement.
- Regarding Audit Risks, the Committee noted the following:
 - Fraud risks – there were no indications of management override and no specific fraud issues in any of the specified areas had been identified.
 - Pension Liability – The External Auditors were concluding work on this aspect. The McLeod Judgement was an issue for consideration for a second year and this was being worked through with officers to provide a revised IS19 actuarial assessment.
 - Schools Transferring to Academy Status - there were no issues to report.
 - Property, plant and equipment – the only classification issue was a school moving from an asset under construction to an operational asset of £5.8m.
 - Fair Value Assets - Work was being concluded on fair value assets with the External Auditors property experts.
 - Private Finance Initiatives - there were no matters to draw to the attention of the Committee.
 - Dedicated Schools Grant - there were no matters to draw to the Committee's attention regarding the dedicated schools grant, although it was noted there would be no statutory override in relation to 2019-20 and the accounts and therefore the accounting treatment officers had adopted was correct for this period.
 - Going Concern was a major area of consideration for the auditors following covid-19.
 - Going Concern - As no Local Government funding settlement was in place, EY had considered management's assessment appropriate and had considered liquidity to support cash flow; reserve position; budget overruns. The External Auditors had also stress-tested all of those and was comfortable that going concern was the appropriate basis to prepare the accounts.
- The External Auditors confirmed their conclusion of an "Unqualified Opinion".
- The main focus regarding Value for Money had been on financial resilience. The budget process, savings assumptions, savings delivered in the financial year and financial monitoring approaches had been reviewed and there had been no evidence to suggest that the arrangements were unsatisfactory. It was expected that an Unqualified and Value for Money conclusion would be made.

- The external Auditors had not yet received notification from the National Audit Office, about the procedures for completing whole of government accounts and consolidating the Norfolk County Council accounts into UKPLC. The consolidation work would need to be concluded before the audit certificate could be issued.
 - The External Auditors thanked the Finance Team for their cooperation over the last 2-3 months.
- 5.5 The Chairman welcomed the expectation of an unqualified set of accounts which was an excellent achievement, particularly following the covid pandemic and thanked the External Auditors for their work in achieving that position.
- 5.6 The Committee placed on record its thanks to Ernst & Young for the excellent report which had been completed under very difficult circumstances.
- 5.7 Mr Hodgson introduced the Norfolk Pension Fund Audit Results Report during which the following points were noted:
- The materiality level the External Auditors were working to for the Pension fund was £36.2m.
 - Work had been completed apart from the External Auditors writing to the Admitted Body Auditors as part of the IS19 Assurance work around the triannual valuation and assurance.
 - There was one unadjusted audit difference of £13.72m which was due to a timing difference and asset values based on valuation at 31 December 2019. This was not a material factor and not adjusting the figure would not have an impact on the audit opinion, although it was for the Committee to consider and concur with management's view that the figure should not be adjusted.
 - There were no numeric adjusted errors to any of the Statements.
 - There was one disclosure which was in relation to a going concern; the circumstances of which were set out in the report.
 - There was no indication of any management override from the audit testing relating to fraud risk.
 - The pooled property fund held by Norfolk Pension Fund had been considered, but it was concluded it was not a significantly proportional balance and would not have an impact given that there were currently some uncertainties around valuation within the property sector.
 - The External Auditors had challenged the going concern assessment and was now comfortable that the going concern assessment was the basis the accounts should be prepared on and that the additional disclosure prepared was adequate.
 - It was confirmed that the External Auditors would be able to issue an unqualified audit opinion on the Pension Fund statements.
 - The Pension Fund finance team were thanked for all their help during the audit.
- 5.8 The Chairman welcomed the achievement of another unqualified set of accounts.
- 5.9 The Vice-Chair, as Chair of the Norfolk Pensions Committee, thanked the Pension Fund staff for completing the work during the covid shut-down and added her appreciation for the effort which had gone into the accounts.

- 5.10 The Committee placed on record its thanks to everyone concerned in producing the accounts.
- 5.11 In response to a question from the Committee about the level of volatility in the net pension liabilities and how the Committee could be reassured the Pension Fund could meet those challenges, the following points were noted:
- The pension liability figure was the amount of money which would be required if everyone in the pension fund needed to be paid out immediately. The Actuary provided Pension Fund officers and the Pensions Committee with quarterly updates as to the extent to which the Fund was funded, which was currently at approximately 90%. The actuarial model fluctuated due to differences in demographics, interest rates and bond rates which made it difficult to model where it would be at any given point.
 - The membership of the Norfolk Pension Fund remained relatively static, although backdated additional payments and judgements such as the McLoud judgement could have a significant impact on the liability.
 - The Head of Funding & Investment explained the difference in context between the accounting standard IS19 and the actual approach to valuing liabilities on the triennial valuation by the actuary and where they were in accordance with local government regulations and actuarial standards.
- 5.12 The Committee thanked everyone concerned in the excellent report and for the work completed by the Pension Fund and External Auditors.
- 5.13 The Committee considered the report and **RESOLVED** to **note**:
- The matters raised in the Ernst & Young Norfolk County Council and Norfolk Pension Fund Audit Results Reports before Ernst & Young issue their audit opinions.

6 Annual Statement of Accounts and Annual Governance Statement 2019-20

- 6.1 The Committee received the report by the Executive Director of Finance & Commercial Services presenting Norfolk County Council's Annual Statement of Accounts and Annual Governance Statement 2019-20.
- 6.2 A copy of the updates to the Statement of Accounts since the agenda had been published had been circulated to the Committee before the meeting and are attached at Appendix A to these minutes.
- 6.3 The following information was noted in response to questions from the Committee:
- 6.3.1 The valuation of Heritage Assets was based on insurance valuations where known. When the accounting rules were introduced a few years ago regarding heritage assets, there were some assets, eg paintings, that did not have a valuation. Valuations, based on insurance valuations, were available for some wind pumps and windmills and these had been used. Therefore, to comply

with the accounting rules and guidance a value was given to the heritage assets and had been added to the balance sheet.

6.3.2 Norfolk County Council held very little investment property. It jointly owned, with Norwich City Council, the Norwich North Industrial Estate near the airport. The vast majority of investments were made up of cash held by banks and money market funds. No money had been invested in pooled property funds.

6.3.3 The Committee considered the report and **RESOLVED** to:

1. **Agree** that, following annual reviews, the systems of internal control and internal audit are considered adequate and effective;
2. **Approve** the Annual Governance statement;
3. **Note** the non-material audit differences set out in paragraph 6 of the report, with further details in paragraph 6.6 of the Annex to the report;
4. **Approve** the Council's 2019-20 Statement of Accounts on the basis that they may be subject to non-material amendments and clarifications resulting from further audit work prior to certification by the Executive Director of Finance and Commercial Services after consultation with the Chair and Vice-Chair of the Audit Committee.

7 Audit Letters of Representation 2019-20

7.1 The Committee received the report by the Executive Director of Finance and Commercial Services introducing the audit letters of representation of Norfolk County Council and of Norfolk Pension Fund for 2019-20.

7.2 A copy of the updated draft Letters of Representation was circulated to the Committee before the meeting started and is attached at Appendix B.

7.3 The Committee noted that the two draft Letters of Representation in respect of the Norfolk County Council and Norfolk Pension Fund would be updated to reflect the views of the External Auditors when they had completed their work, and would be signed by the Chair and Executive Director of Finance & Commercial Services when they were ready.

7.4 The Committee considered the report and **RESOLVED** to:

- **Note** the unadjusted audit differences set out in paragraphs 6.2 and detailed in paragraph A5 and A7 of the draft Letters of Representation attached to the report.
- **Endorse** the Letters of Representation in respect of the Pension Fund and of Norfolk County Council and, on the basis that they may be subject to non-material amendments and clarifications resulting from further audit work prior to signature, delegate the Chair of the Audit Committee and Executive Director of Finance & Commercial Services to sign the letters on behalf of the Council.

8 Norfolk Audit Services Report for the Quarter ending 30 September 2020.

8.1 The Committee received the report by the Executive Director of Finance & Commercial Services updating it on the overall opinion on the effectiveness of

risk management and internal control and setting out the work to support the opinion and any matters of note.

8.2 In introducing the report, the Committee's attention was drawn to the following:

- Two further audit opinion reports had been completed since the report was published.
- Work was progressing on the audit opinion work for the current year.
- The audit plan had been adjusted to reflect that, if a second wave of covid did happen, the work of frontline or back office services would not be hindered by audit work.
- Grant certification work should not be affected by a second wave of covid and processes had been established to enable the work to continue.
- Risk assessments were currently being completed to recommence school audit visits. It was expected this work would restart after the October half-term.
- Parliament was half-way through a second reading of the Public Disclosure Act and plans were underway to ensure that if the Bill became law the team was ready to implement any changes.

8.3 In response to a question, the Committee was reassured that any corporate high priority recommendations following audits were followed up with the departmental owner of the recommendations. Where recommendations were medium or low priority, they were not routinely followed up but covered off at the next audit as a matter of routine. The Committee also noted that if recommendations were not progressed, there were other routes the Internal Audit Team could explore to escalate problems.

8.4 The Committee considered the report and **RESOLVED** to:

- **Agree** the key messages featured in the quarterly report; that the work and assurance meet their requirements.

9 Risk Management

9.1 The Committee received the report by the Executive Director of Finance and Commercial Services referencing the corporate risk register as it stood in October 2020, following the latest review conducted during September 2020.

9.2 In introducing the report, the Risk Manager highlighted those risks which had been updated since the last meeting.

9.3 Regarding Risk RM023 (Failure to respond to changes to demography, funding and government policy, with particular regard to Adult Services), the target date had moved to March 2022. The Risk Manager apologised for not including the update in the risks updated since the last meeting and explained that the previous target date had reflected the expectation that Adult Social Care would have received the Government Green Paper. The Executive Director of Finance & Commercial Services reiterated that it was hoped some certainty would be received by 2022, but in the meantime, services would continue to be delivered to Norfolk residents in the current budgetary constraints.

9.4 The Committee considered the report and **RESOLVED** to **agree**:

- The key messages as per section 2.1 of the report.
- The key changes to the generic corporate risk register (Appendix A)
- The corporate risk heat map (Appendix B)
- The latest generic corporate risks (Appendix C)
- Scrutiny options for managing corporate risks (Appendix C)
- Background Information (Appendix E).

10 Work Programme

- 16.1 The Committee received the report by the Executive Director of Finance and Commercial Services setting out the work programme.
- 16.2 The Committee **agreed** that the proposed report on Covid-19 Recovery Update would be included as part of the NAS Quarterly Report for Quarter ended December 2020, as long as it contained sufficient information and detail for the Committee to consider.
- 16.3 The Committee considered and **noted** the report.

The meeting ended at 3.15 pm

Chairman



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

Changes to statement of accounts text since draft circulated

Note 47 Going Concern: Additional text

The Council has undertaken cash flow modelling through to March 2022 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework, with a minimum headroom of £192 million.

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of the audit report, based on its cash flow forecasting and the resultant liquidity position of the Council, taking account of the cash and short term investment balances of £177 million at 30 September 2020 and the ability for additional borrowing under the Treasury Management Policy of up to £140 million. This demonstrates that the Council has sufficient liquidity over the same period, assuming forecast additional borrowings of £140 million.

Note 44 Assumptions made about the future and Other Major Sources of Estimation Uncertainty

- Amended text

Since 31 March 2020, Norfolk County Council has been in regular contact with its valuers. At no stage has any evidence come to light that the value of the Norfolk County Council properties portfolio has materially reduced or increased since valuations were undertaken during the 5 year valuation cycle. This is supported by external indices including Office for National Statistics house price inflation, and BCIS indices which underpin a significant proportion of the valuation of such operational Land and Property. The council has been informed that the 'material valuation uncertainty' clause has now been lifted for more recent certain valuations, with the RICS statement amended to state that "some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value". As a result of all these factors, the Council considers its 31 March 2020 property valuation remain materially accurate.

Group accounts introduction

A short note added stating that Educator Solutions Ltd was "dissolved on 13 October 2020".

Representations added to the draft Letter of Representation at request of auditors

Paragraph	Representation added
A1 Financial Statements and Financial Records	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.
A5 Unadjusted audit differences	Group account provisions: provision for repayment of a grant to Norse Development Company which according to the terms of the grant could be recalled. The amount of the grants is approximately £3m. As this is the maximum exposure it is not considered material to the Group accounts.
C7 Information Provided and Completeness of Information and Transactions	From the date of our last management representation letter to you, 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.
F Accounting Estimates	<ol style="list-style-type: none"> 1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable. 2. In respect of accounting estimates recognised or disclosed in the financial statements: <ul style="list-style-type: none"> • We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent. • The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework. • The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures. • No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.
H1 Going Concern	The Group and Council has prepared the financial statements on a going concern basis and that Note 47 to the Council's financial statements discloses all of 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 future financial plans and the veracity of the associated future funding allocations from the Department of Housing, Communities and Local Government, the sufficiency of cash flows to support those financial plans.
L1 Retirement benefits	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.

Representations added to the draft Letter of Representation at request of auditors

Paragraph	Representation added
A1 Financial Statements and Financial Records	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.
A5 Unadjusted audit differences	Group account provisions: provision for repayment of a grant to Norse Development Company which according to the terms of the grant could be recalled. The amount of the grants is approximately £3m. As this is the maximum exposure it is not considered material to the Group accounts.
C7 Information Provided and Completeness of Information and Transactions	From the date of our last management representation letter to you, 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.
F Accounting Estimates	<ol style="list-style-type: none"> 1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable. 2. In respect of accounting estimates recognised or disclosed in the financial statements: <ul style="list-style-type: none"> • We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent. • The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework. • The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures. • No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.
H1 Going Concern	The Group and Council has prepared the financial statements on a going concern basis and that Note 47 to the Council's financial statements discloses all of 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 future financial plans and the veracity of the associated future funding allocations from the Department of Housing, Communities and Local Government, the sufficiency of cash flows to support those financial plans.
L1 Retirement benefits	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.

Audit Committee

Item No. 5

Decision Making Report title:	Norfolk Audit Services Report for the Quarter ending 31 December 2020
Date of meeting:	21 January 2021
Responsible Cabinet Member:	Not applicable
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services
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 Audit 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.

The Council has an approved Business Plan, 'Together, for Norfolk' setting out a clear set of priorities. Internal Audit's work will contribute to these new priorities through the activity set out in supporting Service Plans.

The Covid-19 outbreak, which started in late 2019 and developed rapidly during early 2020, meant that the Council deployed the Civil Contingencies Act 2004 [1] provisions and in order to follow government guidance on remote working and social distancing suspended Council meetings. In May the Council successfully deployed remote Council meetings for Cabinet and Scrutiny meetings. Decisions have been taken by Cabinet Portfolio Holders or the Head of Paid Service, as allowed for in the Council's Constitution. Business and officer meetings, briefings, communication and training continued successfully in a virtual format exploiting and leveraging the Council's Microsoft TEAMS facilities. The system has shown capacity for over 3,000 simultaneous remote users. The Government passed a Coronavirus Act 2020 in March 2020 and has subsequently issued supporting regulations. The Council has participated in the Norfolk Resilience Forum and held effective Gold and Silver meetings daily throughout the peak of the outbreak, including for risk management. A detailed report on the Covid-19 response and the financial implications was reported to Cabinet on Monday 11 May 2020. The report can be found at this [link](#). An update on the governance of the Covid-19 response is included in this report at **Appendix D**.

The Chief Internal Auditor reviews the effectiveness of the system of internal control, including risk management, throughout the year and reports annually to the Audit Committee. The Chief Internal Auditor reports that, for the quarter ended 31 December 2020 the system of internal control, including the arrangements for the management of risk were acceptable and therefore considered sound.

Note 1: Councils are category one responders under the Civil Contingencies Act 2004, which sets out the legislative framework for responding to emergencies such as the Covid-19 outbreak. As part of the local resilience forum councils work with local partner organisations to plan and activate emergency responses and there are established officer-led processes for leading the strategic (gold), tactical (silver) and operational (bronze) responses under the 2004 Act.

Recommendation

- **To consider and agree**
 - the key messages featured in this quarterly report, that the work and assurance meet their requirements and advise if further information is required
 - **The governance arrangements for the Covid-19 response and the Recovery (as described in Appendix D) continue to be sound and effective and will be reported in the draft Annual Governance Statement 2020-21 when it is published.**

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 was based on a risk assessment and this is continuously reviewed throughout the year.
- 1.2 This report supports the remit of the Audit Committee in providing proactive leadership and direction on audit governance and risk management issues. The purpose of this report is to update the Audit Committee on the progress with the delivery of the internal audit work 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 Audit Committee are recommended to consider and agree:
- the key messages below
 - that the work and assurance meet their requirements and advise if further information is required
 - **The governance arrangements for the Covid-19 response and the Recovery (as described in Appendix D) continue to be sound and effective and will be reported in the draft Annual Governance Statement 2020-21 when it is published**

- 2.2 The key messages are as follows: -

2019/20 Opinion work

- Our current position as at 31st December 2020 on 2019/20 audits is shown in the table below and the final reports issued quarter 3 2020/21 are shown at **Appendix A** with a summary of the audit objectives and actions where the opinion was 'Key issues – red or amber'.

Status	Number
Final reports	29

Draft reports	0
WIP	0
Not started	1 (to be c/fwd into 2020/21 Audit Plan)
Total audits	30

2020/21 Opinion work

- CIPFA have just issued guidance (November 2020 link) to Internal Auditors and the Leadership Team and Audit Committee of Local Government Bodies regarding [the Head of Internal Audit Annual Opinions: addressing the risk of a limitation of scope for 2020/21](#). The impact of COVID-19 on all the public services has been considerable and for internal auditors it has raised the question of whether we will be able to undertake sufficient internal audit work to gain assurance during 2020/21. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Head of Internal Audit (HIA) to issue an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that Council relies on for its annual governance statement. While any limitation of scope will only be formally published in 2021 as part of the HIA's annual report, this guidance addresses the importance of early identification of the risk.

The Chief Internal Auditor does not foresee there being a need for a limitation of scope for the Council as we have a robust audit plan for this present year and will be able to undertake sufficient internal audit work (covering Governance, Risk Management and Internal Control work to support the opinion). The team are doing well at moving the audits within the plan forward (being sensitive to Covid-19 priorities). We have adequate resources to meet the ask and we have consistently met the PSIAS. We have not been able to undertake any school traded audits since the start of the pandemic. We are of the opinion that with the foundation of all our past school traded audits and the School Finance Team's work, that this not a material issue.

- **Appendix B** details the audits that have been agreed which are considered relevant to continue with in 2020/21. To avoid any potential audit burden and impact due to responses to the ongoing Covid-19 situation, those audits are grouped into four risk assessed categories as follows: -
 - Opinion Work (Final, Draft or work which is well progressed)
 - Audits which would be deferred if it is deemed to hinder the delivery of front-line services
 - Audits which would be deferred if it is deemed to hinder the delivery of back office functions
 - Audits which could be deferred until 2020/21 as considered a lower priority

The situation will be monitored and reported back to the Committee during the year.

- Our current cumulative position as at 31st December 2020 on 2022/21 audits is shown in the table below.

Status	Number
Final reports	5
Draft reports	0
WIP	8
Not started	12
Cancelled	2
On hold	1
Total audits	28

2020/21 Grant Certifications

- The grant certifications completed up to the end of quarter 3 are detailed in **Appendix C**. The progress is satisfactory.

2020/21 Traded Full School Audits

- We recognise the 'No Additional Burden' policy for schools. No traded full school audits have been completed so far in 2020/21. This is not considered a material limitation.

Overall Opinion

- This quarterly NAS report confirms that the overall opinion on 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)

High Priority Findings

- The progress with resolving the corporate High Priority findings (CHPF) is acceptable. Three have now been signed off as acceptable action taken to mitigate the risks and implement the agreed actions. One new CHPF has been added and is being monitored by NAS and will be reported on in our next quarterly report.

FCE

- There is satisfactory progress of the Audit Authority work for the France Channel England Interreg Programme.

Human Resources and Finance System Transformation Programme

- NAS are keeping a watching brief on the implementation of the Human Resources and Finance System Transformation Programme. A full programme update report was taken to the Corporate Select Committee on 9 November 2020 by the Executive Director, Strategy and Governance and the Executive Director, Finance and Commercial Services ([link](#)). As part of strengthening of the leadership and governance of the programme that report explained that a Head of HR and Finance Programme (equivalent to a Programme Director) has been appointed in order to ensure appropriate leadership of the programme team during the critical implementation phase. NAS met with the Programme Director during November to discuss assurance around the wider governance arrangements of the programme and the plans to strengthen this. The Programme Director confirmed that she is comfortable with the governance arrangements and the status of the consolidated programme highlight reports. NAS have requested advisory and assurance involvement in the relevant workshops where internal controls and processes will be covered within the Implementation phase over the coming months.

Other

- Internal Audit's mission is to enhance and protect organisational value by following Public Sector Internal Audit Standards (PSIAS). CIPFA Services were commissioned to undertake an external quality assessment in early 2017. An independent external quality assessment of how the Public Sector Internal Audit Standards (PSIAS) are being met by us is required every five years and our next review is not be due until 2022. Self-review against the PSIAS is ongoing in the meantime, and the results will be reported to Audit Committee in our Annual Report.
- .
- A covid-19 recovery update is provided at **Appendix D**.
- Technical notes are at **Appendix E** for reference.

3. Impact of the Proposal

- 3.1 The Accounts and Audit Regulations 2015 (as amended in 2020) 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).
- 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 Business plan, 'Together, for Norfolk'.
- 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 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. 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 no IT 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. **Health and Safety implications** (where appropriate)

There are no health and safety implications

8.5. **Sustainability implications** (where appropriate)

There are no sustainability implications

8.6. **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. Recommendation

11.1. See Action Required in the Executive Summary above.

12. Background Papers

12.1. Internal audit strategy, our approach and 2019-20 audit plan
Internal audit terms of reference (Charter)
Section C Financial Regulations

Officer Contact

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

Officer name: Adrian Thompson **Tel No.:** 01603 222784

Email address: Adrian.thompson@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.

Norfolk Audit Services

Final Reports Issued in the Quarter ending 31 December 2020

NOTE: This report is for audits completed to the 31 December 2020. Any audits completed up to the Audit Committee meeting will be reported verbally at the meeting.

Final Reports: - Issued in Quarter 3

2019/20 Audit Plan: -

Opinion Work

1. Senior management monitoring of significant contracts – Key Issues - Amber

Audit Objectives: -

1. Sound arrangements for internal control are in place including planning, appraising, authorising and controlling their [Contract] operations to achieve continuous improvement, economy, efficiency and effectiveness and in order to achieve their targets.
2. The adequacy and effectiveness of senior management monitoring of the successful delivery of the objectives and goals of the top 50 contracts as relevant to their directorates.

Robust action plans are in place to address our recommendations as follows: -

- a) Senior managers have been asked to clearly define what reports and information they require from their contract managers on their significant contracts.
- b) Senior managers have been asked to define what constitutes an exception, which would be expected to be reported immediately or within a defined period of time to them for contract managers.
- c) Directorates have been asked to put a formal delegation of authority for decision making in place, clearly defining the types of decision that can be made by those involved in the contract, including any monetary parameters, for significant contracts.

2. Contract Management within Adult Social Services (ASS) – Key issues – Amber

Audit Objectives: -

1. To provide assurance on the adequacy and effectiveness of the contract management controls in place to deliver the objectives and goals of Adult Social Services and to ensure value for money.
2. To provide assurance that there is a consistent risk-based approach to contract management within Adult Social Services with contract management and monitoring responsibilities clearly defined to ensure accountability for contract management processes.

