

Audit Committee
Minutes of the Meeting held on Tuesday 31 July 2018 at 2pm in
the Edwards Room, County Hall, Norwich

Present:

Mr I Mackie
Mr S Aquarone
Mr C Foulger
Mr A Jamieson
Mr H Thirtle
Mrs K Vincent

1 Apologies for Absence

- 1.1 An apology for absence was received from Mr S Morpew.

2 Election of Chairman

- 2.1 Mr I Mackie was elected Chairman of Audit Committee for the ensuing year.

Mr I Mackie in the Chair.

3 Election of Vice-Chairman

- 3.1 Mr A Jamieson was elected Vice-Chairman of Audit Committee for the ensuing year.
- 3.2 The Chairman thanked the Mr H Thirtle, the previous Vice-Chairman for his work on the Committee and congratulated him on his appointment as Chairman of the Broads Authority.

4 Minutes

- 4.1 The minutes from the Audit Committee meeting held on 19 April 2018 were agreed as an accurate record and signed by the Chairman.

5 Declaration of Interests

- 5.1 Mr A Jamieson declared an other interest as he was a non-Executive Director of Norse.
- 5.2 Mrs K Vincent declared a pecuniary interest as she was a Member of the Norfolk Pension Fund and also a non-pecuniary interest as her husband had been appointed Leader of Broadland District Council.
- 5.3 Mr H Thirtle declared an other interest as he was a Member of Great Yarmouth Borough Council and also a Member of the Norfolk Pension Fund.

- 5.4 Mr C Foulger declared an other interest in agenda item 14 (Great Yarmouth 3rd River Crossing – Project Update) as he was Chairman of the 3rd River Crossing Member Working Group.

6 Items of Urgent Business

- 6.1 On behalf of the Committee, the Chairman welcomed Stephanie Mullarney and Alan Lincoln who would be retiring on 31 October 2018 after nearly 29 years' service and 53 years' service at Norfolk County Council respectively. Both Officers had worked on preparing the Annual Statement of Accounts for several years and had worked in varying roles at the County Council. The Committee placed on record its thanks to Stephanie and Alan for their hard work and Service to Norfolk County Council and wished them both well for their retirement.

7 Norfolk Pension Fund Governance Arrangements 2017-18

- 7.1 The Committee received the report by the Executive Director of Finance & Commercial Services and the Head of Pensions outlining the ongoing governance arrangements of the Norfolk Pension Fund.
- 7.2 In introducing the report, the Head of Norfolk Pension Fund advised that Mrs J Oliver had been appointed Chairman of the Pensions Committee following the sad passing of the previous Chairman, Mr C Jordan.
- 7.3 The following points were noted in response to questions from the Committee:
- 7.3.1 The Norfolk Pension Fund had been working with ten other Administering Authorities to form the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Pool. A legally binding Inter Authority Agreement, setting out the governance arrangements, had been agreed.
- 7.3.2 The Chairman of the Pensions Committee was a Member of the Access Pool Joint Committee, which consisted of the Chairmen of the 11 Pension Committees within the Pool. The Chairman of each Pensions Committee had delegated powers to make some decisions, which would then need to be ratified by the individual Pensions Committees.
- 7.3.2 As the project was still in its early stages, no financial investments had been made. It was hoped that Financial Conduct Authority (FCA) approval for the first sub-fund would be received within the next month or so.
- 7.3.3 The Chairman congratulated the Head of Pensions and her team for their achievement in establishing the Pool.
- 7.3.4 In response to a question, the Head of Pensions confirmed that the increase in the number of employers joining the pension scheme was primarily due to the number of Norfolk schools converting to academies.
- 7.4 The Committee considered the report and **RESOLVED** to:

- **Note** the Norfolk Pension Fund's governance arrangements were fully compliant with legislative requirements, regulatory guidance and recognised best practice.

8 Norfolk County Council and Norfolk Pension Fund Audit Results Reports – Summary for the year ended 31 March 2018.

- 8.1 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 2018.
- 8.2 A copy of the amendments to the Statement of Accounts since the agenda had been published was tabled at the meeting. The amendments are attached at Appendix A.
- 8.3 The Chairman welcomed Mr M Hodgson and Mr D Riglar, from External Auditors Ernst & Young to the meeting.
- 8.4 Mr M Hodgson, introduced the Norfolk County Council Audit Results Report and was pleased to advise that there were no matters which needed to be brought to the attention of the Committee and that they would be issuing an "unqualified opinion".
- 8.5 The Chairman thanked everyone involved in preparing the accounts.
- 8.6 Mr Hodgson introduced the Norfolk Pension Fund Audit Results Report and was pleased to report an "Unqualified Opinion".
- 8.7 The External Auditors thanked the Executive Director of Finance & Commercial Services and the Finance Team for the support and producing two robust sets of draft Accounts in a timely manner, particularly as this was the first year of the early closure of accounts, which needed to be signed off by the end of July.
- 8.8 The Committee considered the matters raised in the Ernst & Young Norfolk County Council and Norfolk Pension Fund Audit Results Reports before Ernst & Young issued their audit opinions and **RESOLVED** to:
 - **Note** the report.