Robust action plans are in place to address our recommendations as follows: -

- a) ASS have been asked to develop a consistent approach to performance monitoring across their commissioning function.
- b) ASS have been asked to put in place regular structured and informal communication mechanisms with service providers with ser agendas for structured communications and actions documented and monitored proportionate to the value and risks of the contract.
- c) ASS have been asked to put in place proportionate annual reviews of the service commissioned.
- d) ASS have been asked to put a formal delegation of authority for decision making in place, clearly defining the types of decision that can be made by those involved in the contract, including any monetary parameters.
- e) ASS have been asked to define what constitutes an exception, which would be expected to be reported immediately to the Commissioning Leadership Team (CLT) or within a defined period of time.
- f) ASS have been asked to include the cyclical contract management activities including performance requirements on the Contract Data List used by the CLT to monitor contracts.
- g) ASS have been asked to ensure that CLT are kept informed of all contracts they are responsible for, with the level of reporting received defined on a risk and value basis and RAG ratings used to report performance.

School Traded Audits 2019/20

1. East Harling Primary School and Nursery – Key Issues – Amber
2. Lakenham Primary School – Key Issues - Amber

Management letters 2019/20

1. Delayed Transfer of Care (DToC) Follow Up: -

The follow up audit was to provide assurance that the agreed actions were now in place, operating in practice and were mitigating, or minimising the risks identified by us to an acceptable level. Of the eight recommendations, one had been fully implemented, two had been partially implemented and five had not been implemented although for one of these, alternative action had been taken to assist with the verification process.

Initially the focus was to look at the overall DToC processes at the Norfolk and Norwich University Hospital (NNUH), as this setting is the largest and records the highest DToC numbers. Due to workshops being carried and a Standard Operating Procedure being put in place, the DToC process has improved with the NNUH; however, the DToC process for the other NHS settings still requires improvement.

Since our management letter was issued, the process for reporting DToC figures has been put on hold to release NHS capacity to support the response to Covid-19. Guidelines issued by the Department for Health during Covid-19 informed that Authorities should be carrying out rapid discharging into the community and then assessing the patient. The 'Discharge to Assess' process is still in place and patient charging will be reinstated after a 6 week period during which time assessment will take place. It is not yet known what the guidance will be regarding DToCs and their reporting requirements going forward.

2020/21 Audit Plan: -

Opinion Work

1. Third River Crossing – Acceptable

2. IMT Data Centres – Key issues – Amber

Audit Objectives: -

To provide assurance over the adequacy and effectiveness of the controls in place to ensure that: -

1. Data centres remain secure and operational.
2. Data centres have been built with environmental hazards in mind and in compliance with the contracted specification.
3. Sufficient information is received to monitor and address changes in the physical environment of data centres, including the sufficiency of power supply resilience and battery power provisions (UPSs).
4. Data centres are safeguarded against unauthorised access and a process is in place to deal with persistent attempts of unauthorised access.
5. The lessons learnt from the disaster recovery exercise undertaken in April 2019 have been implemented.

Robust action plans are in place to address our recommendations as follows: -

IMT were asked to: -

- a) Develop a more effective authorisation process for accessing data centres.
- b) Document, distribute and regularly review the process for the access to and authorisation of data centres.
- c) Develop a more appropriate form to request either permanent or temporary access to data centres.
- d) Restrict and reduce the number of people who have access to data centres.
- e) Maintain a record of all people who have access to data centres and why they have access.
- f) Review the process for leavers and consider getting IMT included in this notification.
- g) Complete quarterly reviews of who has access to the data centres.
- h) Regarding the disaster recovery exercise, assign overall responsibility for the action log to an IMT Manager and obtain updates from action owners, ensuring that a response is received.

3. Asset and Property Disposals at Auction – Key issues – Amber

Audit Objectives: -

1. To provide assurance over the adequacy and effectiveness of the controls in place to ensure that processes in place for selling the County Council's land and property assets at auction (online and in-room) were sufficient.

Robust action plans are in place to address our recommendations as follows: -

The Corporate Property Team (CPT) were asked to: -

- a) Put in place a documented procedure covering all stage of the process and a checklist.
- b) Ensure appropriate approval to dispose of an asset is obtained in all cases, in writing and held on file.
- c) Obtain the Auctioneers' advice on the guide, reserve and sales price is obtained in all cases, in writing and retained on file.
- d) Put in place a form to document what is being used as the valuation figure for the disposal of the asset and how this figure was obtained (this is the figure upon which the level of approval is sought).
- e) Ensure that local members are informed of the disposal of assets in their electoral division and registered proprietors of neighbouring properties, retaining evidence that this has been completed.
- f) Review the contract with the current Auction House used and monitor that they are carrying out their responsibilities.

4. IMT Service Performance – Key issues – Amber

Audit Objectives: -

- 1. To provide assurance over the adequacy and effectiveness of the controls in place to resolve IMT related incidents and service requests, in order to, in accordance with IMT's Incident Management Process, return IT service to users as quickly as possible.
- 2. To provide IMT with some feedback on users' experiences of incident and service request resolution.
- 3. To provide IMT with some feedback on how other local authorities prioritise and resolve their incident and service requests.
- 4. To identify any lessons learnt following IMT's response to the Covid-19 pandemic in relation to the Service Desk during this time.

Robust action plans are in place to address our recommendations as follows: -

IMT were asked to: -

- a) Implement quality checks as per the IMT Incident Management Process on a sample of cases to identify errors.
- b) Ensure that teams record sufficient information on the Incident Record on the Assyst system and adhere to the contact process and three strike action in all cases.
- c) Only put incidents on hold and stop the time recording (clock) when information has been requested from the user and a response is awaited.
- d) Review the resolution time targets for priorities and the SLAs for each of these, communicate these to users and record on the relevant page on myNet.
- e) Review priority rating three and four with a view to creating a fifth priority rating to allow for incidents of a certain type or with a higher impact or urgency to an individual being categorised and discuss this with the Recovery Group.
- f) Ensure all incidents are assigned to the correct priority in accordance with the Incident Management Process and not all assigned to priority 3 by default.
- g) Review the communication strategy for priority 3 and 4 incidents and more regularly communicate and provide updates to the service user.

- h) Review and discuss the processes in place for the different support teams and agree a consistent approach going forward.
- i) Consider the reasons for incidents not being resolved within their SLA timescale and implement action as necessary to prevent them being repeated.

Norfolk Pension Fund

1. Hymans Robertson Employer Asset Tracker (HEAT) - Acceptable

Opinion Work (Final, Draft or work which is well progressed)				
CES Highways Asset Management Strategy – Final Report Issued	Service risk	5	Assurance over the annual self-assessment assurance process - DfT Incentive Fund.	Growing Economy
CP Asset and Property Disposals at Auction – Final Report Issued	Financial risk	15	Assurance that the controls to manage the auction process are appropriate and working in practice.	Growing Economy
IMT Data Centres –Final Report Issued	IT Service risk RM14140	15	Assurance on the controls in place to manage and operate the two data centres including environment control, fire protection, access and physical security.	N/a
IMT Service Performance – Final Report Issued	General IT and Service Delivery risk	30	Assurance on the controls in place to ensure the service desks are delivering within expected SLAs and that these are being effectively managed and monitored.	N/a
CPT Procurement (NPS & Norse) – Draft Report Issued	Financial risk	20	Assurance that the controls in place for procurement are appropriate and working in practice, including the checks completed on bidders and the oversight of NPS and Norse by County Council of their procurement activities.	N/a
CES Third River Crossing Part 1 – Final Report Issued	Project risk RM024	20	Review and challenge of the 'Total of the Prices' as part of the contractor's tender submission.	Strong Communities
Discharge to Assess NHSE Covid-19 Recharges – draft report issued	N/a	30	To provide assurance over the adequacy and effectiveness of the controls in place to make a complete and accurate claim to the Norfolk and Waveney CCG.	N/a

Audits which would be deferred if it is deemed to hinder the delivery of front-line services				
IMT Disaster Recovery – in progress	IT Service risk RM14142 / corporate risk RM010 and RM016	15	Assurance on the controls in place to recover systems and to continue to communicate and share information internally and externally in the event of a disaster, taking into account the new systems coming onboard.	N/a
FES Payments to Clients – in progress	Financial risk	30	Assurance that the controls to manage payments to clients are appropriate and working in practice	Thriving People
ASS Social Care Centre for Engagement (SCCE) – in progress	Service risk	15	Assurance that the process is working in practice.	Thriving People
CHS Transition of 16-17-year olds to independence - in progress	Service risk	15	Assurance on the process that 16-17-year olds follow to achieve independence, including the sufficiency and adequacy of accommodation for this group of people.	Thriving People
CES Castle Keep Project Build – in progress	Project risk	20	Assurance on the controls in place to manage the building works to ensure that the work is delivered as expected, on time and in budget.	Strong Communities
ASS Follow up of Transforming Care Programme audit recommendations – deferred	Service risk	10	Follow Up of previous recommendations (2018/19).	Thriving People

ASS Continuing Health Care (CHC) (New to Audit Plan) – deferred	Service risk	20	Assurance that our policy follows what is legally required and is being followed in practice.	Thriving People
CHS Foster Carers' Monies – in progress	Service risk	15	Assurance that the monies provided to Foster Carers is spent on foster children.	Thriving People
CHS SEND Capital Programme – not started	Corporate risk RM030	20	Assurance on the controls to deliver the capital programme on time and to budget.	Thriving People
ASS Discharge to Assess - deferred	Service risk	20	Assurance that our policy is aligned with national process and is being followed in practice.	Thriving People
CHS Transformation Programme (SEND and Social Care) – not started	Corporate risk RM030	20	Assurance on the controls in place to ensure that the transformation programme is well governed, managed and monitored to deliver the expected benefits and savings.	Thriving People
Audits which would be deferred if it is deemed to hinder the delivery of back office functions				
HR PDPs – deferred	HR risk	20	Assurance that quality PDPs are being developed with staff and in accordance with the guidance.	
H&S DSE Assessments – deferred	H&S risk	25	Assurance that employees are complying with the requirements of this policy and that managers are monitoring compliance.	

FES Financial Assessments – in progress	Financial risk	20	Assurance that the controls to assess the financial status of potential clients are appropriate and operating in practice.	Thriving People
Audits which could be deferred until 2020/21 as considered a lower priority				
IMT Digital Norfolk Transformation Programme (Smarter Working, LAN / Wifi) – in progress	General IT risk	25	Assurance on the controls in place to ensure that the transformation programme is well governed, managed and monitored to deliver the expected benefits and savings.	Strong Communities
CES Third River Crossing Part 2 – deferred	Project risk RM024	10	Assurance on the operation of the controls in place to manage the building works to ensure that the work is delivered as expected, on time and in budget.	Strong Communities
CES NCC Environmental Policy – not started	Departmental risk	15	Assurance that the newly agreed environmental policy is well governed, managed and monitored to deliver the expected deliverables.	Strong Communities
CES Scottow Enterprise Park (SEP) – cancelled	Service risk	20	Assurance that effective governance arrangements are in place to manage and monitor the SEP, and that the purpose of the SEP is being delivered.	Growing Economy
FIN Financial Management Code – in progress	Financial risk	15	Assurance over the preparedness for the new Financial Management Code.	N/a

FIN Treasury Management – not started	Financial risk	15	Assurance that the controls to manage the County Council's financial investments are appropriate and operating in practice taking into account the Treasury Management Code.	N/a
Proc Public Services (Social Value) Act 2012 & Processing Agreements – not started	Data Protection & legislation risk	15	Assurance that processing agreements are in place between us as the Data Controller and those we contract with who are Data Processors. Assurance that we have complied with the requirements of the Public Services (Social Value) Act to consider and consult regarding social value when procuring contracts above the relevant Public Contract Regulation threshold.	N/a

KEY: -

ASS – Adult Social Services

CHS – Children's Services

CES – Community and Environmental Services

FES – Financial Exchequer Services

FIN – Finance

CP – Corporate Property

Proc – Procurement

H&S – Health and Safety

HR – Human Resources

IMT – Information Management Technology

Grants certified up to quarter ending 31 December 2020

LGA	EU	Other
Fire (June 20)	Endure (P/e June 20)	Norse (P/e March 20)
Blue Badges (July 20)	CATCH (P/e July)	Sheringham Community Primary School - Teaching School Core Grant
Transforming Cities Programme (Oct)	PROWAD (P/e Aug 20)	Sheringham Primary National Teaching School – Emergency Fund
Transforming Care (June 20)	SAIL (P/e Oct 20)	Family Focus (P/e Jun 20)
A140 Hempnall Roundabout (Sep 20)	Endure (P/e Dec 20)	Family Focus (P/e Sep 20)
CES	Monument	Police & Crime Panel (P/e March 20)
LA Bus subsidy (Sep 20)	Mobi-Mix	Local Full Fibre Network (Instalments 1, 2, 3 & 4)
Disabled Facilities (Oct 20)	Green Pilgrimage (P/e Dec 20)	Police Crime Panel (P/e August 20)
	Bidrex (P/e Dec 20)	Income Compensation Scheme for Lost Sales, Fees and Charges
	FACET (P/e Nov 20)	Family Focus (P/e Dec 20)
		Family Focus (P/e Mar 21)

Covid-19 Response Governance Update

<To follow>

Technical Notes

Work to support the opinion

Our work contributes to the Local Service Strategy (page 5) and the Finance and Commercial Services Department functions for Finance and Risk Management (page 7). Internal Audit's role is described on page 12 of that plan.

My opinion, in the Executive Summary, is based upon:

- Final reports issued in the period (**Appendix A**)
- The results of any follow up audits
- The results of other work carried out by Norfolk Audit Services; and
- The corporate significance of the reports

Audits of Note

No audits of note were completed during the period.

Corporate High Priority Findings

The progress with resolving the Corporate High Priority Findings is acceptable. A more robust process has been put into place to ensure NAS undertake follow up audit work on Corporate High Priority Findings which should result in speedier sign off of these. Previously reliance was placed on departmental owner's confirmation that satisfactory action has been taken.

France (Channel) England (FCE) Update

Good progress has been made against the delivery of the audit plan.

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose	Together for Norfolk Ref.	Q1&2 Audit Days	Q3 & 4 Audit days
Community and Environmental Services						
Highways and Waste						
Third River Crossing Failure to construct and deliver the Great Yarmouth 3rd River Crossing (3RC) within agreed budget (£121m), and to agreed timescales (construction to be completed early 2023) There is a risk that the 3RC project will not be delivered within budget and to the agreed timescales. Overall risk treatment: Treat, with a focus on maintaining or reducing project costs and timescales.	Corporate Risk RM024 (Amber)	20	Assurance on the operation of the controls in place to manage the building works to ensure that the work is delivered as expected, on time and in budget.	Strong Communities	20	
Bus Operators	Service risk	20	Assurance that operating agreements are in place and are being met.	Growing Economy		20
Highways risk management (Topic TBC)	Service risk	20	Assurance over the risk management arrangements	N/a		20
Contract Management and Monitoring	Service risk	20	Assurance over the contract management and monitoring arrangements in place for key highways contracts.	N/a		20
Growth and Development						
Civil Parking Enforcement	Service Risk	20	Assurance TBC	N/a	20	
Governance of the early stages of Project Management	Service risk	20	Assurance that the governance arrangements during the early stage of project development, especially in relation to the costs, are adequate and effective.	N/a	20	
Performance and Governance						
Equality Diversion and Inclusion - TBC	Service risk	20	Assurance to be agreed	Thriving People	20	
Norfolk Fire and Rescue Service						
NFRS Capital Programme	Service risk	20	Assurance over the identification, prioritisation and management of the capital programme.	N/a		20
Total Community & Environment Services		160			80	80
Adult Social Services						
All departments						

<p>Failure to respond to changes to demography, funding, and government policy, with particular regard to Adults Services. Whilst acknowledging the pressures on adult social services, and providing some one-off additional funding, the Government has yet to set out a direction of travel for long-term funding. At the same time, the pressures of demography and complexity of need continue to increase. This makes effective strategic planning highly challenging and there is a risk that short-term reductions in support services have to be made to keep within budget; these changes are likely to be counter to the long-term Promoting Independence strategy.</p> <p>Overall risk treatment: Treat</p>	Corporate Risk RM023 (Red)	5	Confirmation from risk owners that mitigations detailed in the risk register are in progress and that the 'Prospects of meeting Target Risk Score by Target Date' is achievable. This may lead onto some assurance work around the operation of controls.	Thriving People	5	
E-brokerage	Service risk	20	Assurance that the new e-brokerage system and associated protocol is being used in practice for commissioning providers.	Thriving People		20
Shared Care Protocols	Service risk	20	Assurance that the shared care protocols for mental health are working in practice.	Thriving People	20	
Follow up of Transforming Care Programme 2019/20 audit Recommendations	Service risk	10	Assurance that the recommendations made have been implemented.	Thriving People	10	
Continuing Health Care (CHC)	Service risk	20	Assurance that we are following policy and complying with Care Act requirements.	Thriving People	20	
Emerging Integrated Care Systems - governance arrangements	Service risk	20	Assurance on the governance arrangements in place.	Thriving People	20	
Days for audit on discharge to assess and data quality - TBC	Service risk	20	TBC	Thriving People		20
Total Adult Services		115			75	40

Children's Services						
Education						
Thematic Audit - Cyber Security	IT risk	30	The audit will assess whether maintained schools are compliant with the minimum standards as set out in Cyber Essentials.	N/a	30	
Thematic Audit - Risk Assessments	Health and Safety risk	25	Assurance that risk assessments are being completed as required.	N/a		25
All departments						
Non-realisation of Children's Services Transformation change and expected benefits. There is a 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	Corporate Risk RM030 (Amber)	20	Assurance on the controls in place to ensure that the transformation programme is well governed, managed and monitored to deliver the expected benefits and savings.	Thriving People	10	10
SEND Capital Programme	Corporate Risk RM030	20	Assurance on the controls to deliver the capital programme on time and to budget.	Thriving People	20	
Total Children's Services		95			60	35
Strategy and Transformation						
Health and Safety						
Risk of any failure to monitor and manage health and safety standards of third party providers of services. The potential for the Council not proactively monitoring and managing 3rd party providers to ensure the standards of health and safety. There is a risk of prosecution for health and safety failings, reputational damage and a failure to deliver services. Overall risk treatment: Treat	Corporate Risk RM028 (Amber)	5	Confirmation from risk owners that mitigations detailed in the risk register are in progress and that the 'Prospects of meeting Target Risk Score by Target Date' is achievable. This may lead onto some assurance work around the operation of controls.		5	
Lone working risk assessments	Health and Safety risk	15	A review of the lone working risk assessments for front line workers and whether they continue to be valid under the new ways of working.		15	
DSE Assessments	Health and Safety risk	25	Assurance that employees are complying with the requirements of this policy and that managers are monitoring compliance.	N/a	25	
Insight and Analytics						
Smarter Working and Use of Data - TBC	Departmental risk	25	Assurance that data analytics work across NCC is undertaken in line with policy and procedure, by the right people and at the right time.		25	
Strategy, Innovation and Performance						
Service level business planning (and decision making) - TBC	Departmental risk	25	Assurance that the service level business planning process within departments is robust, assured and follows best practice to develop service strategies across the directorates			25

Human Resources & Organisational Development						
Implications of Brexit for Council staff and services. There are important risk implications to the Council in the following areas: The legal base – substantial change needed structured around No Deal scenario and likelihood of No Deal. Council services dependent on a migrant workforce – for example nationally, 7% of existing adult social care staff come from other EU nations. There is a risk that initially, implications for Norfolk County Council of the UK leaving the EU are not known or understood, causing uncertainty in Council business, planning, and service delivery.	Coporate Risk RM022a (Amber)	5	Confirmation from risk owners that migations detailed in the risk register are in prograss and that the ' Prospects of meeting Target Risk Score by Target Date' is achievable. This may lead onto some assurance work around the operation of controls.		5	
NCC may not have the employees (or a sufficient number of employees) with critical skills that will be required for the organisation to operate effectively in the next 2-5 years and longer term. 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.	Corporate Risk RM029 (Amber)	5	Confirmation from risk owners that migations detailed in the risk register are in prograss and that the ' Prospects of meeting Target Risk Score by Target Date' is achievable. This may lead onto some assurance work around the operation of controls.			5
PDPs	Health and safety risk	20	Aassurance that quality performance development plans (PDP) are being developed with staff and in accordance with NCC guidance, goals are linked to the Department's / Team's goals as per their Plan on a Page, training and development needs are being cascaded to Learning Plans and staff are actioning their learning and Oracle is an accurate picture of the written goals agreed.	N/a	20	
HR audit TBC	HR risk	25	TBC	N/a		25
Total Strategy and Transformation		150			95	55
Governance Department						
Governance						
Data Protection Impact Assessments	Corporate risk RM003a	20	Assurance that controls around data protection impact assessments are adequate and effective	N/a	20	
Information Asset Registers	Corporate risk RM003a	20	Assurance that controls around the management of the information aset register are adequate and effective	N/a		20
Compliance with data security (GDPR) Home working	Corporate risk RM003a	20	Assurance that controls to manage data security requirements whilst the majority of staff are home working are adequate and effective	N/a	20	
IM Audit data sharing agreements	Corporate risk RM003a	20	Topic to be agreed on risk assessed basis (based on implementaion of the IM governance framework action plan)	N/a		20
Governance process for the electronic signing and sealing of documents	Governance risk	20	Assurance on the process for electronic signing and sealing of documents.	N/a		20

Total Governance Department		100			40	60
Work to Support AGS						
Hethel Engineering	Corporate risk RM013	15	Assurance that adequate governance controls were in place during 2020/21.		15	
Total for Work to Support AGS		15			15	0
Finance and Commercial Services						

Finance and Exchequer Services						
Payroll Online Functions	Financial risk	20	Assurance that controls to manage the online payroll functions are adequate and effective	N/a	20	
Direct Payments - Self Managed Accounts	Financial risk	25	Assurance that controls to manage direct payments (self managed) are adequate and effective	Thriving people		25
Risk of failure of new Human Resources and Finance system implementation. Risk that there is a significant impact to HR and finance services through potential lack of delivery of the new HR & finance system. Overall risk treatment: Treat	Corporate risk RM027 (Amber)	25	Assurance that internal controls are appropriate and working effectively	N/a	25	
Insurance	Financial risk	15	Assurance that effective governance arrangements are in place	N/a		15
Accounts Payable - Care Sector Payments	Financial risk	25	Assurance that adequate and effective governance and internal controls in place supporting payments during the Covid Pandemic	N/a	25	
Corporate Property Team						
Repton Housing Development Company	Corporate risk RM007	20	Assurance that controls in place to govern and manage the build and sale of houses are working in practice.	Growing Economy		20
Health and Safety Statutory Compliance	Health and safety risk	25	Assurance that the County Council has appropriate systems in place to monitor third parties who complete statutory health and safety checks on our behalf and that there is confirmation that these checks have been completed.	N/a	25	
Data Management Systems	Data quality risk	20	Assurance that the our property and facilities management data management systems across the County Council are managed appropriately to enable us to provide correct information first time when requested or for statutory publication.	N/a	20	
Procurement						
Legal challenge to procurement exercise. That alleged breach of procurement law may result in a court challenge to a procurement exercise that could lead to delay, legal costs, loss of savings, reputational damage and potentially significant compensation Overall risk treatment: Treat	Corporate Risk RM026 (Amber)	5	Confirmation from risk owners that migrations detailed in the risk register are in progress and that the 'Prospects of meeting Target Risk Score by Target Date' is achievable. This may lead onto some assurance work around the operation of controls.		5	
Public Services (Social Value) Act 2012 & Processing Agreements	Regulatory risk (Data Protection)	15	Assurance that processing agreements are in place between us as the Data Controller and those we contract with who are Data Processors. Assurance that we have complied with the requirements of the Public Services (Social Value) Act to consider and consult regarding social value when procuring contracts above the relevant Public Contract Regulation threshold.	N/a	15	
VFM - Facilities Management Contracts (Norse)	Financial risk	20	Assurance that value for money has been achieved for Facilities Management contracts.	N/a		20

Information Management Technology						
Failure to comply with relevant information security requirements. There is a risk of failing to comply with relevant information security requirements (e.g. NIS, PSN, PCI-DSS) which could lead to reputational damage and financial impact.	Corporate Risk RM003b (Amber)	5	Confirmation from risk owners that mitigations detailed in the risk register are in progress and that the 'Prospects of meeting Target Risk Score by Target Date' is achievable. This may lead onto some assurance work around the operation of controls.	N/a	5	
Cyber security and data security	IT risk	25	Assurance that the County Council's systems and protected as best they can be against cyber threats.		25	
Follow Up - Data Centres	IT risk	15	Assurance that the recommendations made have been implemented.		15	
Compliance with Application Standards Healthcheck	IT risk	20	Assurance that business units are complying with the standards set for the use of applications.			20
Total Finance and Commercial Services		280			180	100
Other Areas						
Risk Management	Other	15	Assurance that the the County Council's risk management system is adequate	N/a	15	
Total Other Areas		15			15	0
Days to complete 2020/21 audits		40			40	
Follow Up Days (HPFs)		20			10	10
Total Opinion Days to be delivered in 2020/21		990			610	380
Grants		279			139.5	139.5
Pensions		75			25	50
Schools		100			40	60

Technical Notes

Work to support the opinion

Our work contributes to the Local Service Strategy (page 5) and the Finance and Commercial Services Department functions for Finance and Risk Management (page 7). Internal Audit's role is described on page 12 of that plan.

My opinion, in the Executive Summary, is based upon:

- Final reports issued in the period (**Appendix A**)
- The results of any follow up audits
- The results of other work carried out by Norfolk Audit Services; and
- The corporate significance of the reports

Audits of Note

No audits of note were completed during the period.

Corporate High Priority Findings

The progress with resolving the Corporate High Priority Findings is acceptable. A more robust process has been put into place to ensure NAS undertake follow up audit work on Corporate High Priority Findings which should result in speedier sign off of these. Previously reliance was placed on departmental owner's confirmation that satisfactory action has been taken.

France (Channel) England (FCE) Update

Good progress has been made against the delivery of the audit plan.

Audit Committee

Item 6

Decision making report title:	Risk Management
Date of meeting:	21st January 2021
Responsible Cabinet Member:	N/A
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services
Is this a key decision?	No

Executive Summary

This report references the corporate risk register as it stands in January 2021, following the latest review conducted during December 2020.

A summary of significant changes to corporate risks since they were last issued to this Committee has been included in **Appendix A** for information purposes. The latest corporate risk heat map for the generic corporate risk register is included in **Appendix B** providing a visual summary of corporate risks. Full details of the current generic corporate risks are included in **Appendix C**, including further explanation on risk scoring.

Risk management continues to play an active role in the Council's response to the ongoing COVID-19 pandemic. Both operational and strategic risks continue to be managed through the Council's Recovery Group.

In relation to the EU Transition, the implications for Norfolk County Council of the trade deal struck between the UK and the EU in December 2020 are being worked through including any further risks over and above those already identified and being treated.

Recommendations

To consider and agree;

- The key messages as per section 2.1 of this report
- The key changes to the generic corporate risk register (**Appendix A**),
- The corporate risk heat map (**Appendix B**)
- The latest generic corporate risks (**Appendix C**);
- Scrutiny options for managing corporate risks (**Appendix D**)
- Background Information (**Appendix E**)

1. Background and Purpose

- 1.1 One of the Audit Committee's roles is to consider the Council's risk management. Assurance on the effectiveness of risk management and the corporate risk register as a tool for managing the biggest risks that the Council faces, helps the Committee undertake some of its key responsibilities. Risk management contributes to achieving corporate objectives and is a key part of the performance management framework.
- 1.2 The risk reviewers have reviewed and updated the risks where there have been changes to note since the last report was issued in October 2020, and these have been agreed by the risk owners (for the most part Executive Directors), Corporate Board, and at time of writing are being reported to Cabinet on 12th January 2021.

2. Proposals

- The key corporate risk messages are as follows:
 - That corporate risk management continues to be sound and effective, working to best practice, and continues to feature prominently within the COVID-19 conversations taking place across the Council.
 - For risk RM010 it is proposed to increase the score from 3 to 4.
 - For risks RM022a and b it is proposed to revise the target date from 31.12.2020 to 31.03.2021.
 - For risks RM027, RM028 and RM029 it is proposed to change the risk owner.
 - For risk RM031 it is proposed to reduce the current risk score from 25 to 20.

Further details on the changes listed above can be found in **Appendix A**.

3. Impact of the Proposal

- Risk management plays a key role in managing performance and is a requirement in the Accounts and Audit Regulations 2015. 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.

4. **Evidence and Reasons for Decision**

Not applicable as no decision is being taken.

5. **Alternative Options**

There are no alternatives identified.

6. **Financial Implications**

- With the COVID-19 pandemic there will be major financial implications to consider. Whilst all corporate risks will have varying degrees of financial implication associated with them, the key generic risks with a financial consideration are RM002, RM006, RM023, RM031, and RM032a.

7. **Resource Implications**

- **Staff:** The imminent risk of COVID-19 impacting on staff can be seen within risk **RM032a - Effect of COVID-19 on NCC business continuity (staff, service users, and service delivery)**, with all office-based staff able to work from home doing so for the foreseeable future. Whilst there are undoubtedly some negative connotations to the disruption caused by COVID-19, there are also opportunities to consider around how staff resource can be best utilised to harness efficiencies with different ways of working that break with tradition.
- **Property:** With many services re-opening, risk assessments have been instrumental in ensuring that properties where face to face services are delivered from are able to re-start in a safe and sustainable manner going forward.
- **IT:** There are no specific major IT risk implications to consider within this report other than as part of **RM010 - The risk of the loss of key ICT systems including: internet connection; telephony; communications with cloud-provided services; or the Windows and Solaris hosting platforms.**

With a greater reliance on IT to support working remotely, IMT continue to closely monitor any national / international cyber threats.

8. **Other Implications**

Legal Implications

There are no specific legal implications to consider within this report.

Human Rights implications

There are no specific human rights implications to consider within this report.

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

None applicable.

Health and Safety implications (where appropriate)

There are health and safety risk implications as set out in the corporate risk **RM032a - Effect of COVID-19 on NCC business continuity (staff, service users, and service delivery)**. Mitigations are in place to ensure that the health, safety and wellbeing of all Council staff continues as a top priority to ensure that services can be delivered in a safely adapted manner to service users.

Sustainability implications (where appropriate)

There are no specific sustainability implications to consider within this report over and above the implications of COVID-19 on a sustainable new way of living and working for the foreseeable future. Any sustainability risks identified as part of the Council's [Environmental Policy](#) (page 58) will be recorded and reported appropriately.

Any other implications

There are no other risk implications to consider within this report.

9. Risk Implications/Assessment

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

10. Select Committee comments

There are no recent Select Committee comments to note within this report.

11. Recommendations

To consider and agree:

- The key messages as per section 2.1 of this report
- The key changes to the generic corporate risk register (**Appendix A**),
- The corporate risk heat map (**Appendix B**)
- The latest generic corporate risks (**Appendix C**);
- Scrutiny options for managing corporate risks (**Appendix D**)
- Background Information (**Appendix E**)

12. Background Papers

There are no further background papers to note, other than those already linked within the body of the report.

Officer Contact

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

Officer name:

Adrian Thompson

Thomas Osborne

Tel No.:

01603 222784

01603 222780

Email address:

adrian.thompson@norfolk.gov.uk

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

The quarterly review of the corporate risk register has generated changes. These are captured below as follows;

<i>Risk Number</i>	<i>Risk Score Change</i>	<i>Risk title Change</i>	<i>Risk Description Change</i>	<i>Mitigations Change</i>	<i>Risk Owner Change</i>	<i>New / Adapted Corporate Risk</i>
<i>RM001</i>						
<i>RM002</i>						
<i>RM003a</i>						
<i>RM003b</i>						
<i>RM004</i>						
<i>RM006</i>						
<i>RM010</i>	✓					
<i>RM013</i>						
<i>RM022a</i>						
<i>RM022b</i>						
<i>RM023</i>						
<i>RM024</i>						
<i>RM026</i>						
<i>RM027</i>					✓	
<i>RM028</i>					✓	
<i>RM029</i>					✓	
<i>RM030</i>						
<i>RM031</i>	✓					
<i>RM032a</i>						

Proposed Risk Score Changes

RM031 - NCC Funded Children's Services Overspend

This risk measures an 'in year' forecast. It is proposed to lower this risk from 25 to 20, with the risk likelihood lowered from 5 (almost certain) to 4 (probable) due to the department currently projecting a balanced budget outturn position for 2020/21, but balanced against considerable financial pressures for 2021/22 and uncertainties in year due to COVID-19.

RM010 – The risk of the loss of key ICT systems including: internet connection, telephony, communications with cloud-provided services, or the Windows and Solaris hosting platforms.

It is proposed to increase the current score from 3 to 4, with the current impact score increasing from 3 to 4). This score increase recognises the increased impact that the risk materialising would have with the majority of NCC staff continuing to work at home, using key ICT systems as their primary source of communication.

Whilst nationally, we are seeing a significant increase in targeted cyber-attacks since the beginning of the pandemic, the likelihood of this risk materialising has not been increased due to the numerous IMT activities undertaken to strengthen resistance and resilience against a cyber-attack. These activities include;

- Extensive communications to NCC staff on remaining vigilant against cyber-attacks;
- Increased take up of IT training;
- A simulated phishing exercise, carried out to understand where weaknesses remain;
- Roll-out of Safe Links technology, which screens MS Office attachments and links before being opened;
- Anti-spoofing technology software being introduced.

The mitigations above also help to mitigate risk **RM003b - Failure to comply with relevant information security requirements**

Target date changes

RM022a – Implications of Brexit for Council staff and services

RM022b - Implications of Brexit for external funding / Norfolk businesses

The target date for the above risks have been revised to the end of the financial year to take into account any implications arising in the first three months after January 1st 2021.

Risk Owner Changes

Risks owned by the Executive Director for Strategy and Governance have been transferred in January 2021 to the appropriate Director for the risk area as follows;

RM027 - Risk of failure of new Human Resources and Finance system implementation

RM027 is now owned by the Head of the HR and Finance Programme.

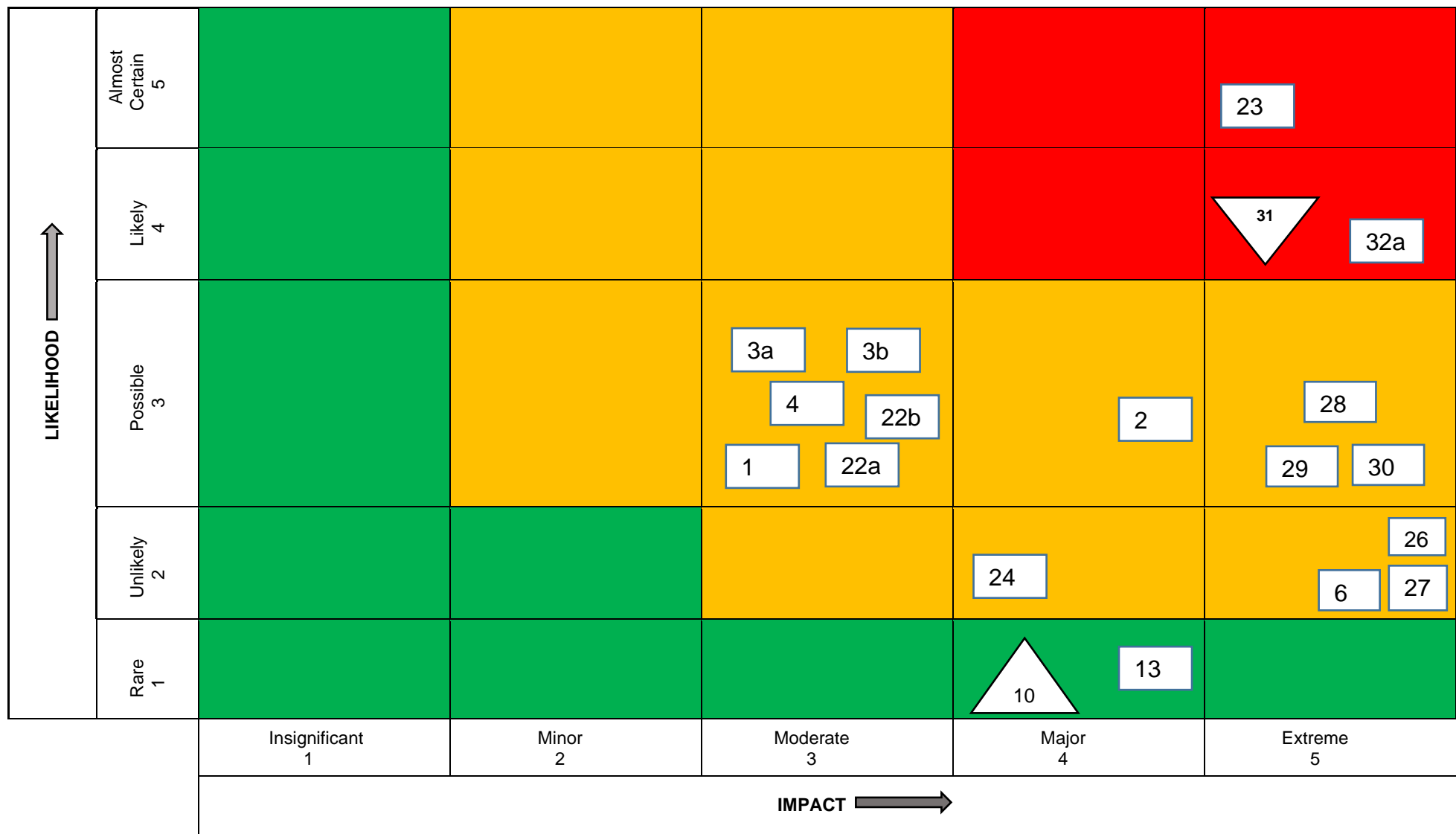
RM028 - Risk of any failure to monitor and manage health and safety standards of third party providers of services

RM028 is now owned by the Director for People.

RM029 - NCC may not have the employees (or a sufficient number of employees) with critical skills that will be required for the organisation to operate effectively in the next 2-5 years and longer term

RM029 is now owned by the Director for People.

Generic Corporate Risks - Heat Map

**Key**

= Risk score increase



= no score change



= risk score decrease

No.	Risk description	No.	Risk Description
RM001	Not realising infrastructure funding requirements to achieve the infrastructure ambition of the Business Plan.	RM022a	Implications of Brexit for Council staff and services
RM002	The potential risk of failure to manage significant reductions in local and national income streams.	RM022b	Implications of Brexit for external funding / Norfolk businesses
RM003a	Potential for failure to comply with statutory information compliance requirements.	RM023	Lack of clarity on sustainable long-term funding approach for adult social services at a time of increasing demographic pressures and growing complexity of need.
RM003b	Potential for failure to comply with relevant information security requirements	RM024	Failure to construct and deliver the Great Yarmouth 3rd River Crossing (3RC) within agreed budget (£121m), and to agreed timescales (construction to be completed early 2023).
RM004	The potential risk of failure to deliver effective and robust contract management for commissioned services.	RM026	Legal challenge to procurement exercise.
RM006	The potential risk of failure to deliver our services within the resources available for the period 2018/19 to the end of 2020/21.	RM027	Risk of failure of new Human Resources and Finance system implementation.
RM010	The risk of the loss of key ICT systems including: - internet connection; - telephony; - communications with cloud-provided services; or - the Windows and Solaris hosting platforms.	RM028	Risk of failure to monitor and manage health and safety standards of third-party providers of services.
RM013	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. The failure of entities controlled by the Council to follow relevant guidance or share the Council's ambitions	RM029	NCC may not have the employees (or a sufficient number of employees) with critical skills that will be required for the organisation to operate effectively in the next 2-5 years and longer term.
		RM030	Non-realisation of Children's Services Transformation change and expected benefits.
		RM031	NCC Funded Children's Services Overspend
		RM032a	Effect of COVID-19 on NCC business continuity (staff, service users, and service delivery)

Risk Number	RM001					Date of update		12th January 2021		
Risk Name	Not realising infrastructure funding requirements to achieve the infrastructure ambition of the Business Plan									
Portfolio lead	Cllr. Martin Wilby					Risk Owner		Tom McCabe		
Risk Description					Date entered on risk register			3rd June 2019		
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			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-21	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 – Highways England 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 emerging 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.										
Progress update										

Progress update

Overall: Impact of Covid-19 likely to affect funding streams in both the short and longer-term.

Government announcement 21 October on one year spending review potentially provides opportunity for new announcements, but likely to lead to overall delay in long-term funding decisions.

1.1) DfT has approved NWL to progress to the next stage of development the Department has made a contribution of £1,024,000 towards the costs of developing an Outline Business Case (OBC). Cabinet approved OBC, to be submitted to DfT in January 2021. Cabinet approved Long Stratton Bypass OBC, to be submitted to DfT December 2020. West Winch Housing Access Road Strategic OBC anticipated to be submitted to DfT at end of year. Work has commenced on A47/A14 Pullover Junction King's Lynn. Positive funding decision received from DfT for Transforming Cities funding (£32m). Gt Yarmouth Third River Crossing successfully received its statutory consents and now awaits a decision on releasing funding from DfT. Transport East has agreed to write letters of endorsement for all of these schemes on submission of the business cases.

1.2) Funding secured from PBR for development of Norwich Western Link; West Winch Housing Access Relief Road (see 1.1). £1.5m received for Phase 2 Emergency Active Travel Fund from DfT (now known as Active Travel Fund).

1.3) October A47 Alliance meeting agreed refreshed advocacy work up to 2021 spending review. Officers to meet DfT to discuss. Letter sent to Baroness Vere. Alliance members to support. Continuing work on Great Eastern Main Line (Norwich to London): Draft business case completed, shows good case for improvements identified by Network Rail for infrastructure required for Norwich in 90 services. Decision on progression to the next stage awaited. Local authorities' study on wider economic benefits complete. Continuing to work on Ely Task Force: Consultation undertaken by Network Rail on infrastructure improvements required to unlock a range of additional passenger and freight services showed public support. Continuing to support East West Rail Consortium: Eastern Section prospectus published.

1.4) Government review of planning system (consultation) published in August. County Council proposed response agreed at October Cabinet.

1.5) Continuing to work with Transport East on transport strategy and Interim Investment Plan; liaising with DfT, Network Rail and Highways England on strategic road and rail schemes; attending wider partnership groups including LEP Transport Board.

1.6) Continuing to update new systems to ensure monitoring is effective and up to date.

Risk Number	RM002					Date of update		12th January 2021		
Risk Name	The potential risk of failure to manage significant reductions in local and national income streams									
Portfolio lead	Cllr. Andrew Jamieson					Risk Owner		Simon George		
Risk Description					Date entered on risk register			31st May 2019		
This may arise from global or local economic circumstances (i.e. Brexit), government policy on public sector budgets and funding. As a result there is a risk that the Medium Term Financial Strategy savings required for 2018/19- 2021/22 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			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-21	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 Corporate Board 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 17.02.20 approved the 2020-21 budget and future Medium Term Financial Strategy taking into account the Final Local Government Finance settlement for 2020-21.

The council's external auditors gave an unqualified audit opinion on the 2019-20 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 31.03.2020.

The implications of the COVID-19 response, 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 5.10.20 considered the latest financial position, agreed the budget savings for public consultation and the next steps for the budget planning process for 2021-22 including the requirement to develop further budget savings. Further reports will be presented to Cabinet during the year incorporating future Government funding announcements and updates on the budget planning process in order that County Council can agree the 2021-22 Budget and level of council tax at its February 2021 meeting.

The draft settlement for 2021/22 is expected the week commencing 14th December 2020 following the 25th November 2020 government spending review.

Risk Number	RM003a					Date of update		12th January 2021		
Risk Name	Failure to comply with statutory information compliance requirements									
Portfolio lead	Cllr. Andrew Proctor					Risk Owner		Andrew Stewart		
Risk Description					Date entered on risk register			21st August 2020		
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.										
Original			Current			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	Mar-21	Green
Tasks to mitigate the risk										
<div>1. Mandatory Training in place for all colleagues - ongoing</div> <div>2. Development and monitoring of MI for responding to Data Subject Rights Requests, FOIs, EIRs and breaches - ongoing</div> <div>3. Developing a positive relationship with the ICO - ongoing</div> <div>4. Implementation of activities determined by the SOCITM report in March 2020 by December 2020<ul style="list-style-type: none">•Deliverable 1: Define a clear Information Governance approach for Norfolk County Council (incorporating clear responsibilities and measures of success)•Deliverable 2: Deliver a management information suite to allow effective management, analysis and assurance of the Information Governance Service•Deliverable 3: Review all current “record management” type processes to ensure efficient, proportionate and up to date•Deliverable 4: Appoint to all roles required (including DPO, SIRO and Member lead) and ensure reflected in the constitution•Deliverable 5: Relaunch the Information Compliance Group with clear accountabilities•Deliverable 6: Review and update all Information Governance related policies, standards and procedures•Deliverable 7: Define and deliver effective Information Governance training and engagement across NCC, Members and Partners•Deliverable 8: Review and deliver identified opportunities for Smarter Working•Deliverable 9: Define a clear future vision for the Information Governance Service and resource appropriately</div>										
Progress update										

Progress update

Head of Information Governance appointed to take forward the SOCITM recommendations and embedding the information governance agenda in NCC. This will enhance many of the mitigations to a higher standard, reducing the risk further over the next two years.

- IG Framework created and due to be published alongside revised policies and procedures on myNet alongside mandatory e-learning on Information Governance (including Data Protection) being finalised for launch in December 2020
- Basic MI now in place and being further developed to give the full picture of performance and compliance across Information Governance remit
- All recruitment finalised in October 2020 to enable focus on both backlog and ongoing statutory and non statutory Information related activities (e.g. DSR, EIR, FOI, Police, breaches) with good progress already being made
- All key IG roles in place including separation of DPO / SIRO roles
- Information Compliance Group relaunched in November 2020 as the Information Governance Group, along with a new Information Governance Steering Group to provide effective escalation and oversight
- Smarter working opportunities progressing with a new online FOI/ EIR request form being delivered in October 2020
- Future vision being evolved and discussions underway to ensure 2021/22 budget is in place for current remit

Risk score of 9 remains until all issues identified in SOCITM report that need addressing to reduce the likelihood of the risk manifesting. The impact should anything happen would likely result in local media attention, depending on the severity of the issue.

Risk Number	RM003b					Date of update		12th January 2021		
Risk Name	Failure to comply with relevant information security requirements									
Portfolio lead	Cllr. Tom Fitzpatrick					Risk Owner		Geoff Connell		
Risk Description					Date entered on risk register			21st August 2020		
There is a risk of failing to comply with relevant information security requirements (e.g. NIS, PSN, PCI-DSS) which could lead to reputational damage and financial impact.										
Original			Current			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	1	3	3	Mar-21	Green
Tasks to mitigate the risk										
1. Mandatory Training in place for all colleagues - ongoing 2. Development and monitoring of MI for breaches - ongoing 3. Implementation of improved security measures - ongoing 4. External networking to ensure best practice - ongoing										
Progress update										
- Rollout of new Mandatory training to all colleagues by Christmas 2020 - Implementation of improved security measures e.g. E5 Licencing - Focus on improved storage and retention to reduce risk - Involvement with National cybersecurity organisation - Extensive communications to NCC staff on remaining vigilant against cyber-attacks - Increased take up of IT training; - A simulated phishing exercise, carried out to understand where weaknesses remain; - Roll-out of Safe Links technology, which screens MS Office attachments and links before being opened; - Anti-spoofing technology software being introduced.										
Risk score of 9 at present due to improved measures that have been implemented but acknowledgment that further activities would reduce the risk further, with a number of new challenges in a COVID landscape. The impact should anything happen would likely result in local media attention, depending on the severity of the issue.										