9 Annual Statement of Accounts and Annual Governance Statement 2017-18.

- 9.1 The Committee received the report by the Executive Director of Finance and Commercial Services introducing Norfolk County Council's Annual Governance Statement and the Statement of Accounts of Norfolk County Council for 2017-18 which had been subject to external audit by Ernst & Young. The Executive Director of Finance and Commercial Services anticipated that the Council would receive an unqualified audit opinion.
- 9.2 In introducing the report, the Corporate Accounting Manager advised the Committee of some amendments to the Annual Governance Statement made by the Leader. A copy of the amendments is attached at Appendix B.

- 9.3 The Chairman, on behalf of the Audit Committee, thanked the Executive Director of Finance & Commercial Services, the Finance Team and Ernst & Young for their efforts in achieving an unqualified audit opinion.
- 9.4 The Committee considered the report and **RESOLVED** to:
- **Note** that, following annual reviews, the systems of internal control and internal audit were considered adequate and effective;
 - **Approve** the Annual Governance Statement (At Annex 1 of the report);
 - **Approve** the Council's 2017-18 Statement of Accounts (at Annex 2 of the report).

10 Letters of Representation 2017-18

- 10.1 The Committee received the report by the Executive Director of Finance and Commercial Services introducing the letters of representation of Norfolk County Council and Norfolk Pension Fund for 2017-18. The letters of representation covered matters material to the financial statements and possible non-compliance with laws and regulations.
- 10.2 In presenting the report, the Corporate Accounting Manager advised that, since the agenda had been published, the External Auditors had requested an additional paragraph in the Letters of Representation to be signed by the Executive Director of Finance and Commercial Services and the Chairman of Audit Committee. Copies of the revised letters are attached at Appendix C.
- 10.3 The Committee considered the report and **RESOLVED** to:
- **Endorse** the letters of representation in respect of the Pension Fund and of Norfolk County Council, and
 - **Authorise** the Chairman of the Audit Committee and Executive Director of Finance and Commercial Services to sign the letters on behalf of the Council.

The meeting adjourned at 2.50pm and reconvened at 3pm during which time the Chairman and Executive Director of Finance & Commercial Services signed the Letters of Representation.

11 Counter Fraud, Bribery and Corruption – Audit Committee Annual Report.

- 11.1 The Committee received the report by the Chief Legal Officer providing an annual summary against the criteria set out in the Norfolk County Council Anti-Fraud, Bribery and Corruption Operational Strategy (v2019) (The Strategy), based on the work undertaken during the reporting period in accordance with the agreed activity plan.
- 11.2 In response to a question about whether the level of fraud had dropped since 2016-17, the Investigative Auditor said that although there had been an increase in the number of frauds, there had been a decrease in the amount of investigations carried out.
- 11.3 The Committee **RESOLVED** to:

- **Note** the content of the Anti-Fraud, Bribery and Corruption Annual Report 2017-18.

12 Deputy Monitoring Officer's Annual Report 2017-18

- 12.1 The Committee received the report by the Chief Legal Officer summarising the internal governance work carried out by the Monitoring Officer and Deputy Monitoring Officer in 2017/18 and providing assurance that the organisation's control environment, in the areas which were the responsibility of the Monitoring Officer, was adequate and effective.
- 12.2 The Committee **RESOLVED** to:
- **Note** the contents of the report and, in particular, the key messages set out in the Executive Summary and Appendix A of the report.

13 Risk Management Report

- 13.1 The Committee received the report by the Executive Director of Finance and Commercial Services providing it with the corporate risk register as it stood in July 2018, along with an update on the Risk Management strategy, and other related matters, following the latest review conducted during June 2018.
- 13.2 When introducing the report, the Risk Management Officer drew the Committee's attention to the main changes summarised in Appendix A of the report. The Risk Management Officer also advised that a business continuity exercise had been carried out in July 2018 to test the business continuity plan should County Hall become unavailable due to a fire. The exercise had been very successful and had tested the robustness of departmental business continuity plans.
- 13.3 The Chairman applauded the work undertaken regarding business continuity and said he hoped the momentum would be maintained.
- 13.4 In response to questions from the Committee, the following points were noted:
- 13.4.1 Regarding Risk RM022 (Potential changes in laws, regulations, government policy or funding arising from the UK leaving the European Union, which may impact on Council objectives, financial resilience and affected staff - 'Brexit'), the Committee was advised that the risk had been drawn up in 2016, following the referendum and was a general risk covering all possible changes.

The Risk Management Officer assured Members that the risk would continue to be monitored once decisions had been made and the risk amended accordingly. The latest guidance stated that any EU Funding already awarded would remain in place until the end of the project, although this position could change if no Brexit deal was achieved. The Committee was assured that as soon as any information was received, the risk would be updated accordingly.

- 13.4.2 The Risk Management Officer would feed back a suggestion of having a risk register in place for all possible risks arising from the Brexit negotiations to the County Leadership Team for consideration. He would also try to gather an

overview of all possible risks, particularly relating to staffing, contracts, resilience and EU funding around procurement of goods and services, to give Members a sense of possible impacts.