Risk Number	RM004					Date of update		12th January 2021		
Risk Name	The potential risk of failure to deliver effective and robust contract management for commissioned services.									
Portfolio lead	Cllr. Andrew Jamieson					Risk Owner		Simon George		
Risk Description					Date entered on risk register			2nd June 2019		
Ineffective contract management leads to wasted expenditure, poor quality, unanticipated supplier default or contractual or legal disputes. The council spends some £700m on contracted goods and services each year. Overall risk treatment: Treat										
Original			Current			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	3	9	2	3	6	Mar-21	Amber
Tasks to mitigate the risk										
1) By October 2019 implement a proactive system to identify early signs of potential supplier financial failure and respond appropriately. Next steps: - Develop robust process to respond to CreditSafe alerts - Develop robust process to spot other early warning signs eg late filing of accounts, media monitoring 2) Continue to report the pipeline of expiring contracts to Corporate Board every six months. Continue to discuss the pipeline of expiring contracts with CES DMT every quarter. Next steps: - Start to discuss the pipeline of expiring contracts with other departmental management teams or individual senior managers on a quarterly basis from quarter 3 of 2019 3) Through the contract compliance and optimisation workstream of the Smarter Workstream priority under the Norfolk Futures programme, implement measures to ensure that staff who have contract management as part of their job have the relevant skills and support to manage contracts effectively. Next steps: Implement phased plan as agreed at corporate board 3 December 2019 4) Develop a standard specification for service transition that can be used as the basis for new sourcing exercises and used to manage transitions effectively by end June 2019 5) Internal audit undertaking audits of the contract management control environment in the three service directorates.										
Progress update										
1) Process developed with finance to respond to CreditSafe alerts.Creditsafe contract to be reviewed to see whether it remains the best solution. 2) Pipeline reporting frequency at Corporate Board increased to quarterly and process is in place for monthly review by Director of Procurement and Executive Director of Finance 3) Contract compliance and optimisation workstream plan was approved at Corporate Board in December 2019 and phased implementation was under way, prior to COVID-19. Implementation of phased plan paused whilst efforts are focussed on the COVID-19 response. 4) Transition/handover checklist developed and in use. Mitigation implemented. 5) Internal Audit has undertaken an audit of the senior management monitoring of significant contracts, with the findings now being worked through.										

Risk Number	RM006					Date of update		12th January 2021		
Risk Name	The potential risk of failure to deliver our services within the resources available for the period 2018/19 to the end of 2020/21.									
Portfolio lead	Cllr. Andrew Proctor					Risk Owner		Tom McCabe		
Risk Description					Date entered on risk register			13th June 2019		
The failure to deliver agreed savings or to deliver our services within the resources available, 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			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-21	Green
Tasks to mitigate the risk										
1) Clear robust framework, '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. 2) Delivery against the strategic service and financial planning, by translating the vision and priorities into achieved, delivered targets. 3) A robust annual process to provide evidence for Members to make decisions about spending priorities. 4) Regular and robust in-year financial monitoring to track delivery of savings and manage in-year pressures. 5) Sound engagement and consultation with stakeholders and the public around service delivery. 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.										
Progress update										

Progress update

Regular budget and performance monitoring reports to Cabinet now set out how the Council is delivering against the 2020/21 budgets and priorities set for each of our services.

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 to address the impact of COVID-19 within departments, with monitoring of 2020-21 spend reported to Cabinet on a monthly basis and monitoring of COVID-19 spend reported to Corporate Board regularly. Financial forecasting is taking place to further understand where there are likely to be areas of greater financial challenges as a result of COVID-19 beyond 2020-21. There will be an updated MTFS position reported to Cabinet in September, savings proposals published for consultation in October, budget setting meeting of Full Council in February, and monitoring reports taken to Cabinet in 2021-22. Work is being carried out by Departmental Leadership Teams, the Recovery Group and the Business Transformation Programme on future savings required. Savings proposals were taken to the Budget Challenge session in July and will be presented again in September for Member review and then taken to October Cabinet.

Risk Number	RM010					Date of update		12th January 2021		
Risk Name	The risk of the loss of key ICT systems including: - internet connection; - telephony; - communications with cloud-provided services; or - the Windows and Solaris hosting platforms.									
Portfolio lead	Cllr. Tom Fitzpatrick					Risk Owner		Simon George		
Risk Description					Date entered on risk register			1st July 2019		
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. Overall risk treatment: Treat.										
Original			Current			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	3	6	1	4	4	1	3	3	Mar-21	green
Tasks to mitigate the risk										
1) Full power down completed periodically 2) Replace ageing Local Area Network (LAN) equipment 3) Ensure access to services if county hall lost by reconfiguring Core Infrastructure Services (DHCP, DNS, Active directory) 4) Implement Cloud-based business systems with resilient links for key areas 5) Replace voice services (contact center / desk phones) with cloud based Microsoft Teams 6) Review and Implement suitable arrangements to protect against possible cyber / ransomware attacks including; 7) We will be 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 8) We will hold a number of Business Continuity exercises to understand and reduce the impact of risk scenarios 9) Implement new data centre to reduce the risk of power failure, loss of data connectivity and reduce ICT hardware failures										
Progress update										

Progress update

- 1) Full power down completed as required by Property programme plans
- 2) New Local Area Network equipment has been procured and we are now implementing with County Hall.
- 3) Access services have been migrated to the new DR site so work can continue if County Hall unavailable
- 4) We Implement Cloud-based business systems with resilient links for key areas as they are procured, guidance is being refreshed regularly.
- 5) Contact services have been migrated to a cloud based system. Soft telephony has been successfully rolled out at an accelerated pace following COVID-19.
- 6) We are still working through the cyber audit actions which are more complex than first thought.
- 7) The Cyber Attack exercise with senior stakeholders to reduce the risk of taking the wrong action in the event of a cyber attack. We delivered an 'EXECSIM' exercise with the corporate board to ensure we are fully prepared in the event of a Cyber Attack, communications and approach at a senior level (Jan 2020). We are scheduling a National Cyber Security Centre (NCSC) 'Exercise in a box' session for IMT to test our approach during a cyber attack and we will follow this up with a NCSC 'Exercise in a box' exercise for the business leads, resilience team and IMT to jointly rehearse a cyber attack. IMT and the resilience team will be presenting a number of scenarios selected by the business to the silver group to test, understand and challenge a number of key disaster scenarios to inform the business continuity plans and any highlight any further improvements we can make.
- 8) We have already held a Business Continuity exercise to understand and reduce the impact of risk scenarios and this will be re-run within 12 months to further reduce the risk. Large scale remote access exercise successfully carried out in February 2020, with over 3000 staff working remotely from a non-NCC based site. Since COVID-19 has resulted in the majority of the workforce working from home, the network has been able to cope effectively with a vastly increased number of users working remotely. Exercise Steel will build on the work of Exercise Horseshoe.
- 9) The new data centre is now live.

The score is based upon steady progress mitigating the risks and running exercises to rehearse what we do in the event of a failure.

Risk Number	RM013					Date of update		12th January 2021		
Risk Name	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. The failure of entities controlled by the Council to follow relevant guidance or share the Council's ambitions.									
Portfolio lead	Cllr. Greg Peck					Risk Owner		Simon George		
Risk Description					Date entered on risk register			2nd July 2019		
The failure of governance leading to controlled entities: Non Compliance with relevant laws (Companies Act or other) Incurring Significant Losses or losing asset value Taking reputational damage from service failures Being mis-aligned with the goals of the Council The financial implications are described in the Council's Annual Statement of Accounts 2019-20. Overall risk treatment: Treat This risk is scored at a likelihood of 1 due to the strong governance in place and an impact score of 4 given the size of the controlled companies.										
Original			Current			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-21	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 NORSE board includes a Council Member and is currently chaired by the Executive Director of Strategy and Governance for the Council. There is a shareholder committee comprised of six Members. 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 Executive Director for Finance and Commercial Services' representative attends as shareholder representative for Independence Matters.</p> <p>5) Approve the Outline Business Case for Repton Property Developments Ltd.</p> <p>6) Shareholder representation required from the Executive Director of Finance and Commercial Services on both the Norse, and Repton Boards.</p> <p>7) To update Cabinet and provide assurance on the performance and governance of wholly owned companies through a report.</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, and a series of actions has been agreed by the then Policy and Resources Committee. The Executive Director of Finance and Commercial Services 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. The new Chairman of Norse has initiated change with one Director looking after NCS and NPS, with a view to maximising returns back to NCC.
A further strengthening of the Board is proposed with the appointment of two independent Non- Executive Directors with one vote each. As with Repton the appointments would be made through a transparent process of advertisement, interview and appointment.
- 4) The ED of F&CS directs external governance. An external company is undertaking a review of Norse Group's financial performance, discharging the Executive Director for Finance and Commercial Services' responsibility as per the Constitution.
- 5) The Outline Business Case for Repton Property Developments Ltd has been approved.
- 6) There is Shareholder representation from the Executive Director of Finance and Commercial Services on both the Norse, and Repton Boards.
- 7) There is a report being presented at the January 2021 Cabinet meeting, which provides assurance on the performance and governance of wholly owned companies. The framework for assessing the performance and governance arrangements of the companies is based on considering key areas and then quantifying the risk, which will vary according to the assessed level of impact. This could be either reputational, financial or both. The assessment takes into consideration the following key areas: Business Plan; Articles of Association; Appointment of and removal of directors; Company oversight; Voting rights; Financial governance arrangements within each company; Financial arrangements with the companies.

Risk Number	RM022a		Date of update		12th January 2021					
Risk Name	Implications of Brexit for Council staff and services									
Portfolio lead	Cllr. Andrew Proctor		Risk Owner		Tom McCabe					
Risk Description			Date entered on risk register		28th August 2020					
There are important risk implications to the Council in the following areas: The legal base – understanding the legal implications of the deal agreed. Council services dependent on a migrant workforce – for example nationally, 7% of existing adult social care staff come from other EU nations. There is a risk that initially, implications for Norfolk County Council of the UK leaving the EU are not known or understood, causing uncertainty in Council business, planning, and service delivery.										
Original			Current			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	2	3	6	Mar-21	Amber
Tasks to mitigate the risk										
1) Human Resources to support managers and staff who may be directly affected by this issue. 2) Understand the risks and implications of Brexit to service delivery, wider community and business continuity. This includes managing particular risks around the supply of food and fuel, to enable us to support vulnerable people.										
Progress update										
1) Potential loss of staff for NCC and our service providers was looked at in Feb '19 & is under constant review. Signposting to HM Govt websites was undertaken and correspondence sent to service providers. Most recent update: - Keeping HR Direct up to date with developments to advise staff - Refreshing employee information on peoplenet - Undertook exercise to refresh employee data on nationality status - Provided information to key stakeholders within social care on the pilot - Surveyed Heads of Services/Departments regarding impacts 2) There has been a transition period until the end of 2020, whilst the UK and EU negotiated additional arrangements. Trade deal talks between the UK and the EU have concluded with a deal struck. The implications of the deal for Norfolk County Council are being worked through. 3) Communications will continue to be incorporated in Manager Briefings to advise managers on any actions required post-Brexit. The target date for this risk has been revised to the end of the financial year to take into account any implications arising in the first three months after 1st January 2021.										

Risk Number	RM022b					Date of update		12th January 2021		
Risk Name	Implications of Brexit for external funding / Norfolk businesses									
Portfolio lead	Cllr. Graham Plant					Risk Owner		Tom McCabe		
Risk Description					Date entered on risk register			28th August 2020		
There are important risk implications to the Council in the following areas: The Council's EU funded programmes supporting the local economy. Place-based impact – there will be real and varied impacts and opportunities in our local economy. There is a risk that initially, implications for Norfolk County Council of the UK leaving the EU are not known or understood, causing uncertainty in external funding / implications for Norfolk businesses.										
Original			Current			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	2	3	6	Mar-21	Amber
Tasks to mitigate the risk										
1) Regular meetings are taking place with the Ministry for Housing, Communities and Local Government (MHCLG) and the Department for Business, Energy and Industrial Strategy (BEIS) regarding a managed exit from EU funded programmes to ensure NCC's liabilities are met.										
We have agreed the principles and framework for regional investment post Brexit to ensure the level of current funding is protected, including asking for funds to be devolved locally, so that the economic benefit of the funding is secured.										
We jointly commissioned work with the LEP and Suffolk County Council to understand the business impact of Brexit within the New Anglia area and particular sectors likely to be affected, such as agriculture. Also, signposting to information from Government on preparations businesses should make is available at www.newanglia.co.uk .										
Progress update										
The Treasury Guarantee confirms that funding is assured in the event of a deal for projects committed by 31 December 2020. The Internal Project Board is aware of NCC liabilities; nplaw have drafted a Deed of Guarantee seeking written assurance from MHCLG that they will meet our liabilities in order to close the Programme. MHCLG have raised the issue with Ministers, as well as our MA status after we leave the EU. This will now fall under the detailed work around payment mechanisms following the confirmation of extended programme completion.										
The Green Paper regarding the Shared Prosperity Fund has been published. We continue to work with New Anglia and other relevant partners. NCC Brexit Silver Group and Resilience Reps looked at reasonable worst case planning assumptions in Operation Yellowhammer. Work we had done prior to the original leave date meant that we had covered these potential impacts already.										

Progress update

We have raised the issue of Trading Standards (their ability to act as a National Body certified by the EU, charging for highway services) with the LGA to play into their negotiations with DExEU.

A task force has been set up, asking each Directorate to provide a summary of the risk posed to them and their service provision by Brexit. Service delivery risks involving the availability of fuel and supply of food have been managed, to ensure that the Council is prepared for any such eventualities. These two issues have been subject of individual NRF multi-agency task & finish groups. Information has been fed back to NCC Silver Group meetings and resilience reps, for them to consider impacts. Our revised Business Impact Analysis has identified fuel requirements to deliver critical activities. NCC prepares the NRF Fuel Emergency Plan so we are well embedded into the process.

The NCC website now offers information for businesses and individuals at

<https://www.norfolk.gov.uk/what-we-do-and-how-we-work/preparing-for-brexit>

The target date for this risk has been revised to the end of the financial year to take into account any implications arising in the first three months after 1st January 2021.

Risk Number	RM023					Date of update		12th January 2021		
Risk Name	Failure to respond to changes to demography, funding, and government policy, with particular regard to Adults Services.									
Portfolio lead	Cllr. Bill Borrett					Risk Owner	James Bullion			
Risk Description						Date entered on risk register		18th August 2017		
Whilst acknowledging the pressures on adult social services, and providing some one-off additional funding, the Government has yet to set out a direction of travel for long-term funding. At the same time, the pressures of demography and complexity of need continue to increase. This makes effective strategic planning highly challenging and there is a risk that short-term reductions in support services have to be made to keep within budget; these changes are likely to be counter to the long-term Promoting Independence strategy. Overall risk treatment: Treat										
Original			Current			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	2	4	8	Mar-22	Amber
Tasks to mitigate the risk										
<p>1) Implementation of Promoting Independence Strategy. This strategy is shaped by the Care Act with its call to action across public services to prevent, reduce and delay the demand for social care. The strategy aims to ensure that demand is understood and managed, and there is a sustainable model for the future.</p> <p>2) As part of the strategy, a shift of spend towards targeted prevention, reablement services, enablement, and strengthened interim care.</p> <p>3) Implementation of Better Care Fund plans which promote integration with the NHS and protect, sustain and improve the social care system.</p> <p>4) Judicious use of one-off winter funding, as announced by Government.</p> <p>5) Close tracking of government policies, demography trends and forecasts.</p> <p>6) A new set of NCC corporate priorities which aims to address longer-term demand management in children’s and adult services.</p>										
Progress update										

Progress update

- 1) Covid-19 has caused a seismic and immediate refocus of services, process and planning. The financial consequences of this continue to emerge, but it is having a material impact on the ability to deliver the full level of planned savings in both 2020-21 and 2021-22. As a result, alongside the longer term delivery of Promoting Independence, the immediate priority and context for Adult Social Services' is the post-pandemic recovery – with services facing unprecedented challenges this year (2020-21) and continued uncertainty – particularly relating to demand, funding and sustainability of wider market. Demand and demography modelling continues to be refined through the cost and demand model. Main themes for transformation reviewed and updated: Front door; Services for people with a learning disability; older people and people with physical disabilities; maximising digital technology; embedding strengths-based social work through Living Well; housing; supporting informal carers.
- 2) Market shaping and development - strengthened working relationships; clear objectives; increases in funding.
- 3a) Strengthened investment in prevention, through additional reablement, social prescribing, local initiatives for reducing social isolation and loneliness.
- 3b) Workforce – continued and on-going recruitment campaign to sustain levels of front line social workers and occupational therapy staff. Joint European funded programme with Suffolk to support workforce in the wider care market
- 3c) Better Care Fund targeted towards supporting people to stay independent, promoting and enabling closer integration and collaboration across health and social care. Better Care Fund currently under review to reflect closer joint aims and objectives between health and social care
- 4) Close joint working with NHS, through the STP, to shape and influence future integration of health and social care
- 5) We are still awaiting the Green Paper on Social Care; will now review the NHS 10-year Plan and establish how this will impact on the direction of travel for health and social care
- 6) Collaboration with children's services to develop a preparing for adult life service to strengthen transition experience for young people, and to improve service and budget planning.

Risk Number	RM024					Date of update		12th January 2021		
Risk Name	Failure to construct and deliver the Great Yarmouth 3rd River Crossing (3RC) within agreed budget (£121m), and to agreed timescales (construction to be completed early 2023)									
Portfolio lead	Cllr. Martin Wilby					Risk Owner		Tom McCabe		
Risk Description						Date entered on risk register		14th June 2019		
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			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	2	4	8	2	3	6	Jan-23	Amber
Tasks to mitigate the risk										
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: 1) Project Board and associated governance to be further developed to ensure clear focus on monitoring cost and programme at monthly meetings. 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. 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. 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. 5) All opportunities to be explored through board meetings to reduce risk and programme duration. 6) An internal audit is currently being 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.										
Progress update										

Progress update

The outline business case was submitted on 30 March 2017, and DfT confirmed approval of this following the autumn statement in November 2017. 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). 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 has been developed and submitted to DfT at end of September 2020 - the project is still at agreed budget. 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 is due to commence early 2021, with the bridge completed and open by early 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. 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 and the programme to complete the works and open the scheme in early 2023 is still on track. 6) The further internal audit has been concluded and a report circulated in this period. Findings are green with only one minor observation (already actioned).

Risk Number	RM026					Date of update		12th January 2021		
Risk Name	Legal challenge to procurement exercise									
Portfolio lead	Cllr. Andrew Jamieson					Risk Owner		Simon George		
Risk Description					Date entered on risk register			4th June 2019		
That alleged breach of procurement law may result in a court challenge to a procurement exercise that could lead to delay, legal costs, loss of savings, reputational damage and potentially significant compensation Overall risk treatment: Treat										
Original			Current			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-21	Green
Tasks to mitigate the risk										
Review processes and practice in light of recent caselaw, in particular Amey Highways Ltd v West Sussex County Council [2019] EWHC 1291 (TCC) and Lancashire Care NHS Foundation Trust & Anor v Lancashire County Council [2018] EWHC 200 (TCC). 1) At team meeting w/c 10 June 2019, remind procurement staff of need to escalate any proposal to run a procurement exercise in an unreasonably short timescale 2) Take pipeline to corporate board every six months and to directorate management teams quarterly to minimise risk of rushed procurement exercises. 3) Seek corporate board sign-off for new approach with consistently adequate timelines,fewer evaluators and greater control over choice of evaluator 4) Review scale of procurement exercises, avoid unnecessarily large exercises that increase risk and complexity and the scale of any damages claim. 5) Make incremental change to instructions to evaluators and approach to scoring and documenting rationale, and test on tender NCCT41801 in w/c 3 June 2019 6) Review standard scoring grid and test 'offline' on tender NCCT41830 w/c 10 June 2019 7) Review template provisional award letter w/c 17 June 8) Develop standard report to decision-maker w/c 17 June 9) Make more significant changes to instructions to evaluators and pilot new approach on a future tender. 10) Pilot new scoring grid in a future tender 11) Institute formal annual review of sourcing processes in light of developments in case law. Review each December; add to senior staff objectives.										
Additional tasks identified February 2020: 12) Update HotDocs to include definitive versions of new templates - by 31 March 2020 13) Formal sign-off of updated process by Nplaw- by 31 March 2020 14) Further formal training for procurement officers - by 30 April 2020										
Progress update										

Progress update

- 1) Reminder given at team meeting - complete
- 2) Pipeline report frequency now quarterly. Pipeline being discussed with EDs or senior commissioners before each board - complete
- 3) Corporate board has signed off the new approach - complete
- 4) Ongoing as need to consider each procurement on a case by case basis.
- 5) Evaluator guidance was updated immediately. More significant changes have also now been implemented - see 9. Complete.
- 6) Scoring grid was updated as planned. Complete.
- 7) Template provisional award letter has been reviewed and updated. Complete
- 8) Existing reports have been reviewed and new report is being developed. Complete.
- 9) Evaluator guidance updated and in use as standard. Feedback from evaluators is positive. A new mechanism for capturing feedback on tenders is now in use after extensive piloting.
- 10) Scoring grid has now been updated and is in use as standard. - Complete
- 11) Added to senior staff objectives. Reviewed January 2020; no new issues identified beyond those in this risk 26

Additional tasks 12 to 14 to be implemented in March and April 2020 have been paused in the wake of managing the COVID-19 response.

Risk Number		RM027				Date of update		12th January 2021		
Risk Name		Risk of failure of new Human Resources and Finance system implementation								
Portfolio lead		Cllr. Tom FitzPatrick				Risk Owner		Diana Dixon		
Risk Description					Date entered on risk register			16th August 2019		
Risk that there is a significant impact to HR and finance services through potential lack of delivery of the new HR & finance system. Overall risk treatment: Treat										
Original			Current			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	2	2	4	Sep-21	Green
Tasks to mitigate the risk										
1) Programme has moved from procurement phase to Implementation as planned 2)Rigorous monitoring of risk occurs at Programme level on a weekly basis with significant risks escalated to Programme Board for management. Particular attention is being paid to the risk to the project of being impacted by any Covid-19 resurgence that may affect NCC and / or Implementer teams causing a delay and associated cost. Mitigation of this includes agreement to protect the project team resources such that they remain aligned to the programme (at one stage 50% of team had been moved to C-19 response) 3) Programme management team from NCC and Systems Implementer jointly develop plan with formal sign off underpinned by contractual stage payments 4) Initial impact of Covid-19 mitigated by the addition of a new transition stage into the plan with delay to implementation held to 1 month 5) Programme governance revised to reflect move to Implementation 6) Corporate Select Committee continue to oversee the programme										
Progress update										
1) Cabinet via delegated approval to Exec Director S&G (in consultation with ED for FCS, the Leader and Cabinet Member for Innovation, Transformation and Performance) endorsed the award of the contract to Oracle Consulting Services implementing a cloud Oracle solution as planned. 2) On-going visibility of the plans via Programme Board, also the Corporate Select Committee continues to offer oversight. 3) Strong engagement from HR and Finance into the familiarisation stage of the programme which supports system design decisions 4) Eight benefit themes applied to the project from the outset underpin all design discussion / decision, programme board are responsible for delivering against these benefits. 5) Governance managed by project board and programme board for project plans and budget. 6) Strong management of the familiarisation process by both NCC and the Systems Implementer to ensure remote ways of working are not impacting the quality of the engagement or decision-making 7) Robust risk management in place, particularly in respect of C-19 and the potential impact this could have on timescales and costs 8) Business impacts being captures as familiarisation with the software solution develops 9) The procurement of a change partner with local authority expertise and experience in adopting our software solution has taken place to support business adoption of new ways of working that underpin realisation of savings 10) Resource levels are kept under review as the understanding of the future plan matures with pressures around resourcing being managed by Project Board										

76

Risk Number	RM028					Date of update		12th January 2021		
Risk Name	Risk of any failure to monitor and manage health and safety standards of third party providers of services									
Portfolio lead	Cllr. Andrew Proctor					Risk Owner		Sarah Shirtcliff		
Risk Description						Date entered on risk register		29th July 2019		
The potential for the Council not proactively monitoring and managing 3rd party providers to ensure the standards of health and safety. There is a risk of prosecution for health and safety failings, reputational damage and a failure to deliver services. Overall risk treatment: Treat										
Original			Current			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	2	5	10	Mar-21	Amber
Tasks to mitigate the risk										
1) HSW team to undertake remote monitoring of high risk areas e.g accomodation providers										
2) Departments to investigate specific concerns raised by the surveys										
3) Departments to review their approach to contract management and implement sustainable improvements in monitoring with the support of Health and Safety Team (HSW)										
Progress update										
1) Monitoring undertaken by HSW Q3 2017/18 Report taken to the then CLT with findings Q4 2017/18 - actions 2 & 3 agreed at the former CLT.										
2) Departments have reviewed their approach to contract management and integrated responsibilities into roles in revised structures.										
3) Monitoring is actively in place for a number of services and is due to commence for other services throughout 2020/21. Monitoring of service providers has significantly improved.										
The Health and Safety Team have been focussing efforts on carrying out risk assessments ahead of the re-opening of sites for service delivery. This work has included supporting departments to seek assurance on 3rd party providers approach to being COVID-Secure as their services re-open/scale up.										
Prospects of meeting target changed to amber to reflect identification of some areas of further work needed following investigation by HSE										

Risk Number	RM029		Date of update		12th January 2021					
Risk Name	NCC may not have the employees (or a sufficient number of employees) with critical skills that will be required for the organisation to operate effectively in the next 2-5 years and longer term									
Portfolio lead	Cllr. Andrew Proctor			Risk Owner	Sarah Shirtcliff					
Risk Description			Date entered on risk register		29th July 2019					
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. Brexit uncertainty impacting in some sectors Overall risk treatment: Treat										
Original			Current			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	5	15	2	5	10	Mar-21	Green
Tasks to mitigate the risk										
<ul style="list-style-type: none">• Identification of what new critical skills are required in services – As each directorate makes their changes to make savings / manage demand• Identification of pathways to enable staff to learn, develop and qualify into shortage areas – As each directorate makes their changes to make savings / manage demand• Challenge ourselves, is there another way this can be delivered?• Explore further integration with other organisations to fill the gaps in our workforce - ongoing• Develop talent pipelines working with schools, colleges and universities• Undertake market rate exercises as appropriate and review employment packages• Explore / develop the use of apprenticeships; this will help grow talent and act as a retention tool• 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.										
Progress update										

Progress update

We are utilising the apprenticeship levy to focus on critical areas e.g. Social Work, Fire Service. New Apprenticeship strategy 20-23 signed off Dec 2020.

Workforce Development Plans in services are in development focusing on areas of critical service delivery. We are also developing an improved approach to workforce planning through accessing regional expertise and support. This approach will support targetted provision of apprenticeships and other schemes.

We have developed key Organisational Development priorities of future and roles of work in NCC, supporting an effective organisation, recruiting for strengths, creating life friendly careers and the deal in service of our people vision. These priorities thread through and inform all strategic work carried out by the HR team. A strengths-based approach to Talent is under development and will support, via the Oracle HR&Finance system, increased transparency of vacancies and the ability of current NCC employees to find and match themselves with appropriate roles.

We are a Cornerstone Employer, and have a silver award for the Armed Forces Convenance, supporting an inclusive approach to recruitment

We are revising our mandatory training policy to support key skills and knowledge of our workforce Implementation of HR & Finance system will give us capability to improve our workforce planning through real time reporting, improved data and access to talent information. This system will be implemented on a phased basis. The creation of Career Families is central to making best use of

the system functionality and a pilot of this work has been completed. The delivery of the full project will take place between Jan 2021 and April 2022.

We are developing our branding of NCC to attract people with the future skills we need to continue to be successful and deliver NCCs vision and strategy

We are working with partners to establish joined up recruitment and systems streamlining needs

We have reshaped our core learning and development offer to the organisation through the Norfolk Development Academy and Social Care Academy e.g. digital skills, leadership and management skills.

We now have a comprehensive suite of learning offers for both areas.

The Human Resources Team have been focussing their staff resources on addressing work related to COVID-19. This risk will continue to be mitigated with an ongoing commitment to ensuring that the Council continues to operate effectively with the required skillsets of its staff in place going forward. Government initiatives being introduced to try and mitigate the impact of COVID-19 on the economy may offer more opportunities to help mitigate this risk. Further information is expected in September and we will evaluate these before updating in the next period. There are also early signs that NCC is attracting more candidates as the public sector is seen as a more secure employer and people explore moving out of major cities. It is too early however to reduce the level of risk on this basis.

Risk Number	RM030					Date of update		12th January 2021		
Risk Name	Non-realisation of Children's Services Transformation change and expected benefits									
Portfolio lead	Cllr. John Fisher					Risk Owner		Sara Tough		
Risk Description					Date entered on risk register			8th August 2019		
There is a 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			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-23	Amber
Tasks to mitigate the risk										
1) A demand management and prevention strategy and associated business cases have been completed and a 5 year transformation programme has been established covering social care and education 2) Significant investment has been provided to delivery transformation including £12-15 million for demand management and prevention in social care 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) Scrutiny structures are in place through the Norfolk Futures governance processes 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 etc 6) Interdependencies with other enabling transformation programmes e.g. smarter working will be aligned to help maximise realisation of benefits.										
Progress update										
As part of the recovery phase the majority of transformation projects have restarted, but there is ongoing support needed to manage the continued response to COVID. It is still anticipated there will be a delay to benefits realisation and these assumptions are being built into the business planning process for 2021-22.										
It is anticipated there will be a 6 month impact on benefits realisation as a result of the COVID 19 crisis. There is also the potential for a delayed surge in demand for services as lockdown is lifted and new need is identified.										
Majority of transformation, operational and corporate resource has been redirected to support emergency COVID response during lockdown. Resources are now beginning to focus on restarting transformation during re-set and recovery phase.										
1) Leads and transformation team in place. Roles involved in transformation will increase and decrease in line with programme demand. Currently increasing our capacity to support projects as part of the SCARF and SEND & AAP transformation programmes. 2) SEND transformation workstreams are established, project mandates agreed and the capital										

Progress update

programme for the first build is underway. Current profile of £12-15m investment is £2m per year. The Council has also agreed additional £5m front-line staffing investment pa from 2020-21.

3) SEND consultation stages / work with IMPOWER completed and design stage underway for Specialist Resource Bases (SRBs) and revised Inclusion Model.

4) Governance structures and reporting processes in place and being actively used through stocktake meetings and trajectory reports. Transformation Board has refreshed to focus on Benefits Realisation and has cross council representation both Members and Officers.

5) High level of engagement from corporate departments. Finance and HR use business partner model to embed expertise directly in department. Resource requirements are being managed in line with demand.

6) Business transformation “interlocks” are being used to manage interdependencies between programmes in Children’s Service and the Business Transformation Programme. Other change programme are managed as required e.g. the alignment of the roll-out of new mobile devices and apps to enable greater mobile working.

Risk Number	RM031					Date of update		12th January 2021		
Risk Name	NCC Funded Children's Services Overspend									
Portfolio lead	Cllr. John Fisher					Risk Owner		Sara Tough		
Risk Description					Date entered on risk register			1st September 2019		
There is a risk that the NCC Funded Children's Services budget results in a significant overspend that will need to be funded from other parts of Norfolk County Council										
Original			Current			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	4	5	20	4	5	20	Dec-20	Met
Tasks to mitigate the risk										
Improved monitoring systems identified and revised CSLT tier 2, 3 & 4 structure proposed. Transformation programme that is targeting 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. In turn, this will enable the most expensive areas of NCC funded spend (placement costs and staffing costs) to be well controlled and to remain within budget. Cohorts will be regularly analysed to ensure that all are targeted appropriately.										
The Functioning Family Therapy service has been launched. Family Group Conferencing is being reintroduced.										
Recognition of underlying 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.										
Progress update										

Progress update

Scoring rationale - Risk impact relates to financial impact of over £3m, therefore scored 5. Risk likelihood has reduced from "almost certain" to probable, due to department currently projecting a balanced budget outturn position for 2020/21, but balanced against considerable financial pressures for 2021/22 and uncertainties due to COVID 19. NB: Now that the risk target score has been met, a new lower target score is to be set for this risk.

Improved monitoring systems in place and becoming embedded: Assistant Director financial monitoring meetings, LAC tracker, Permanency Planning Meetings, DCS Quarterly Performance meetings, weekly Getting to Good Meetings and Transformation and Benefits Realisation Board chaired by Cabinet Member CS and attended by members and CSLT.

Multiple Transformation projects under-way and delivered, for example the new Social Care delivery model, Fostering Recruitment Transformation and use of an enhanced fostering model. Current projects such as our LAC and LC transformation have recently been approved to commence implementation. Norfolk has been successful in being awarded DfE funding to introduce the No Wrong Door model in partnership N Yorks. This is a proven model at working with adolescents differently improving outcomes and reducing costs. Due to COVID this project has been delayed, and has not commenced implementation with a target go live date of June 2021.

Children Looked After numbers have now been in steady sustained decline for a since January 2019, which has resulted in reduced overall placement costs. The rate of reduction has slowed during COVID, but remains stable. Where numbers have reduced, overall unit costs have not decreased. A number of existing transformation projects are in train to support these young people more effectively and reduce unit costs over the medium term

Risk Number	RM032a					Date of update		12th January 2021		
Risk Name	Effect of COVID-19 on NCC business continuity (staff, service users, and service delivery)									
Portfolio lead	Cllr. Andrew Proctor					Risk Owner		Tom McCabe		
Risk Description					Date entered on risk register			27th February 2020		
There is a risk of disruption to service delivery if there are widespread cases of COVID-19 in Norfolk affecting the health, safety and wellbeing of Norfolk County Council and contracted partner employees. This could impact on Norfolk County Council financially and reputationally. Cause: Not effectively containing COVID-19. Event: Widespread positive cases of COVID-19 across Norfolk, affecting NCC staff, partners, and service users. Effect: There are potential effects on staff, partner organisations, and service user's health, safety and wellbeing if there is widespread exposure to COVID-19 within Norfolk. Overall risk treatment: Treat										
Original			Current			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	4	5	20	3	2	6	Mar-21	Green
Tasks to mitigate the risk										
1) Coordination of communications to make staff, service users, and contracted third parties aware of the latest guidance from Public Health England to help to contain cases of COVID-19, provide reassurance of the Council's response to COVID-19, contribute to the support structure, and demonstrate leadership. Action owner: James Dunne										
2) Ensuring staff continue to be provided with information on safe working, particularly for those working in the community. To continue to ensure that measures to support mental health are available. Action owner: Derryth Wright										
3) Modelling to be carried out to give best estimates on the prevalence of COVID-19 in Norfolk. Action Owner: Tim Winters										
4) Adaptation of Business Continuity arrangements to meet service demands. Business Continuity Plan owners will need to review BCP's with their management teams to ensure that they reflect changes since COVID-19 which could affect current plans around such events as a loss of ICT, loss of a key system, shortage of key personnel, recognising other current priorities of services. Action Owner: Heads of Service										
5) Assessment of financial impact. Action Owner: Harvey Bullen										
6) Continued monitoring of risk mitigation progress for risks covering the winter 2020/21 period and beyond. Action Owner: Recovery Group and Risk Management Officer										
7) Identifying nuanced implications of pupils back at school and working to ensure that all aspects of this are managed. Action Owner: Chris Snudden										
8) To consider how and when sites might be re-opened for staff on a prioritisation basis using any revised government guidance, where and when it is safe to do so. Action Owner: John Baldwin										
9) To ensure that children with disabilities (CWD) and their families are able to access short breaks to prevent family breakdown or potential harm to vulnerable children.										
Progress update										

Progress update

- 1) Communications continue to go out to all staff advising on how to seek further guidance issued by Public Health England. External communications to third parties are reviewed to ensure that external communications as well as internal communications are consistent. Communications are providing reassurance of the Council's response to COVID-19, contributing to the support structure, and demonstrating leadership. Members are receiving a Members Briefing document. In line with cases rising nationally and a subsequent second national lockdown, communications have been launched to further help to stop the spread of COVID-19 in Norfolk, encouraging people to stay at home as much as possible to protect ourselves, protect others and protect Norfolk.
- 2) Staff continue to receive guidance on safe working, including the use of personal protective equipment provided. The Health and Safety team continue to issue regular communications and provide well-being support to ensure people have access to any mental health support they may need including Norfolk Support Line, Mental Health First Aid Champions, wellbeing officers, and online e-Learning on personal resilience, all of which are available to staff. Support channels continue to be widely communicated to staff. This is important to help to mitigate the risk of staff feeling isolated from prolonged home working. Significant changes re. PPE have been incorporated in the guidance. The wellbeing staff survey provides greater insight to the wellbeing of the workforce during COVID-19. The survey is showing an increased level of pressure being felt by staff in the teams that have undertaken it, but the survey is designed to support the development of solutions by the team, for the team. This will help teams to manage their well-being directly. The provision of additional well-being support is also being launched through a wider winter offer. This includes adult learning sessions following the 5 ways to wellbeing model.
- 3) Modelling has been carried out to provide further understanding of the numbers of expected cases in Norfolk. We have also modelled to align numbers of resources to how many we think we need e.g. for social care discharges, community food distribution, and projected mortality rates. The COVID-19 epidemic curve forecasts produced at a national and regional level for mortality, hospital admissions and infection prevalence are being applied to our local population as we have done previously. This gives us scenarios around which to estimate system capacity required for testing, hospital admissions, hospital discharges and mortality. The Head of Public Health Information is reviewing the implications for Norfolk of the potential national scenarios as and when they are published, including the challenges we face during this Winter period.
- 4) Service delivery is being modified to adapt to the everchanging demands on services, including through online channels during lockdown for those services where it is appropriate to do so. In relation to care homes, the Health.

Section Care Provider delivery group continues to support collaboration between NCC and Norfolk & Waveney CCG and has been developed to both prevent new outbreaks in care homes and support those currently experiencing an outbreak. The Care Provider Incident Room (managed by N&W CCG) is the single point of contact for care homes to access support and advice and to report outbreaks. The Outbreak Management Team (managed by NCC) includes a Multi-disciplinary team with the ASSD Quality team working with PH consultants to manage outbreaks and to offer wrap around support to care homes. Enhanced arrangements continue to be in place for governance & oversight, infection control, testing, PPE & clinical equipment, workforce support and financial support. Business Continuity Plans across the Council continue to be reviewed to ensure they incorporate changes to service delivery.

- 5) There is financial monitoring of in-year cost to address the impact of COVID-19 within departments, with monitoring of 2020-21 spend reported to Cabinet on a monthly basis. Financial forecasting is taking place to further understand where there are likely to be areas of greater financial challenges as a result of COVID-19 beyond 2020-21. The Strategic and Financial Planning report was taken to Cabinet in October highlighting the latest assessment of significant areas of risk and uncertainty around emerging budget pressures for the 2021-22 Budget and Medium Term Financial Strategy. This paper also asked Members to consider and agree proposed savings. Public consultation will be undertaken on the 2021-22 Budget and saving proposals ahead of the budget setting meeting of Full Council in February 2021. The October paper also proposed next steps in the Budget planning process for 2021-22, including the actions required to develop further saving proposals in light of the significant uncertainty about the overall financial position. Monitoring reports will be taken to Cabinet in 2021-22.

- 6) Ongoing monitoring of risk mitigation progress on a weekly review through Recovery Group, with support from the Risk Management Officer.
- 7) Staff with children continue to show great flexibility around family needs. The Health and Safety team are working with Children's Services (CS) on the general monitoring programme, with Children's Services identifying which schools require additional support. Health and Safety are providing feedback to CS with common themes to be addressed.
- 8) Reopening of services has suspended following the national lockdown. However, when we return to a situation where services can reopen again a clear process for assessing need and suitability considering all the risks has been developed and is in place. This is managed through a working group chaired by the Head of Finance Exchequer Services and Health and Safety are members of that group.
- 9) CWD short breaks is one of the prioritised areas to resume face to face services under Theme G, with additional support provided in response to growing evidence of fatigue and strain amongst families.

NB: The prospects score is subject to further review.

Scrutiny Options for Managing Corporate Risks

Reflecting good risk management practice, there are some helpful prompts that can help scrutinise risk, and guide future actions. These are set out below.

Suggested prompts for risk management improvement discussion

In reviewing the Council's corporate risks there are a number of risk management improvement questions that can be worked through to aid the discussion, as below:

1. What progress with risk mitigation is predicted?
2. How can progress with risk mitigation be improved?
3. When will progress be back on track?
4. What can we learn for the future?

In doing so, committee members are asked to consider the actions that have been identified by the risk owner and reviewer.

Risk Management improvement – potential actions

A standard list of suggested actions have been developed. This provides members with options for next steps where reported risk management scores or progress require follow-up and additional work.

All actions, whether from this list or not, will be followed up and reported back to the committee.

Potential follow-up actions

	Action	Description
1	Approve actions	Approve recommended actions identified in the exception reporting and set a date for reporting back to the committee
2	Identify alternative/additional actions	Identify alternative/additional actions to those recommended in the exception reporting and set a date for reporting back to the committee
3	Refer to Departmental Management Team (DMT)	DMT to work through the risk management issues identified at the committee meeting and develop an action plan for improvement and report back to the committee
4	Refer to committee task and finish group	Member-led task and finish group to work through the risk management issues identified at the committee meeting and develop an action plan for improvement and report back to committee
5	Refer to Corporate Board	Identify key actions for risk management improvement and refer to Corporate Board for action
6	Refer to Cabinet	Identify key actions for risk management improvement that have whole Council 'Corporate risk' implications and refer them to Cabinet for action.

Background Information

A Corporate Risk is one that:

- requires strong management at a corporate level thus the Corporate Board should direct any action to be taken
- requires input or responsibility from more than one Executive Director for mitigating tasks; and
- If not managed appropriately, it could potentially result in the County Council failing to achieve one or more of its key corporate objectives and/or suffer a significant financial loss or reputational damage.

In responding to the corporate risks identified, there are four risk treatments that should be considered;

Treat

The risk should be treated through active management of the risk to reduce wherever the implications of the risk materialising are negative.

Tolerate

The risk should be acknowledged with the recognition that some or all of the mitigating actions are out of the immediate control of the Council.

Transfer

The risk should be transferred to a third party (usually via an insurance policy).

Terminate

The root cause of the risk should be terminated i.e. the action(s) causing the risk should be stopped.

Audit Committee

Item No. 7

Report title:	Counter Fraud, Bribery and Corruption Annual Report 2020-21 (including whistleblowing)
Date of meeting:	21st January 2021
Responsible Cabinet Member	Not applicable
Responsible Director:	Helen Edwards, Director of Governance
Is this a key decision?	No

Executive Summary

The Norfolk Audit Service (NAS) Anti-Fraud, Bribery and Corruption Strategy was approved by the Audit Committee on 21 September 2017.

Appendix A of this report provides an annual report in respect of the counter fraud activity undertaken by NAS during the current financial year.

Key messages are that:

- Overall, there has been satisfactory progress for the 2020-21 year to support the strategy. A summary containing examples of the actions taken to support the strategy can be found in the report at **Appendix A**.
- Norfolk Audit Services continues to;
 - Foster anti-fraud culture
 - Prevent fraudulent activity from occurring.
 - Detect instances of fraudulent activity.
 - Pursue those who seek to defraud through all means available
 - Recover losses
- All cases investigated during the 2020-21 financial year have achieved successful outcomes. Some cases remain ongoing/open and therefore financial outcomes cannot be quantified at the time of reporting.
- The Council continues to pursue all allegations of fraudulent activity and seek sanctions and redress through civil, criminal and/or disciplinary channels as necessary.
- Fraud Hub initiatives have continued to provide successful outcomes. In addition to the fraud hub, work has begun to operate additional 'Premium' Council Tax Single Person Discount matching and associated recovery service with Anglia Revenue Partnership.
- The Council's Whistleblowing Policy continues to be developed and managed with a view to promoting new referrals and protection for those who report concerns.

Action Required:**To;**

- **Consider and agree that the content of the Anti-Fraud, Bribery and Corruption and Whistleblowing annual report 2020-21 (Appendix A), the key messages, that the progress is satisfactory, and arrangements are effective.**

1. **Background and Purpose**

One of the roles of the Audit 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.

2. **Proposals**

The Norfolk Audit Service (NAS) Anti-Fraud, Bribery and Corruption Strategy continues to direct the proactive anti-fraud work undertaken.

The report at **Appendix A** provides an update in respect of the pro-active and reactive anti-fraud, bribery and corruption activity undertaken during the previous financial year (2019/20), including Whistleblowing.

Norfolk Audit Service (NAS) leads on the strategic delivery of Counter Fraud, Bribery and Anti-Corruption work across all the Council's services. The aim is to protect the public purse, the Council, its staff and its service users from corrupt activities that would undermine the Council's vision, aims and objectives of meeting public service requirements.

The NAS Anti-Fraud, Bribery and Corruption Strategy and activity plan sets out and provides information on NCC's response to the document 'Fighting Fraud and Corruption Locally (FFCL)', The local government counter fraud and corruption strategy.

To support NAS in implementing appropriate measures, a suite of anti-crime goals has been developed (that encompass the FFCL strategy) in the following areas:

Govern: Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout NCC.

Acknowledge: acknowledging and understanding fraud risks and committing support and resource to tackling fraud to maintain a robust anti-fraud response.

Prevent: preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Pursue: punishing fraudsters and prioritising the recovery of losses via a triple track approach (Civil, Criminal or Disciplinary), developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response.

3. **Impact of the Proposal**

The Council can demonstrate commitment and progress to protecting the public purse, fighting fraud locally and to fulfil the Crime and Disorder Act 1998.

4. **Evidence and Reasons for Decision**

Not applicable

5. **Alternative Options**

Not applicable

6. **Financial Implications**

The cost/expenditure falls within the parameters of the Annual Budget agreed by Council.

7. **Any other implications**

- 7.1 Officers have considered all the implications which members should be aware of. Apart from those listed in the report (above), there are no other implications to consider.

9. **Risk Implications/Assessment:** Not applicable

10. **Select Committee Comments:** None

11. **Recommendation**

- 11.1 See Action Required at Executive summary

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 **Tel No. :** 01603 222784

Email address : adrian.thompson@norfolk.gov.uk

Support : Andrew Reeve **Tel No. :** 01603 222746

Email address : andrew.reeve@norfolk.gov.uk



If you need this Agenda in large print, audio, Braille, alternative format or in a different language please contact Adrian Thompson on 01603 222784, 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

APPENDIX A

**NAS Anti-Fraud, Bribery
and Corruption Annual
Report 2020-21**

Date

January 2021

1. Executive Summary

The 2020/21 financial year has seen unprecedented change for Local Authorities and the UK as a whole. For the Council, the COVID19 pandemic has transformed ways of working and how services are delivered to the public.

Nationally, significant fraud and corruption challenges have emerged over the year. The governments furlough scheme has attracted significant media attention due to the values of potential fraud and error identified. Also, there has been increased activity in scams to the public involving COVID19, such as false test and trace text messages designed to glean banking and card details. Scams such as this can have devastating effects on the most vulnerable in society.

At the Council, the focus during the pandemic has been on continuity of services and ensuring public funds are distributed to those that need them most.

Norfolk Audit Services continues to;

- Foster anti-fraud culture
- Prevent fraudulent activity from occurring.
- Detect instances of fraudulent activity.
- Pursue those who seek to defraud through all means available
- Recover losses

In March 2020 the national strategy; Fighting Fraud and Corruption Locally (FFCL) was updated. The national strategy provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities.

Norfolk Audit Service (NAS) was involved in shaping the national strategy, particularly;

- The governance arrangements contained in the current NCC Anti-Fraud, Bribery and Corruption Strategy have been added as an additional pillar to the national strategy.
- The NCC Anti-Fraud, Bribery and Corruption policy and strategy have been published on the national Fighting Fraud and Corruption Locally best practice bank.

2. Introduction

The NCC Anti-Fraud, Bribery and Corruption Strategy was agreed by the former Chief Legal Officer and approved by the Audit Committee in September 2017.

NCC's anti-crime goals are set out below. There are four sections that follow the FFCL strategy.

Govern: Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout NCC.

Acknowledge: acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

Prevent: preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Pursue: punishing fraudsters and prioritising the recovery of losses via a triple track approach (Civil, Criminal or Disciplinary), developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response.

Overall, there has been satisfactory progress for the 2020-21 year to support the strategy. A summary containing examples of the actions taken to support the strategy can be found below;

Govern

- A fraud risk assessment has been undertaken to assess the governance arrangements in place for the reimbursement of employee expenses. The risk assessment identified areas within policies, procedures and claim mechanisms that require updating to mitigate the risk of fraud and an error in the claim process. The IA is collaborating with the HR Transactions and Payroll Manager to implement the recommendations arising from the FRA.
- Updates and progress reports in respect of Anti-Fraud matters have been provided to the Director of Governance, Chief Internal Auditor, Executive Director of Finance and Commercial Services and the Audit Committee throughout the reporting period. The updates and reports included:
 - ✓ The agreement and planning of activities
 - ✓ Progress against agreed activities
 - ✓ Investigation updates and outcomes
 - ✓ Emerging fraud risks
 - ✓ External reports regarding wider/national anti-fraud activity
- The Council's Whistleblowing Policy continues to be developed and managed with a view to promoting new referrals and protection for those who report concerns. Changes to whistleblowing law (The Public Interest Disclosure Act) are expected to be implemented during 2021 and work is ongoing to research new initiatives and practices ahead of the changes.
- Elected members, Directors, Heads of Service and all those charged with governance demonstrate top level strategic support for all anti-fraud, bribery and corruption related activity at NCC.

Acknowledge

- NCC has developed the following key policies that acknowledge the risk of fraud and are promoted throughout the organisation;
 - ✓ The Anti-Fraud, Bribery and Corruption Policy
 - ✓ Code of Conduct and Behaviour Policy
 - ✓ Whistleblowing Policy
 - ✓ Anti-Money Laundering Policy
- The Anti-Fraud, Bribery and Corruption Policy specifies the reporting lines for fraud concerns and references the related policies.
- The policy has been published in the Internet and articles have been circulated in the NCC publication; Norfolk Manager, promoting the policies.
- eLearning programs have been developed to promote the policies and procedures and enhance reporting and staff knowledge.
- The NCC Anti-Fraud, Bribery and Corruption policy and strategy are currently under review and will be updated for the 2020/21 financial year to reflect best practice, changes to the national strategy and locally identified fraud risks.

Prevent

- Bespoke anti-fraud training has been provided to the Direct Payment Support Service Training Team as part of whistleblowing response activity. The training focused on understanding and identifying fraud and corruption, and the examining and cross references of time sheets submitted by agencies and carers. Positive feedback was received as a result of the training and further face to face training is planned in the new financial year in other areas.
- By keeping up to date with relevant publications and being members of bodies such as CIPFA, IIA and LGA, those responsible for the counter fraud arrangements at NCC are periodically updated with new and emerging fraud, bribery and corruption risks. This assists with understanding risks and enhancing fraud prevention techniques.
- NCC has a system of risk-based auditing where the risk of fraud, bribery and corruption is considered as part of the audit process where relevant. Recommended actions are employed as part of the audit process to including fraud prevention measures.
- Testing is undertaken by IMT on a regular basis to test NCC systems for external vulnerabilities and; internal risks included phishing email tests to evaluate staff awareness of fraudulent cyber related crime.

- There is a system of monitoring, follow up and review in place relating to new and emerging fraud, bribery and corruption risks. Where fraud has been identified, the investigative auditor works with departments to identify root cause and prevent re-occurrence. Where emerging risks are identified, warnings are issued to relevant departments so that prevention measures can be implemented.

Pursue

- All cases investigated during the 2020-21 financial year have achieved successful outcomes. Some cases remain ongoing/open and therefore financial outcomes cannot be quantified at the time of reporting.
- For the National Fraud Initiative; unfortunately, due to new restrictions on the NFI matching patient data, as set out in the Local Audit and Accountability Act 2014, care homes and social care report matches are no longer available. This is due to an update to the 2006 NHS Act legislation which means personal budgets, residential care homes and social care data now fall into the definition of patient data. The Cabinet Office have consulted with the Department of Health and Social Care (DHSC) and Cabinet Office lawyers in detail on this and we will be formulating actions to change legislation to enable us to match this data in the future. This has resulted in limited outcomes to investigate within the NFI application.
- Fraud Hub initiatives have continued to provide successful outcomes;
 - ✓ Outstanding balances from 3 accounts, totalling **£163,641** (all Adult Social Care), were recovered by Credit Control, with the assistance of the information gathered from Fraud Hub.
 - ✓ A further **£296** was secured by NCC from one account (the hub ensured a charging order already in place was recoverable)
 - ✓ Four accounts were referred to the Financial Abuse and Safeguarding Officer (FASO) for further investigation.
 - ✓ Four accounts, with a combined value of **£22,864** outstanding were referred to NPLaw for further action.
 - ✓ Fraud Hub continues to be a valuable source for investigation work in identifying suspects and acquiring financial information.
- In addition to the fraud hub, work has begun to operate additional 'Premium' Council Tax Single Person Discount matching and associated recovery service with Anglia Revenue Partnership and other recovery partners. Any inappropriate Single Person discounts mean that potential Council Tax revenue is lost to the collecting authority and those who precept on them (Norfolk Police and the County Council).
- There have been a moderate number of referrals during the financial year and these have been noted in the below table. The "**Fraud Detected**" column below represents cases that resulted in either a sanction/redress or other corrective action to recover losses:

Cases ongoing from 2019/2020	Total fraud referrals received 2020/202	Cases closed – Fraud/error Detected	Cases resulting in no Further action or referral to other departments.	Total cases on-going
0	7	5	0	2

From the referrals received:

- One case in the areas of adult social care, identified during the 2019/20 financial year, was concluded this year. The case is now under investigation by Norfolk Police.
- One case in the area of recruitment and recruitment documents resulted in internal sanctions.
- One case relating to property payments has been concluded and referred to Action Fraud. The case is currently under investigation by Norfolk Police.
- As a result of internal investigations, three employees were found to be in breach of Council Policies and procedures, resulting in findings of gross misconduct.

The Council continues to pursue all allegations of fraudulent activity and seek sanctions and redress through civil, criminal and/or disciplinary channels as necessary.

Whistleblowing

The Chief Legal Officer and Chief Internal Auditor champion the Whistleblowing Policy. It is their role to ensure the implementation, integrity, independence and effectiveness of the policy and procedures on whistleblowing. It is important to create a culture of confidence for employees to report those concerns, track the outcome of whistleblowing reports, provide feedback to whistle-blowers and take reasonable steps to protect whistle-blower's from victimisation. Not all reported concerns will fall within whistleblowing law, but they are all taken seriously.

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 review of the Whistleblowing functions is underway to assist with upcoming changes to the Public Interest Disclosure Act
- A 'Whistleblowing Awareness' week continues to be key in promoting a culture of reporting concerns and signposting the protection in place for workers who make protected disclosures.

A total of 13 whistleblowing disclosures were received during the 2020-21 financial year. All referrals have been are being progressed to a satisfactory outcome. Whistleblowing themes include areas such as; Social care, Bullying and harassment, health and safety and fraudulent activity

Previous lessons learned include; contract management processes, procurement, fraud prevention awareness and health and safety procedures. Where deemed necessary, internal audits have been planned because of whistleblowing referrals received.

The types of referrals received vary greatly however, the top recurring themes continue to be as follows;

- (a) Care Providers and duty of care
- (b) Fraud & Corruption and use of public funds

The role of Norfolk Audit Service in dealing with Whistleblowing complaints is to assess to the disclosures and ensure these matters are addressed by either investigating the matter where it relates to fraud and corruption or; forwarding to the correct function, for example the LADO or Health and Safety team, for review and investigation 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.

Contact

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

Officer name: Adrian Thompson **Tel No.:** 01603 222784

Email address: adrian.thompson@norfolk.gov.uk

Support: Andrew Reeve **Tel No.:** 01603 222746

Email address: andrew.reeve@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.

APPENDIX 1 – Full Assessment.

Govern: Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout NCC.

1. Elected members, Directors, Heads of Service and all those charged with governance demonstrate top level strategic support for all anti-fraud, bribery and corruption related activity at NCC.

Rating: GREEN Last year: GREEN

Updates and progress reports in respect of Anti-Fraud matters have been provided to the Director of Governance, Executive Director of Finance and Commercial Services and the Audit Committee throughout the reporting period. The updates and reports included:

- The agreement and planning of activities
- Progress against agreed activities
- Investigation updates and outcomes
- Emerging fraud risks
- External reports regarding wider/national anti-fraud activity

Documented strategic support from those tasked with overseeing NCC's Anti-Fraud arrangements can be evidenced via minutes of relevant meetings, executive emails in support of specific tasks, attending meetings, agreed actions from audit reports and the sponsoring of investigations. In doing so, a demonstrable support for NCC's Anti-Fraud arrangements can be evidenced and therefore this item is rated as green.

2. Risk Assessments are carried out periodically to identify and understand fraud, bribery and corruption risks. The anti-crime activities undertaken are proportionate to the level of risk identified and the activities are risk based.

Rating: GREEN Last Year: AMBER

The purpose of this assessment is to provide assurance that work to progress the strategic fraud prevention arrangements in place at the Council is carried out and can be demonstrated. In doing so, areas of risk are highlighted that require further activity to mitigate.

A fraud risk assessment (FRA) has been undertaken to assess the governance arrangements in place for the reimbursement of employee expenses. The risk assessment identified areas within policies, procedures and claim mechanisms that require updating to mitigate the risk if fraud or an error in the claim process. The IA is collaborating with the HR Transactions and Payroll Manager to implement the recommendations arising from the FRA.

Action: To select and undertake a further fraud risk assessment in the 2021/22 financial year.

To be completed by: Investigative auditor.
By: October 2021

3. NCC reports annually on the anti-Fraud, bribery and corruption activities undertaken and where further action is required to improve performance, this is detailed therein.

Rating: GREEN Last Year: GREEN

The aim of the of the NCC Anti-Fraud, Bribery and Corruption Strategy is to ensure that a robust counter fraud, bribery and corruption provision is embedded throughout NCC.

To assist with achieving that aim, an annual assessment of performance against the item as set out in the Strategy is undertaken.

For each item, a rating is provided using the RAG system along with any narrative to support the rating. Where appropriate, actions necessary to enhance the provisions are recommended.

This item is therefore rated as green

4. Accredited staff are utilised effectively to undertake a range of anti-fraud, bribery and corruption work including reactive investigation work to hold those who commit fraud, bribery or corruption to account, as well as proactive activities to deter potential fraudsters from criminal activity.

Rating: GREEN Last Year: GREEN

The Chief Internal Auditor holds the CIPFA Certificate in Investigative Practices. The Investigative Auditor is an Accredited Counter Fraud Specialist (University of Portsmouth).

The accredited staff have undertaken a range of anti-fraud activities during the reporting period as agreed and directed within the activity plan as follows.

- Adhoc Criminal and Disciplinary investigations.
- Attending hearings
- Reviews and updates of policies and procedures
- Management and member reporting
- Attending conferences and meetings
- Liaison activities with key personnel
- Completing external surveys and applications for national pilot projects
- Contributing to the wider Norfolk counter fraud arena
- Contributing to the audit plan in respect of counter fraud activity

- Publishing articles via the NCC intranet
- Designing and implementing a fraud eLearning program
- Taking part in the National Fraud Initiative (NFI)
- Making anti-fraud presentations to key departments
- Research and development of Computer Aided Audit tools (Data Analytics)

The above activities can be evidenced during the period and contribute to the item as set out in the strategy and therefore this item is rated as green.

5. Counter fraud staff keep up to date with relevant legislation, as well as guidance issued by relevant bodies such as the Ministry for Housing, Communities and Local Government (MHCLG), the Local Government Association, the Chartered Institute of Public Finance and Accountancy (CIPFA), the Institute of Internal Auditors (IIA) and the Police.

RATING: GREEN Last Year: GREEN

Counter fraud staff can demonstrate attendance at conferences and meetings held in connection with the LGA, DCLG and CIPFA where updates and advice/guidance is provided in respect of anti-fraud legislation and best practice. Furthermore, counter fraud staff are members of relevant forums and groups. Where appropriate, information and emerging fraud risks received through this activity is discriminated to relevant personnel

The investigative auditor (IA) is member of the Association of Certified Fraud Examiners (ACFE) where regular updates are provided in respect of new and current anti-fraud legislation and investigation techniques.

The above activities can be evidenced during the period and contribute to the item as set out in the strategy and therefore this item is rated as green.

6. Robust communication arrangements are in place between staff who undertake counter fraud, bribery and corruption related activities and other key departments and traded services within NCC.

Rating: GREEN. Last Year: GREEN

The NCC anti-fraud, bribery and corruption policy sets out the requirements for the reporting of fraud and bribery concerns. The policy has been reviewed during the reporting period and remains current. The Policy is published on the NCC website and made available to all stakeholders.

The NCC Whistleblowing Policy has been reviewed and updated to ensure managers have a duty under the policy to report whistleblowing matters to the Chief Internal Auditor as they arise. An increase in referrals year on year has been noted

Regular meetings and liaison are undertaken between counter fraud staff and key personnel where the policy and reporting lines for fraud and bribery concerns are

promoted. Furthermore, articles and emails are disseminated periodically communicating updated information and emerging fraud risks.

This item is rated green

7. Those charged with the responsibility for counter fraud, bribery and corruption activities partake in continued professional development (CPD) periodically to ensure they are up date with legislation and the latest counter fraud techniques.

Rating: GREEN Last Year: GREEN

Counter fraud staff can demonstrate attendance at conferences and meetings and training courses held in connection with the LGA, MHCLG, CIPFA and the IIA where updates and advice guidance is provided in respect of anti-fraud legislation and best practice. Furthermore, counter fraud staff are members of relevant forums and groups.

The Chief Internal Auditor can demonstrate strategic and operational support in respect of CPD matters and therefore this item is rated green.

Acknowledge - Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

8. There is an annual program of work with the intention of turning these 23 items (as set out in the strategy) into action and embedding a counter fraud culture throughout NCC. Multiple platforms are utilised to ensure NCC's commitment to tackling Fraud, Bribery and Corruption is commutated effectively including: face to face meetings, presentations at events, E-learning (mandated for key stakeholders), emails, social media, newsletters, crime awareness toolkits provided by organisations such as CIPFA and, other available awareness platforms.

Rating: AMBER Last Year: Amber.

NAS has developed an activity plan following the production of the NCC Anti-Fraud, Bribery and Corruption Operational Strategy (v2017).

The activity plan is focused on identifying and targeting areas within NCC which are vulnerable to the risk of fraud, bribery and corruption and; to raise awareness and contribute towards a robust anti-fraud, bribery and corruption culture to the council's members, employees, consultants, suppliers, contractors, outside agencies, their employees and any other party that NCC is in a formal partnership relationship with, including the wholly owned companies.

The activity plan has been developed to reflect both the NCC Policy, Strategy, and the national 'Local government counter fraud and corruption strategy - Fighting Fraud and Corruption Locally' (FFCL).

Due to substantial resources being required from investigative work during the 2020/21 financial year, work to progress the activity plan has been limited. This section is therefore rated as amber.

Action: Continue to implement the activity where resources allow

9. The Counter Fraud, Bribery and Corruption Policy is reviewed and updated annually to ensure it is up to date with current legislation and industry best practice. Activity is undertaken on a regular basis to promote awareness of the policy and its provisions.

Rating: Amber Last Year: GREEN

The NCC Anti-fraud, Bribery and Corruption Policy was updated and reviewed in August 2017 and approved by the Audit Committee in September 2017.

The policy has been published in the Internet and articles have been circulated in the NCC publication; Norfolk Manager, promoting the policy.

Furthermore, the provisions of the policy form part of a new eLearning program which is being disseminated on a departmental basis and therefore this item is rated green.

The policy is currently under review and will be updated imminently.

ACTION: Complete policy update.

10. The risk of Fraud, Bribery and Corruption is acknowledged and referenced within key policies to create a suite of Counter Fraud, Bribery and corruption arrangements intended to embed a counter fraud culture throughout NCC.

Rating: GREEN Last Year: GREEN

The key policies within NCC that have been identified as pertinent to this item are:

- The Anti-Fraud, Bribery and Corruption Policy
- Code of Conduct and Behaviour Policy
- Whistleblowing Policy
- Money Laundering Policy

The Anti-Fraud, Bribery and Corruption Policy specifies the reporting lines for fraud concerns and references the related policies as per the item.

The NCC Whistleblowing Policy was reviewed in September 2018 and updated to include sufficient anti-fraud text accordingly.

The NCC Conduct and Behaviour Policy directs staff towards the Whistleblowing policy for the reporting of Fraud and Bribery Concerns and therefore this item is rated green

11. There are arrangements in place for the reporting of fraud, bribery and corruption concerns which are publicised and promoted throughout NCC and those it does business with. Staff awareness of the reporting process is tested periodically.

Rating: GREEN Last Year: GREEN

The Anti-Fraud, Bribery and Corruption Policy sets out the NCC policy and procedure for the reporting of Fraud and Bribery concerns. The policy states that all suspected fraud should be reported to either; The Chief Internal Auditor, The Chief Legal Officer or via the NCC Whistleblowing arrangements.

A staff survey was conducted in December 2018 to test staff awareness of the Council's Anti-Fraud provision and therefore this item is rated green.

12. There are arrangements in place for the monitoring and review of the NCC Standards of Conduct and Behaviour Policy along with the associated registers for external interests and gifts and hospitality. Staff awareness of policy, and the reporting mechanisms in place for declaring interests is measured periodically.

Rating: IN PROGRESS Last Year: Amber

The NCC Conduct and Behaviour Policy sets out clearly the expectation on staff to declare any conflicts of interests and gifts/hospitality received.

Staff awareness of the policy and reporting requirements is ongoing via available eLearning.

A recent audit has identified that the mechanisms in place for the reporting, recording and monitoring require strengthening and therefore this item is rated as amber.

Action: Following an audit in the area of conflicts of interest, a steering group has been set up with a remit to strengthen the reporting mechanisms in place for the declaring of interests/gifts and hospitality and how this will be monitored going forward.

Prevent – preventing, deterring and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

13. All staff within NCC are provided with knowledge (proportionate to their role) of what constitutes fraud, the fraud risks that are prevalent, and how to report concerns. Staff knowledge is tested periodically.

Rating: AMBER Last Year: IN PROGRESS

Bespoke counter fraud training is provided on risk assessed basis.

An eLearning program has been developed to provide knowledge on the Fraud Act 2006, the Bribery Act 2010, the reporting lines for concerns and the requirements of the Conduct and Behaviour Policy. A staff survey has been developed and promoted during the reporting period designed to test staff knowledge and gain feedback in respect of the Anti-Fraud measures in place at the Council.

The survey results have been provided to the Audit Committee and will be used to direct pro-active fraud prevention work in the coming year.

The eLearning continues to be rolled out to key staff, however the effect of the COVID19 pandemic have delayed progress and therefore this item is rated as amber.

Action: Continue to roll out the eLearning program to departments.

14. There is a system of monitoring, follow up and review in place relating to new and emerging fraud, bribery and corruption risks. Where identified, warnings are issued to relevant departments so that prevention measures can be implemented.

Rating: GREEN Last Year: GREEN

By keeping up to date with relevant publications and being members of bodies such as the ACFE, CIPFA, IIA and LGA, those responsible for the counter fraud arrangements at NCC are periodically updated with new and emerging fraud, bribery and corruption risks.

Furthermore, fraud risks are identified via the audit program and the reporting mechanisms in place within NCC.

Where new fraud risks are identified NCC are able to demonstrate instances where circulation of the risks to the relevant departments have been circulated along with follow-up meetings and action points arising and therefore this item is rated as green.

15. There are proportionate processes in place for the prevention, detection and deterrence of fraudulent activity throughout NCC's service lines to include: LA Maintained Schools, Norfolk Infrastructure, Adult Social Care and Children's Services. Where fraud has been identified, root cause analysis is undertaken and prevention and deterrence measures implemented where necessary.

Rating: To be reviewed in future work plans.

This item has not been subject to specific counter fraud review during the period and will form part of future anti-fraud, bribery and corruption activity plans.

16. There are proportionate processes in place for the prevention, detection and deterrence of fraudulent activity in the area of procurement to include: Conflicts

of Interest, Bribery, False Quotes and Tenders, Manipulating Tender Processes and Contract Splitting. Additionally, procurement staff are made aware of the prevalent fraud, bribery and corruptions risks that are faced, and periodic fraud risk reviews undertaken.

Rating: To be reviewed in future work plans.

This item has not been subject to specific counter fraud review during the period and will form part of future anti-fraud, bribery and corruption activity plans.

17. There are proportionate processes in place for the prevention, detection and deterrence of fraudulent activity in the area of banking control, invoice fraud and mandate fraud to include: financial system access, segregation of duties, banking fees, supplier bank details changes, authorised persons and delivery checks. Additionally, relevant staff are made aware of the prevalent fraud, bribery and corruptions risks that are faced, and periodic fraud risk reviews undertaken.

Rating: To be reviewed in future work plans.

This item has not been subject to specific counter fraud review during the period and will form part of future anti-fraud, bribery and corruption activity plans.

18. There are proportionate processes in place for the prevention, detection and deterrence of fraudulent activity in the area of payroll fraud to include:

Recruitment, Illegal working, Working Whilst Sick, Secondary Employment, Overtime and Expenses. Additionally, relevant staff are made aware of the prevalent fraud, bribery and corruptions risks that are faced, and periodic fraud risk reviews undertaken.

Rating: AMBER LAST YEAR: UNTESTED

A fraud risk assessment has been undertaken to identify the fraud and error risks within the current policy and processes for claiming personal mileage expenses and suggest actions necessary for compliance with the above regulations, policies and procedures of the Council.

Dishonest claims for expenses, where there is an intention to make a financial gain for the claimant, amount to a criminal offence under the Fraud Act 2006 and; gross misconduct under the Council's Conduct and Behaviour Policy P319.

Several recommendations have been made which are currently being actioned. Therefore, this item is rated as amber.

19. There are proportionate processes in place for the prevention, detection and deterrence of cyber-crime related fraudulent activity. Additionally, relevant staff are made aware of the prevalent fraud, bribery and corruptions risks that are faced, and periodic fraud risk reviews undertaken

Rating: REQUIRES REVIEW

Testing is undertaken by IMT on a regular basis to test the Council's systems for external vulnerabilities and; internal risks included phishing email tests to evaluate staff awareness of fraudulent cyber related crime.

Regular updates and awareness communication are issued and published around the Council relating to cyber-crime activity, including posters for departments to utilise and publications in Norfolk Manager and Friday Takeaway.

External consultants were commissioned in a previous reporting period to undertake audit work in relation to cybersecurity and make recommendations to enhance the provision in place.

Pursue - punishing fraudsters and prioritising the recovery of losses via a triple track approach (Civil, Criminal or Disciplinary), developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response

20. All reports, allegations and investigations relating to financial crime are recorded in a central register to inform intelligence, comply with legislation and assist with identifying repeat offences.

Rating: GREEN Last year: GREEN

The Council's Anti-Fraud, Bribery and Corruption Policy sets out the reporting lines staff must use where fraud or bribery concerns are identified.

All referrals received are recorded and files created containing the relevant information and evidence which can be referred to by the appropriate personnel for intelligence purposes and review.

The levels of referrals and investigations undertaken are regularly reported to the audit committee for review and discussion.

This item is therefore rated green.

21. Research and development activities are undertaken periodically to assess and implement measures for preventing and detecting fraud and corruption using technology across the Council's service lines.

Rating: GREEN

Specific work has been undertaken during the period to research the use of technology to prevent and detect fraud including:

- Working with the Head of IMT and collaborating with partner councils to implement the FraudHub for detecting fraud.
- Researching internal capability for technology-based other fraud prevention tools.

FraudHub provides local authorities, government agencies and housing associations who want to work together the ability to regularly screen their data for a range of benefits to prevent mistaken, or fraudulent payment from being made.

Being able to ensure services provided by Local Authorities are for genuine cases helps ensure budgets are not drained and the risk of fraud is minimised.

22. Consideration is given to the appropriate investigation methods for all allegations of fraud, bribery or corruption on a case by case basis to ensure that: the recovery of financial losses is prioritised from the outset through an assessment of likelihood and viability.

Rating: GREEN Last year: GREEN

The Anti-Fraud, Bribery and Corruption Policy states that:

- Disciplinary procedures will be initiated where an employee is suspected of being involved in a fraudulent or illegal act.
- The civil recovery route is also available to NCC if this is cost-effective and desirable for deterrence purposes.
- Criminal investigations are primarily used for dealing with any criminal activity. The main purpose is to determine if activity was undertaken with criminal intent.
- The seeking of financial redress or recovery of losses will always be considered in cases of fraud or bribery that are investigated by NAS or NCC where a loss is identified.

Where referrals are made regarding staff at the council that may be indicative of fraud, these are referred to the Disciplinary Advisory Review Group (DARG) where the above options are considered and authorised. The group will invite the relevant specialists and officers to attend to ensure that the case is assessed currently and therefore this item is rated as green

23. NCC supports the investigation of allegations of fraud, bribery and corruption. Following an initial assessment, investigations relating to financial crime are

undertaken by an Accredited Counter Fraud Specialist (or equivalent) and compliant with relevant legislation. Evidence is collected lawfully and without regard to any anticipated outcome of an investigation, whether it is disciplinary action, civil action or criminal proceedings.

Rating: GREEN Last year: GREEN

The Chief Internal Auditor holds the CIPFA Certificate in Investigative Practices. The Investigative Auditor is an Accredited Counter Fraud Specialist (University of Portsmouth).

Where it is implied allegations have a financial element, they are forwarded the Chief Internal Auditor for review and initial assessment.

Where an investigation is required under the Council's disciplinary policy, the collection of evidence is considered in line with the Police and Criminal Evidence Act 1984 where required.

Therefore, this item is rated green.

Audit Committee

Item No 8

Decision making Report title:	Internal Audit Strategy, Our Approach and the Audit Plan 2021/22
Date of meeting:	21 January 2021
Responsible Cabinet Member	N/A
Responsible Chief Officer:	Executive Director, Finance and Commercial Services
Is this a key decision	No

Executive summary

The Audit 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](#) Appendix 2, page 2.

The Audit Committee should, 'Consider annually the effectiveness of the system of internal audit including internal audit's strategy, plan and performance and that those arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards and the Local Authority Guidance Note of 2013 and any other relevant statements of best practice'.

Norfolk Audit Services fulfils the internal audit function for the Council as required by its own Terms of Reference and the relevant regulations and standards, which are considered annually by the Committee. Our work is planned to support the Council's [vision and strategy](#), Together, for Norfolk 2019-2025.

This report sets out the:

- Background (Section 3)
- Internal Audit Strategy (Section 4)
- Our Approach to developing the Audit Plan 2020/21 (Section 5)
- The Audit Plan for 2020/21 (Section 6)
- Performance (Section 7)

The total days available to deliver all the services provided by NAS is 2,069 (2,023 for 20-21). Of these days 795 (826) days are delivered to external clients (FCE, schools, grants, EIFCA and the Norfolk Pension Fund).

Of the remaining 1,274 (1,197) days available: -

- 821 days (705) are available to deliver the audit opinion work. This is deemed sufficient to provide an opinion on the adequacy and effectiveness

of the Council's framework of internal control.

- To deliver the risk management and investigative auditor roles, 173 and 167 days are available; and
- the remaining days are available to deliver the other internal services provided by NAS.

The detailed Audit Plan shows that 990 days are planned for audit opinion work; therefore, the Audit Plan is intentionally over-subscribed by 169 days. This allows for cancelled or delayed topics.

Recommendation:

The Audit Committee is recommended to consider and approve:

- The Internal Audit Strategy, the approach to developing the Audit Plan for 2021/22 and the Audit Plan for 2020/21, supported by the 'Days Available to Deliver NAS Services 2020/21' (**Appendix C**) and the 'Detailed Audit Plan for the First Half of the Year for 2020/21' (**Appendix D**), and that this work will deliver sufficient scope for the assurances required
- That the arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards (2017) and the Local Authority Guidance Note of 2013, including safeguards in place to limit impairments to independence and objectivity for the roles of the Chief Internal Auditor (described at paragraph 5.7 of this report), and any other relevant statements of best practice
- That the approach to minimise the audit burden during the pandemic response (described at 5.24 in this report) is risk based, necessary, proportionate and that normal coverage will resume on a risk assessed basis at the earliest opportunity. The reasons for deferring audits will be reported to this Committee

1. Proposal (or options)

- 1.1 The recommendation is set out in the Executive Summary above.
- 1.2 The Executive Directors have been consulted in the preparation of this report.

2. Evidence

- 2.1 The evidence is detailed in sections 3 to 7 below.

3. Background

Accounts and Audit Regulations (England) 2015 (As amended)

- 3.1 The above regulations were amended in 2020 in respect of the Coronavirus Act 2020 requirements. Under these regulations, the County Council ('the Council') 'must ensure that it has a sound system of internal control which (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk.
- 3.2 Also, the Council 'must, each financial year (a) conduct a review of the effectiveness of the system of internal control' and '(b) prepare an annual governance statement.'
- 3.3 In addition, the Council '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', described below.
- 3.4 The Council has a duty to ensure value for money in its use of resources and the Council's External Auditors comment on that as part of their audit of the Statement of Accounts.

UK Public Sector Internal Audit Standards and other guidance

- 3.5 Our audit strategy and plans respect relevant standards. CIPFA, in collaboration with the Chartered Institute of Internal Auditors (CIIA) has produced the [UK Public Sector Internal Audit Standards \(PSIAS\)](#) which came into force on 1 April 2013 and latest revised version is dated, 1 April 2017. CIPFA, in collaboration with the CIIA, also published in April 2013 the [Local Authority Guidance Note \(LAGN\)](#) for the Standards, which remain current. CIPFA have also published guidance on the '[Role of the Head of Internal Audit](#)'. Guidance has been issued by CIPFA on the consideration of any [limitation of scope](#) where internal audit work may be compromised due to the response to the Covid-19 pandemic. Guidance has been issued by the IIA on approaches to [remote auditing](#). The NAO as regulator to the External Auditor has issued guidance on [auditing value for money](#) during October 2020.

Crime and Disorder

- 3.6 Under section 17 of the Crime and Disorder Act (1998), the Council has a statutory general duty to take account of the crime and disorder implications of all its work and do all that it reasonably can to prevent crime and disorder in Norfolk.

4. Our Internal Audit Strategy

Our vision and mission

- 4.1 Our vision and mission, in Norfolk Audit Services (NAS), is to enhance and protect the Council's value by providing risk-based and objective assurance, advice and insight, while fulfilling the statutory requirements for assurance on the Council's Internal Control and Risk management (Accounts and Audit Regulations 2015, as amended) and relevant standards (3.5).

The 'Core Principles' for the Professional Practice of Internal Auditing

- 4.2 We also must achieve the 'Core Principles' for the professional practice of Internal auditing in our work which, taken as a whole, articulate internal audit effectiveness. Failure to achieve any of the 'Core Principles' would imply that an internal audit activity was not as effective as it could be in achieving Internal Audit's mission. The 'Core Principles' are:
- Demonstrates integrity
 - Demonstrates competence and due professional care
 - Is objective and free from undue influence (independent)
 - Aligns with the strategies, objectives, and risks of the organisation
 - Is appropriately positioned and adequately resourced
 - Demonstrates quality and continuous improvement
 - Communicates effectively
 - Provides risk-based assurance
 - Is insightful, proactive, and future-focused
 - Promotes organisational improvement

Code of Ethics

- 4.3 Internal auditors in UK public sector organisations must conform to the Code of Ethics in UK PSIAS, which is based on four principles: integrity, confidentiality, competency and objectivity. We also have regard to the Committee Standards of Public Life's, '[Seven Principles of Public Life](#)'.
- 4.4 Our own Code of Ethics is based on best practice, the CIPFA publication "[Code of Ethics for Professional Accountants](#)" (2011) which is compatible with the UK PSIAS and incorporates elements of the 'Seven Principles of Public Life' where these are additional to the principles in the CIPFA publication and the UK PSIAS's Code of Ethics.

Our Critical Success Factors

- 4.5 These are: -

- Focusing on the Council's highest risks, both corporately and departmentally
- Maintaining efficient and effective audit processes which conform with UKPSIAS
- Having adequately skilled and knowledgeable staff; and
- Maintaining the role of trusted advisor.

Focus on the Council's highest risks

- 4.6 Our planning process is risk focused. Conversations with Executive Directors, Assistant Directors and key senior managers incorporate discussions on where the current risks are within the Directorate's departments and what NAS can do to provide assurance. Corporate and Departmental risk registers were reviewed to support this.
- 4.7 This year, we will be focusing on the red and amber Corporate risks in our Audit Plan as well as the areas departments have informed us where they would like some assurance and where we have identified that assurance is needed.

Efficient and effective audit processes which conform with UKPSIAS

- 4.8 We continue to review our ways of working to increase the turnaround of audit work, so that more reports are issued within a reasonable timeframe and by improving the level of critical thinking within audit work, to increase the value of the end product.
- 4.9 Our processes continue to conform with UKPSIAS. Our next external quality assessment (EQA) is not due until 2022/23.

Adequately skilled and knowledgeable staff

- 4.10 For the Council's audit work, NAS comprises two Principal Client Managers, one Client Manager, two Trainee Internal Audit Managers (Apprenticeships) three Senior Auditors, two Auditors and two Trainee Auditors (Apprenticeship). NAS is led by the CIA. Staff work a variety of work patterns and hours. In addition, the wider NAS Team includes a qualified Risk Management Officer and Investigative Auditor as well as the France Channel England Interreg VA Programme Audit Authority team. We also use the services of an outside contractor for our audits, when required, particularly for complex and specialist areas.
- 4.11 We are fully committed to supporting our four members of staff within the Apprenticeship scheme. Historically 'growing our own team' has proved to be very successful in terms of enhancing team skills, qualifications and knowledge. Having four trainee posts supports succession planning for the future and assists with staff retention.
- 4.12 Our Senior Auditors are mainly AAT qualified. Our new Trainee Auditor has commenced their Internal Audit Practitioner Apprenticeship level 4 qualification and our Audit Assistant has also taken up a Trainee Auditor apprenticeship role too and commences in January 2021. Our other Auditor is at the end point assessment stage of this apprenticeship. One of our Trainee Audit Managers is completing the ACCA Professional Accountant Apprenticeship Level 7 qualification and the other is completing the

Chartered Institute of Internal Auditors (CIIA) Internal Audit Professional Apprenticeship Level 7 qualification.

- 4.13 Our Client Manager and one of the Principal Client Managers are both ACCA qualified and Fellow members of the ACCA. Our other Principal Client Manager is a certified and chartered Internal Auditor and has the Qualification in Internal Audit Leadership, all obtained through the CIIA, and is a Chartered Member of the CIIA. The CIA is CIPFA qualified and a member of County Chief Internal Auditor Group Network (CCAN). The CIA and both Principal Client Managers are also members of the Home Counties Chief Internal Auditor Group (HCCIAG) and one of the Principal Client Managers co-chairs this Group.
- 4.14 All staff are required to undertake continuing professional development (CPD) in accordance with professional body and NAS requirements.

Maintaining the role of trusted advisor

- 4.15 Audit Managers work closely with departmental management teams and Finance Business Partners to ensure that audits add value, are efficient and effective and that any recommendations are followed through. Internal Audit are available to provide advice to Executive Directors on controls and risk management.

Actions for 2021/22

- 4.16 Our priorities remain the same as for 2020/21 and are as follows: -
- Providing assurance on the Council's corporate and departmental risks.
 - Embed smart ways of working with the Team to deliver reports on time and within budget.
 - Support our five Apprenticeship roles and develop other team members as identified within their personal development plans.
 - Continue to introduce the use of data analytics in our auditing.
 - Identify what Council initiatives and projects are being implemented and how we can contribute.
 - Promote the role and raise the profile of internal audit within the Council as a trusted advisor.

5. Our approach to developing the Audit Plan for 2021/22

A: The requirements

- 5.1 In accordance with UK PSIAS the Chief Audit Executive, the Council's Chief Internal Auditor (CIA), must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the Council's goals.
- 5.2 In developing our risk-based plan, we must consult with senior management and obtain an understanding of the Council's Vision, strategies, key business objectives, associated risks and risk management processes and the plan must be reviewed and adjusted as necessary, in response to changes in the business, risks, operations, programmes, systems, and controls. Our approach to this is detailed below.

- 5.3 Our audit plan must incorporate or be linked to a strategic or high-level statement of how our service will be delivered and developed in accordance with our Terms of Reference (this is our Internal Audit Strategy as detailed in **Appendix C**) and how it links to the Council's objectives and priorities (this is shown in our detailed Audit Plan for the first half of the year for 2021/22 in **Appendix D**).
- 5.4 In addition, the internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach.
- 5.5 The risk-based plan must also consider the requirement to produce an annual internal audit opinion and report that can be used by the Council to inform its [Annual Governance Statement](#) (AGS) and must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control (including value for money). We detail below in 5.7 – 5.13, how each opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control is derived.
- 5.6 As Section 151 Officer, the Executive Director of Finance and Commercial Services has a duty to consider the adequacy of the internal audit coverage. Our audit plan is discussed with the Executive Director of Finance and Commercial Services.

Risk Management: -

- 5.7 The CIA has management responsibility for the corporate risk management system, but the Executive Directors are the risk owners. The Audit Committee must approve and periodically review the safeguards put in place to limit any impairments to independence and objectivity in drawing a conclusion on the adequacy and effectiveness of the risk framework. These safeguards are that:
- The Council has a qualified Risk Management Officer
 - The function undertakes nationally recognised benchmarking and reports this to the Committee
 - The Executive Director has overall responsibility and reports to the Committee quarterly and annually
 - The External Auditor reviews the AGS, which includes the effectiveness of risk management.
 - In kind with the requirements for external review of the internal audit function in each five-year period, it is proposed to seek an external review of the Risk Management Framework in 2020/21.

Governance: -

- 5.8 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The Council has its own [Code of Corporate Governance](#) based on the International Framework: Good Governance in the Public Sector, produced by CIPFA and the International Federation of Accountants (IFAC).

- 5.9 The Council's Annual Governance Statement provides an overall self-assessment of the Council's corporate governance arrangements and how it adheres to the governance standards set out in the Code. Evidence relating to the principles of the Code is reviewed and analysed to assess the robustness of the Council's governance arrangements.
- 5.10 The AGS includes an appraisal of the key controls in place to manage the Council's principal governance risks and the effectiveness of systems and processes governing decision making and financial control.
- 5.11 Our role is to collate all the assurances from the Executive Directors and other staff members and any other information as required for the AGS and to draft the AGS for management approval before signature by the Leader of the Council. The scope of some of the audit opinion work we undertake contributes to the assurances given for the opinion in the AGS.

Internal Control: -

- 5.12 Our audit opinion work is designed to enable us to provide the required opinion on the adequacy and effectiveness of the Council's framework of control, including having regard to value for money. The definition and scope of value for money is set out in the [NAO AGN3 note](#) to our external auditors, covering; Financial Sustainability, Governance and Improving economy, efficiency and effectiveness.

B: The planning process

Vision, Strategies and Plans: -

- 5.13 Our planning has had regard to the Council's published vision '[Together, for Norfolk](#)'. Each Service Committee has produced a three-year plan, setting out their areas of responsibility. These plans were approved by Service Committees in March 2018.
- 5.14 Across the Council, teams and departments have developed 'Plans on a Page'. Within NAS, a 'Plan of a Page' is in place for NAS, risk management and Anti- Fraud.

Risk management processes: -

- 5.15 We reviewed the Council's risk management system at a high level to determine if we could rely on the risk assessments performed, resulting in the corporate and department risk registers in place, or whether we needed to complete our own risk assessments for planning purposes. We concluded that we could rely on the risk assessments based on our own professional knowledge of what an adequate and effective risk management system looks like and the information detailed below in 5.16 – 5.20 below.
- 5.16 The Council has a corporate risk register in place and departmental risk registers are in place for all departments.
- 5.17 Service risk registers are in place within each department.
- 5.18 The Council's Risk Management Policy and accompanying procedures were refreshed in September 2019 to reflect the movement from a Committee system to a Cabinet system.

- 5.19 The annual report for Risk Management 2019/20 states that 'The Council's system of Risk Management during 2019/20 was sound, adequate, and effective in accordance with the requirements of the Accounts and Audit (England) Regulations 2015.'
- 5.20 The annual report further states that 'Sound' is taken to mean that adequate governance, reporting, and assurance structures are in place to manage the risks to the Council's objectives. This was determined from the results of the Benchmarking Club, looking at evidence-based performance results against other councils.'

Audit universe: -

- 5.21 We want to complete risk-based internal auditing where we can and have a risk focused audit plan. Therefore, for the 2021/22 Audit Plan, the risk universe for audit planning purposes is the corporate and departmental risk registers and the risks on the Major Disruptions MoSCoW Risk Analysis (used as part of the Pandemic response), supplemented by the audit universe of business areas and processes.

Senior management consultation: -

- 5.22 We met with Assistant Directors, Directors and other senior and key managers to discuss the key issues facing the department or service to determine the topics for which they wanted assurance on for the 2021/22 Audit Plan. We discussed their corporate and departmental risks with them as well.
- 5.23 We also considered concerns from Members and Executive Directors, inspection and committee reports, the Audit Report from the External Auditors, matters discussed with other Heads of Internal Audit, as well as applying our own professional judgement, audit knowledge and experience in devising an appropriate audit plan. The Audit Plan is also discussed with the Chair and Vice Chair of the Audit Committee. As part of our plan we will keep a risk based 'watching brief' on topics that may lead to audits, such as; Compliance, Development and Implications of the reforms to procurement rules, any changes resulting from leaving the EU and the application of the Adult Social Services Charging Policy for Non-Residential Care.

Other factors to consider: -

- 5.24 Context: The audit year 2020/21 has been informed and shaped by the Covid-19 pandemic response. Initially, to reduce the burden on areas, auditing ceased and some of our staff went to assist Budgeting and Accounting with their work. Auditing recommenced as we entered quarter 2 but fewer audits were completed than planned in 2020/21. We have been through two lockdowns and everyone has had to adjust to the situation and to auditing remotely. As we write the Audit Plan for 2021/22, we know that a vaccination programme is under way and some normality is hoped for by next Easter. As a result, we have planned for a relatively 'normal' audit year but anticipate the need to be agile in our work and ready to adapt to the environment we find ourselves in, which could result in revised priorities for the Audit Plan. We will take advice and consider when on the spot audit visits to schools are appropriate. In the meantime, we will consider what risk based remote auditing may be possible.

5.25 Risk in Focus 2021: The Chartered Institute of Internal Auditors (CIIA) issued a '[Risk in Focus 2021 – Hot topics for internal auditors](#)' in October 2020. This details the top five risks facing organisations as identified by Chief Audit Executives (CAEs) (29) and Audit Committee Chairs (12) and 51 subject matter experts and is useful for us to refer to for audit planning purposes. The data was collected through a quantitative survey (579 respondents) and qualitative interviews across 11 European countries and ten institutes of internal auditors.

5.26 The table below details the risks Chief Audit Executives, in general, said are among the top five risks their organisations faces.

Risk	% of people who said it was Top 5 risk
Cybersecurity and data security	79%
Regulatory change and compliance	59%
Digitalisation, new technology and AI	50%
Financial, capital and liquidity risk	42%
Human capital and talent management	35%
Disasters and crisis response	34%
Macroeconomic and geopolitical uncertainty	33%
Supply chain, outsourcing and 'nth' party risk	26%
Corporate governance and reporting	25%
Communication, management and reputation	25%
Bribery, fraud, and other financial crime	25%
Climate change and environmental sustainability	22%
Corporate culture	20%
Health and safety	15%
Mergers and acquisitions	10%

5.27 Cybersecurity and data security: The report details that, in order of likeliness, according to the group of experts surveyed, the cyber threats organisations will face in the next year are phishing and malware infections.

5.28 What can Internal Audit do: the report provides some thoughts on what the focus should be based on the top two cyber threats. These are the criticality of staff behaviour and training and awareness in mitigating cyber risk. Our audit will initially focus on asking the questions within the report and then from these answers, some further audit work will be performed.

- 5.29 Regulatory change and compliance: The report details to an extent, the pandemic has represented a partial regulatory easing, but that regulatory forbearance is only temporary and by no means absolute. Compliance functions may have had their resources stretched and may be taking an appropriately risk-based approach to their work by prioritising key compliance laws.
- 5.30 What can Internal Audit do: the report details that one consideration is the extent to which the business has been capable of maintaining acceptable standards of compliance and suggests looking at what impact recent business operational disruptions have had on the work of compliance functions (i.e. Quality Assurance) and the ability of the business to remain compliant. Our audit will initially focus on asking the questions within the report and then from these answers, some further audit work will be performed.
- 5.31 Digitalisation, new technology and AI: The report details that on the one hand, the pandemic has magnified the digital imperative, making transformation a more pressing priority. On the other hand, the pandemic has in many cases temporarily made digital progress and transformation initiatives more complex and challenging.
- 5.32 What can Internal Audit do: the report details that one way would be to confirm that the business understand how digital and other innovation initiatives are aligned with and enable the overall corporate strategy. Secondly, internal audit can assess the governance of digitalisation projects, including appropriate accountability for success or failure and clear objectives that are aligned with the corporate strategy, and finally by acting as an advisor early in projects.
- 5.33 In 2020/21 an audit on IMT's Digital Transformation Programme which forms part of the wider Smarter Working Transformation Programme is being completed in quarter 4 of the 2020/21 Audit Plan. Our audit in 2021/22 will initially focus on asking the questions within the report and then from these answers, some further audit work may be performed.
- 5.34 Financial, capital and liquidity risk: The report details that there are short-term and longer-term effects for this risk and even organisations with strong balance sheets will have to consider financial sustainability.
- 5.35 What can internal audit do: the reports details that there is an assurance role in assessing whether management's savings plans have clear goals and have been thoroughly thought through. There are two corporate risks, RM002 (Potential risk of failure to manage significant reductions in local and national streams) and RM006 (Potential risk of failure to deliver our services within the resources available for the period 2018/19 to 220/21), which provide assurance on the Council's financial risks.
- 5.36 Human capital and talent management: the report details all businesses should have some degree of skills mapping and forecasting capability to understand and anticipate the organisation's human capital requirements.
- 5.37 What can internal audit do: The report details that the business, its corporate strategy and personnel management must be closely aligned. Internal audit should look for evidence that the business understands and is forecasting what skills, competences and attitudes are required to secure its market

position and long-term strategic relevance. There is a corporate risk, RM029 (NCC may not have the employees (or a sufficient number of employees) with critical skills that will be required for the organisation to operate effectively in the next 2-5 years and longer term within NCC in the medium to longer term) which will be the focus of our work for this top risk.

- 5.38 Responding to change: to respond to changes in the business, risks, operations, programmes, systems and controls, the audit plan is split into two halves, an audit plan for the first half of the year and then a refreshed version for the second half of the year. This ensures the Audit Plan for 2021/22 remains current and relevant. Further consultation with senior management takes place when the Audit Plan for the second half of the year is considered. Contingency days allow for us to deal with urgent requests.

6. The Audit Plan for 2021/22

Days available

- 6.1 The total days available to deliver all the services provided by NAS is 2,069 (2,023 in 2020-21). Of these days, 795 (826) days are delivered to external clients (See **Appendix B** for more detail).
- 6.2 Of the remaining 1,274 (1,197) days available to deliver the services to internal clients (see **Appendix A** for more detail), 821 days (705) are available to deliver the audit opinion work.
- 6.3 To deliver the risk management and investigative auditor roles, 173 and 167 days are available, and the remaining days are available to deliver the other services provided internally by NAS. **Appendix C** shows a comparison with 2020/21 and the proposed split of days across the two halves of the Audit Plan.

Audit opinion days

- 6.4 The detailed Audit Plan for 2021/22 is shown in Appendix D. This shows that the days available for audit opinion work is 821. This is deemed sufficient to provide an opinion on the adequacy and effectiveness of the Council's framework of internal control. The days in the plan for audit opinion work is 990, resulting in an oversubscription of 169 days.
- 6.5 For the oversubscription of days, we will discuss which audits are a priority to complete in 2021/22 with the Directorates and which could be deferred until 2022/23. The topics can be covered where others may be cancelled or delayed on a risk assessed basis.
- 6.6 Audits will be allocated to either the first or second half of the year. The second half of the year will have a larger proportion of audit work allocated to it than the first half of the year. This is because less staffing resources are available in the first half of the year, due to the summer holidays and term time working, and to allow some time to complete audits still in progress from 2020/21.
- 6.7 Our audit opinion work produces draft and final reports, which include recommendations for improvements in internal controls and an action plan.

- 6.8 Our audit findings are categorised into high, medium and low priority. Action plans are agreed with management to mitigate risks for all findings. We assign overall opinions to our audit work of 'Acceptable – green rated' or 'Key issues to be addressed – red or amber rated'. We also assess the corporate and departmental significance of the audit.
- 6.9 Further detail supporting each of these audit assurance topics can be seen at **Appendix D** of this report.

France Channel England (FCE)

- 6.10 The Audit Authority works to its own Audit Strategy, which will be formally refreshed in March 2021 and will be endorsed by the FCE Consultative Audit Group. The Audit Strategy ensures that the Audit Authority fulfils the expectations and meets the requirements laid out in EU Regulations. The strategy has three main strands: audit of the systems, audit of the expenditure and audit of the accounts. The Audit Authority summarises the audit results in its Annual Control Report, which is submitted to the EC alongside the programme's annual accounts.
- 6.11 The work of the Audit Authority relates to the prior accounting year, similar to the work of external auditors, as it aims to support the opinion on the programme's accounts.
- 6.12 Expenditure is expected to continue to rise for the 2019/20 accounting year ending on 30 June 2020, as many projects are in their implementation phase and new projects continue to be selected. 14 million € of expenditure has already been declared for the current accounting year and from management information available, we anticipate the total expenditure declared to be around 23.5 million € for 2019/20.

NAS budget

- 6.13 The net budget for delivering all the services provided by NAS remains at circa £520K for 2021-22.

7. Performance

Targets

- 7.1 We issue draft reports within ten days following the feedback meeting and final reports within seven days following receipt of the action plan from clients.
- 7.2 All audits have a budgeted number of days assigned to them which is compared to actual days. A budgeted and actual cost of each audit is also determined. Feedback from clients is also sought.
- 7.3 The productivity percentage for the whole of the NAS Team for 2020/21 has been calculated to be 65%. This is lower than last year as we have the three apprenticeships roles which accounts for 120 days of professional training which impacts on our overall productivity. We also have plans to invest in 'non-professional training' for other team members to enhance existing skills

(40 days). We believe that investing in our staff this way supports a stronger and more qualified team going forward.

- 7.4 The NAS Management Team monitor the above targets at their meetings.
- 7.5 Our planned audit opinion days of 821 includes days to complete audits in progress at the end of the 2020/21. Our target is to complete 100% of audits in progress from 2020/21 during the first half of the year.
- 7.6 The target for draft reports for audits which commence in the first half of the year are 100%.
- 7.7 The target detailed in 7.6 are reported to the Audit Committee in our quarterly reports.

PSIAS

- 7.8 The NAS Management Team are responsible for ensuring that conformance with the PSIAS is maintained.
- 7.9 All audit work is subject to a review prior to the issue of the draft report. Feedback regarding what the auditor did well and what they could improve, and any training needs is provided to the auditor at the end of every audit.
- 7.10 The Principal Client Managers review a sample of audit work in each half of the year and report back on any improvements that need to be made by the Team.
- 7.11 The CIA is consulted on the scope of audits and reviews draft reports (except for schools and grants).

8. Financial Implications

- 8.1 The expenditure falls within the parameters of the Annual Budget agreed by the Council. Our work provides assurance on the systems and internal controls that manage £1.405 billion of Gross Revenue expenditure, £145 million Capital programme and £977 million of assets.
- 8.2 The costings for NAS remains unchanged, subject to any savings that the Committee may agree in year, no further savings are proposed for 2021/22. The overall resourcing levels remain unchanged. We will actively maintain traded services and pursue new opportunities when they arise.
- 8.3 There is a contribution to the fixed costs from the FCE Programme Technical Assistance. All costs incurred in delivering the audit authority function are recovered from the European Commission, such that the resources can be back filled, where necessary.

9. Issues, risks and innovation

Issues

- 9.1 Our audit planning will take account of any improvement plans and planned savings activity that are in progress and will complement that work where appropriate.

Risk implications

- 9.2 If appropriate systems are not in place or are not effective there is a risk of:
- The Council failing to achieve its corporate objectives
 - The Audit Committee not complying with best practice and thereby not functioning in an efficient and effective manner; and
 - Not meeting statutory requirements to provide adequate and effective systems of internal audit.
 - The CIA may not be able to provide an opinion due to insufficient audit work being completed.
- 9.3 The correlation of the audit topics to corporate risks is shown in the 'Detailed Audit Plan for 2021/22, **Appendix D**.

Resource implications

- 9.4 There are no resources implications in respect of the proposed strategy. However significant changes to the Strategy, Approach and Plan may result in staffing and cost implications. A reduction in overall resources may expose the Council to inadequate internal audit coverage and in turn to the risk of financial or reputational loss.

Legal Implications

- 9.5 Internal audit work should fulfil the requirement for an internal audit function as described in the Accounts and Audit Regulations 2015 (as amended).
- 9.6 There are no implications with respect to:
- Equality
 - Human Rights
 - Environmental
 - Health and Safety.

Innovation

- 9.7 The Internal Audit Planning seeks to apply innovative practices, methodology, partnering and resourcing where possible, ensuring that relevant standards are maintained and that value for money is demonstrated.
- 9.8 Examples of such innovation include how we resource the audit plan through the in-house team, use of agency staff and contracting any external contractor to provide resilience and flexibility in audit delivery.

10. Background papers

- 10.1 The background papers relevant to this report are the Internal Audit Team Audit Needs Assessment.

Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, e.g. equality impact assessment, please get in touch with:

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

Officer Name: Adrian Thompson - Chief Internal Auditor

Tel No: 01603 222784

Email address: adrian.thompson@norfolk.gov.uk



If you need this Agenda 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.

Other Services to Internal Clients

The table below details the other services we deliver to internal clients.

Service	Description	Days
Provision of the Risk Management Strategy including servicing of Committees in respect of risk management	Our Risk Management Officer proactively supports Directorates in identifying and managing their corporate and departmental risks	155
Provision to undertake investigations where requested to do so by Chief Officers or the Audit Committee Chairman.	To deliver professional and objective evidence-based reports to assist with effective and efficient disciplinary or criminal proceedings. Our staffing strategy includes an investigative auditor role.	180
Delivery of the Anti-Fraud and Corruption Strategy including preliminary assessments and investigations, managing the Council's Whistleblowing Policy and Procedures and managing the Council's Money Laundering Policy and procedures.	<p>We review, with the Chief Legal Officer, the Anti-Fraud and Corruption Strategy on an annual basis, update it as necessary and present it to the Audit Committee. A performance report with respect to Anti-Fraud and Corruption is made to the Audit Committee half-yearly. We provide advice in respect of allegations and undertake preliminary assessments into fraud, support disciplinary review action groups and undertake investigations.</p> <p>We undertake preliminary assessments into whistleblowing disclosures and commission / undertake investigations and maintain the log of disclosures.</p> <p>We will consider Money Laundering reports and report them where appropriate.</p>	
Reporting to the Audit Committee, quarterly and annually.	Production and delivery of reports to a professional standard. Attendance at all meetings by the appropriate officers.	35
Delivery of the Annual Governance Statement to the Audit Committee.	Delivery of the Annual Governance Statement ensuring adequate and timely consultation	8

	with appropriate senior officers and members.	
Provision of assurance to the Executive Director of Finance and Commercial Services, the Section 151 Officer, with respect to the systems of governance/internal control and risk management throughout the authority and the Joint Committees.	<p>Consideration of all aspects of governance, internal control and risk management throughout the authority or joint committee and arrive at a reasoned opinion.</p> <p>Consideration of all risks included in the Corporate Risk Register as part of the risk based internal audit approach.</p> <p>Demonstration of how corporate risks in the Corporate Risk Register are considered and covered in the annual audit plan and the sources of assurance available to ensure all corporate risks are adequately considered and have sufficient internal audit coverage.</p> <p>Reporting this to the Executive Director of Finance, and Commercial Services and the appropriate committees.</p>	20
Provision of advice and assistance with respect to Internal Control to Corporate Board and other Senior Officers.	<p>Our annual resource plan provides for general liaison with Corporate Board and other Senior Officers particularly in the formulation of the audit plan.</p> <p>We provide advice on new systems and answers queries in respect of internal control.</p>	95
Total		493

Delivery to External Clients

The table below details the services NAS delivers to external clients.

Service	Description	Days
Provision of an Internal Audit Service to Schools – traded audits.	The strategy for auditing schools from April 2012 was agreed with the Audit Committee. We offer a full traded audit to maintained schools.	123
Provision of advice and assistance to the Eastern Inshore Fisheries and Conservation Authority.	Provision of advice and assistance with respect to the Annual Governance Statement and other internal control issues. We provide this service on a full cost recovery basis which enables us to absorb the cost of some of our senior management and other overheads.	5
Undertaking grant certification work particularly with respect to EU grants completed quarterly, half yearly or annually.	We provide this service on the required charges basis or at full cost recovery, which enables us to absorb the cost of all or some of our senior management and other overheads. Grant certifications include EU grants and LGA grants, one external client and other UK government grants, plus the 16-19 EFSA grant funding work for schools for the S151 Officer.	230
Provision of the Audit Authority for the France Channel England programme	We provide these services on a full cost recovery basis.	392
Provision of an Internal Audit Service to the Norfolk Pension Fund.	We provide an internal audit service to the Norfolk Pension Fund on a risk assessed basis. We provide these services on a full cost recovery basis which enables us to absorb the cost of some of our senior management and other overheads.	75
Total		825

Days available to deliver NAS services 2021/22

Element	Total Days proposed 2021/22	% of NCC plan (excludes external clients)	Proposed Days Q1 & Q2	Proposed Days Q3/Q4	Revised Total Days 2020/21	% of NCC plan (excludes external clients)
Reporting to the Audit Committee quarterly and annually	36	3%	18	18	35	3%
Facilitation of the delivery of the Annual Governance Statement to the Audit Committee and the Joint Committees. Corporate risk RM013	17	1%	17	0	8	1%
Provision of advice and assurance to Executive Directors and Senior Officers with respect to the systems of governance, internal control and risk management throughout the Authority.	60	5%	30	30	115	10%
Undertaking audit work to support the internal audit opinion	821	64%	411	410	705	59%
Delivery of the Anti Fraud and Corruption strategy, including preliminary assessments and investigations	167	13%	83.5	83.5	180	15%
Delivery of the Risk Management Strategy including servicing of Committees in respect of risk management	173	14%	86.5	86.5	155	13%
*Provision of chargeable Internal Audit Service to Schools	100		50	50	123	
*Provision of an Internal Audit Service to Norfolk Pension Fund	75		37.5	37.5	75	
*Provision of advice and assistance to the Eastern Sea Fisheries Joint Committee/EIFCA	5		5	0	5	
*Undertaking Grant Certification work particularly with respect to EU grants (some days non chargeable)	279		139.5	139.5	230	
*Delivering the Audit Authority Function to the FCE programme	336		168	168	392	
Gross Total	2,069	100%	1,046	1,023	2,023	100%
*Less Delivered to external Clients	795		400	395	826	
Total Days to be Delivered	1,274	100%	646	628	1,197	100%

Available productive days as per resource model

2069

Audit Opinion Days Planned

821

Over-subscription of audit opinion days

169

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose	Together for Norfolk Ref.	Q1&2 Audit Days	Q3 & 4 Audit days
Community and Environmental Services						
Highways and Waste						
Third River Crossing	Coporate Risk RM024 (Amber)	20	Assurance on the operation of the controls in place to manage the building works to ensure that the work is delivered as expected, on time and in budget.	Strong Communities	20	
Bus Operators	Service risk	20	Assurance that operating agreements are in place and are being met.	Growing Economy		20
Highways risk management (Topic TBC)	Service risk	20	Assurance over the risk management arrangements	VFM		20
Contract Management and Monitoring	Service risk	20	Assurance over the contract management and monitoring arrangements in place for key highways contracts.	VFM		20
Growth and Development						
Civil Parking Enforcement	Service Risk	20	Assurance TBC	VFM	20	
Governance of the early stages of Project Management	Service risk	20	Assurance that the governance arrangements during the early stage of project development, especially in relation to the costs, are adequate and effective.	VFM	20	
Performance and Governance						
Equality Diversion and Inclusion - TBC	Service risk	20	Assurance to be agreed	Thriving People	20	
Norfolk Fire and Rescue Service						
NFRS Capital Programme	Service risk	20	Assurance over the identification, prioritisation and management of the capital programme.	VFM		20
Total Community & Environment Services		160			80	80
Adult Social Services						
All departments						

Demand Led Services	Corporate Risk RM023 (Red)	5	Confirmation from risk owners that migrations detailed in the risk register are in progress and that the 'Prospects of meeting Target Risk Score by Target Date' is achievable. This may lead onto some assurance work around the operation of controls.	Thriving People	5	
E-brokerage	Service risk	20	Assurance that the new e-brokerage system and associated protocol is being used in practice for commissioning providers.	Thriving People		20
Shared Care Protocols	Service risk	20	Assurance that the shared care protocols for mental health are working in practice.	Thriving People	20	
Follow up of Transforming Care Programme 2019/20 audit Recommendations	Service risk	10	Assurance that the recommendations made have been implemented.	Thriving People	10	
Continuing Health Care (CHC)	Service risk	20	Assurance that we are following policy and complying with Care Act requirements.	Thriving People	20	
Emerging Integrated Care Systems - governance arrangements	Service risk	20	Assurance on progress with the outcomes articulated in the S75 Agreement for Community Services between NCC and NCH&C.	Thriving People	20	
Days for audit on discharge to assess and data quality - TBC	Service risk	20	TBC	Thriving People		20
Total Adult Services		115			75	40

Children's Services						
Education						
Thematic Audit - Ethics	Governance risk	30	Assurance that appropriate ethics arrangements are in place at schools.	VFM	30	
Thematic Audit - Risk Assessments	Health and Safety risk	25	Assurance that risk assessments are being completed as required.	VFM		25
All departments						
Children's Services Transformation change and expected benefits.	Corporate Risk RM030 (Amber)	20	Assurance on the controls in place to ensure that the transformation programme is well governed, managed and monitored to deliver the expected benefits and savings.	Thriving People	10	10
SEND Capital Programme	Corporate Risk RM030	20	Assurance on the controls to deliver the capital programme on time and to budget.	Thriving People	20	
Total Children's Services		95			60	35
Strategy and Transformation						
Health and Safety						
Monitoring and management of health and safety standards of third party providers of services.	Coporate Risk RM028 (Amber)	5	Confirmation from risk owners that migations detailed in the risk register are in progress and that the 'Prospects of meeting Target Risk Score by Target Date' is achievable. This may lead onto some assurance work around the operation of controls.	VFM	5	
Lone working risk asesssments	Health and Safety risk	15	A review of the lone working risk aseessments for front line workers and whether they continue to be valid under the new ways of working.	VFM	15	
DSE Assessments	Health and Safety risk	25	Assurance that employees are complying with the requirements of this policy and that managers are monitoring compliance.	VFM	25	
Insight and Analytics						
Smarter Working and Use of Data - TBC	Departmental risk	25	Assurance that data analytics work across NCC is undertaken in line with policy and procedure, by the right people and at the right time.	VFM	25	
Strategy, Innovation and Performance						
Service level business planning (and decision making) - TBC	Departmental risk	25	Assurance that the service level business planning process within departments is robust, assured and follows best practice to develop service strategies across the directorates	VFM		25
Human Resources & Organisational Development						

Implications of Brexit for Council staff and services.	Coporate Risk RM022a (Amber)	5	Confirmation from risk owners that migations detailed in the risk register are in progress and that the ' Prospects of meeting Target Risk Score by Target Date' is achievable. This may lead onto some assurance work around the operation of controls.	VFM	5	
Workforce Planning - Recruitment and Retention	Corporate Risk RM029 (Amber)	5	Confirmation from risk owners that migations detailed in the risk register are in progress and that the ' Prospects of meeting Target Risk Score by Target Date' is achievable. This may lead onto some assurance work around the operation of controls.	VFM		5
PDPs	Health and safety risk	20	Aassurance that quality performance development plans (PDP) are being developed with staff and in accordance with NCC guidance, goals are linked to the Department's / Team's goals as per their Plan on a Page, training and development needs are being cascaded to Learning Plans and staff are actioning their learning and Oracle is an accurate picture of the written goals agreed.	VFM	20	
HR audit TBC	HR risk	25	TBC	VFM		25
Total Strategy and Transformation		150			95	55
Governance Department						
Governance						
Data Protection Impact Assessments	Corporate risk RM003a	20	Assurance that controls around data protection impact assessments are adequate and effective	VFM	20	
Information Asset Registers	Corporate risk RM003a	20	Assurance that controls around the management of the information aset register are adequate and effective	VFM		20
Compliance with data security (GDPR) Home working	Corporate risk RM003a	20	Assurance that controls to manage data security requirements whilst the majority of staff are home working are adequate and effective	VFM	20	
IM Audit data sharing agreements	Corporate risk RM003a	20	Topic to be agreed on risk assessed basis (based on implementaion of the IM governance framework action plan)	VFM		20
Governance process for the electronic signing and sealing of documents	Governance risk	20	Assurance on the process for electronic signing and sealing of documents.	VFM		20
Total Governance Department		100			40	60

Work to Support AGS						
Hethel Engineering	Corporate risk RM013	15	Assurance that adequate governance controls were in place during 2020/21.	VFM	15	
Total for Work to Support AGS		15			15	0
Finance and Commercial Services						

Finance and Exchequer Services						
Payroll Online Functions	Financial risk	20	Assurance that controls to manage the online payroll functions are adequate and effective	VFM	20	
Direct Payments - Self Managed Accounts	Financial risk	25	Assurance that controls to manage direct payments (self managed) are adequate and effective	Thriving people		25
Human Resources and Finance system implementation.	Corporate risk RM027 (Amber)	25	Assurance that internal controls are appropriate and working effectively	VFM	25	
Insurance	Financial risk	15	Assurance that effective governance arrangements are in place	VFM		15
Accounts Payable - Care Sector Payments	Financial risk	25	Assurance that adequate and effective governance and internal controls in place supporting payments during the Covid Pandemic	VFM	25	
Corporate Property Team						
Repton Housing Development Company	Corporate risk RM007	20	Assurance that controls in place to govern and manage the build and sale of houses are working in practice.	Growing Economy		20
Health and Safety Statutory Compliance	Health and safety risk	25	Assurance that the County Council has appropriate systems in place to monitor third parties who complete statutory health and safety checks on our behalf and that there is confirmation that these checks have been completed.	VFM	25	
Data Management Systems	Data quality risk	20	Assurance that the our property and facilities management data management systems across the County Council are managed appropriately to enable us to provide correct information first time when requested or for statutory publication.	VFM	20	
Procurement						
Managing Risks of Legal challenge to procurement	Corporate Risk RM026 (Amber)	5	Confirmation from risk owners that migrations detailed in the risk register are in progress and that the 'Prospects of meeting Target Risk Score by Target Date' is achievable. This may lead onto some assurance work around the operation of controls.	VFM	5	
Public Services (Social Value) Act 2012 & Processing Agreements	Regulatory risk (Data Protection)	15	Assurance that processing agreements are in place between us as the Data Controller and those we contract with who are Data Processors. Assurance that we have complied with the requirements of the Public Services (Social Value) Act to consider and consult regarding social value when procuring contracts above the relevant Public Contract Regulation threshold.	VFM	15	
VFM - Facilities Management Contracts (Norse)	Financial risk	20	Assurance that value for money has been achieved for Facilities Management contracts.	VFM		20

Information Management Technology						
Information Security Management	Corporate Risk RM003b (Amber)	5	Confirmation from risk owners that mitigations detailed in the risk register are in progress and that the 'Prospects of meeting Target Risk Score by Target Date' is achievable. This may lead onto some assurance work around the operation of controls.	VFM	5	
Audit TBC		20				20
Audit TBC		20			20	
Audit TBC		20				20
Total Finance and Commercial Services		280			160	120
Other Areas						
Risk Management	Other	15	Assurance that the County Council's risk management system is adequate	VFM	15	
Total Other Areas		15			15	0
Days to complete 2020/21 audits		40			40	
Follow Up Days (HPFs)		20			10	10
Total Opinion Days to be delivered in 2020/21		990			590	400
Grants		279			139.5	139.5
Pensions		75			25	50
Schools		100			40	60

Audit Committee

Item No. 9

Report title:	Work Programme
Date of meeting:	21 January 2021
Responsible Cabinet Member:	Not applicable
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services
Is this a key decision?	No
<p>Executive Summary</p> <p>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.</p> <p>Recommendations</p> <p>The Audit Committee are asked to consider and agree:</p> <ul style="list-style-type: none"> • 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. Proposals

- 2.1. The proposed work is set out in the tables below:

April 2021	
Risk Management Report	Executive Director, Finance and Commercial Services
Risk Management Annual Report 2020-21	Executive Director, Finance and Commercial Services
Audit Committee Work Programme	Executive Director, Finance and Commercial Services
Insurance Annual Report 2020-21	Executive Director, Finance and Commercial Services
Norfolk Audit Services Annual Report 2020-21 (including Quarter ended April 2021)	Executive Director, Finance and Commercial Services
Audit Committee – Terms of Reference	Executive Director, Finance and Commercial Services
Anti-Fraud and Corruption Strategy and	Director of Governance

Whistleblowing Update and Anti-Fraud and Corruption Annual Report 2020-21	
---	--

July 2021	
NAS Quarterly Report Quarter ended June 2021	Executive Director, Finance and Commercial Services
Risk Management Report	Executive Director, Finance and Commercial Services
Audit Committee Work Programme	Executive Director, Finance and Commercial Services
Annual Statement of Accounts and Annual Governance Statement 2020-21	Executive Director, Finance and Commercial Services
Anti-Fraud and Corruption Strategy and Whistleblowing Update	Director of Governance
External Auditor Report/Letters of Representation	Executive Director, Finance and Commercial Services
Treasury Management Annual Report 2020-21	Executive Director, Finance and Commercial Services
Monitoring officer's Annual report 2020-21	Director of Governance
SIRO Annual report 20-2021	Director of Governance
Norfolk Pension Fund Governance Arrangements	Executive Director, Finance and Commercial Services
Norfolk Audit Services' Terms of Reference (Charter) and Code of Ethics 2021-22	Executive Director, Finance and Commercial Services
Norfolk County Council and Norfolk Pension Fund Audit Results Reports – Audit Committee Summary for the year ended 31 March 2020.	Executive Director, Finance and Commercial Services

October 2021	
NAS Quarterly Report Quarter ended September 2021	Executive Director, Finance and Commercial Services
Risk Management Report	Executive Director, Finance and Commercial Services
Audit Committee Work Programme	Executive Director, Finance and Commercial Services
Anti-Fraud and Corruption Strategy and Whistleblowing Update	Chief Legal Officer

January 2022	
NAS Quarterly Report Quarter ended December 2021	Executive Director, Finance and Commercial Services
Risk Management Report	Executive Director, Finance and Commercial Services
Audit Committee Work Programme	Executive Director, Finance and Commercial Services
Anti-Fraud and Corruption Strategy and Whistleblowing Update	Chief Legal Officer
Internal Audit Strategy, Approach, Strategic Plan and Internal Audit Plan for 2022-23	Executive Director, Finance and Commercial Services

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. Staff:

There are no staff implications.

7.2. Property:

There are no property implications

7.3. IT:

There are no IT 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. Health and Safety implications (where appropriate)

There are no health and safety implications

8.5. Sustainability implications (where appropriate)

There are no sustainability implications

8.6. 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. Recommendation

11.1 See Action Required in the Executive Summary above.

12. Background Papers

12.1 None.

Officer Contact

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

Officer name : Adrian Thompson

Tel No. : 01603 222784

Email address : Adrian.thompson@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.