- 13.4.3 Al Collier, Head of Procurement, was the Senior Commissioning Officer for Norse Services regarding Risk RM004 (The potential risk of failure to deliver effective and robust contract management for commissioned services).
- 13.4.4 Regarding Risk RM011 (The potential risk of failure to implement and adhere to an effective and robust performance management framework), the average number of days lost through sickness was 4 days lost, down from 7 over the last year.
- 13.4.5 The Risk Management Officer agreed to ascertain the details of the sector based plans for providers which modelled expected needs and demand associated with demographic and social change and feed this information back to Members. (Risk RM023 (Failure to understand and act upon changes to demography, funding, and government policy with particular regard to Adult Services)).
- 13.4.6 The Risk Management Officer would provide a written response giving details of agency and contract staff spending. (Risk RM011 – The potential risk of failure to implement and adhere to an effective and robust performance management framework).
- 13.5 The Committee **RESOLVED** to **Note**:
 - a) The changes to the corporate risk register, the progress with mitigating the risks;
 - b) The scrutiny options for managing corporate risks;
 - c) The movement of corporate risks since the last meeting; and
 - d) The background information to the report.

14 Great Yarmouth Third River Crossing – Progress Update

- 14.1 The Committee received the report by the Executive Director of Communities and Environmental Services providing assurance to Members of the effective current and continuing project governance.
- 14.2 The Committee welcomed Tom McCabe (Executive Director of Community & Environmental Services), Andrew Skiggs (Finance Business Partner Community and Environmental Services) and David Allfrey (Infrastructure Delivery Manager) who attended the meeting to update the Committee on the latest risks on the project and answer questions from the Committee.
- 14.3. The Executive Director for Communities and Environmental Services reassured the Committee that lessons from the Broadland Northway project had been learned, including establishing a Member Working Group to consider key learning points and how these could inform the Great Yarmouth 3rd River Crossing project.
- 14.4 The following points were noted in response to questions from the Committee:

- 14.4.1 In response to a comment that some Members had read about increased costs of the NDR project in the media before being notified to the County Council, the Executive Director of Communities and Environmental Services reassured the Committee that all the information reported in the media had been gleaned from Committee reports and that he updated Members regularly.
- 14.4.2 Any increase to the capital budget would need to be approved by full Council.
- 14.4.3 Under the Norfolk County Council Constitution, once a new contract was awarded, officers had delegated powers to make appropriate payments for the project up to the cost of the contract.
- 14.4.4 The Infrastructure Delivery Manager and his team would ensure the details within the contract were correctly administered. If a claim was received from the contractor which was unjustified, the claim would be refuted and appropriate measures taken to resolve any issues.
- 14.4.5 The Project Board would monitor the project costs, in conjunction with the Member Working Group with the Environment, Development and Transport Committee receiving reports at appropriate times determined by the Board. The Project Board met monthly and would continue to meet monthly until the completion of the project.
- 14.4.6 The quantitative risk assessment (QRA) was a formal and systematic risk analysis to quantify the risks associated with the delivery of the project.
- 14.4.7 The Infrastructure Delivery Manager advised that the project was progressing well and remained on track for construction to commence in October 2020 with the crossing opening in January 2023.
- 14.4.8 Three bidders had now been shortlisted and competitive dialogue with the shortlisted bidders would commence in August 2018. Competitive dialogue would help to ensure the bidders understood Norfolk County Council's requirements and their own obligations under the proposed contract.
- 14.4.9 It was anticipated that Environment, Development and Transport Committee would receive a report at its meetings in October/November 2018, recommending it to award the three-stage contract which would then commence from January 2019.
- 14.4.10 The development consent order process for the project was ongoing, with the public consultation expected to run from mid-August to October 2018 and the results of the consultation would help inform the formal application to the Secretary of State to examine and approve the Development Consent Order. It was anticipated that approval would be within timescales that enabled the construction to commence in October 2020.
- 14.4.11 If the costs of the contract (target cost) rose by more than 7.5% of the tendered price at the end of stage 1 of the contract, Norfolk County Council would not be obliged to continue to the construction phase (stage 2) of the contract.
- 14.4.12 The Committee was reassured that if planning permission (development consent) was not granted, safeguards had been written into the contract to

make sure Norfolk County Council did not face the same risks as they had faced under the Willows project.

- 14.4.13 The Third River Crossing Project was a challenging scheme, although the contractors would have sufficient knowledge to carry out the contract and any risks appropriate for them to manage would be included within their quotation.
- 14.4.14 The cost of the project was estimated to be around £121m, with the Department for Transport having already committed to a grant of £98m which would remain in place as long as Norfolk County Council adhered to the terms of the funding approval letter and the Development Consent Order (DCO).
- 14.4.15 The Project Team was working to ensure the statutory DCO process and the procurement process were aligned, with the statutory consultation starting in mid-August and concluding early October 2018. The findings from the consultation would inform the final DCO application documents which should be submitted by Spring 2019.

14.5 The Chairman thanked everyone for attending and for providing the update.

14.6 The Committee **RESOLVED** to:

- **Note** the report.

15 Governance, Control and Risk Management of Treasury Management

15.1 The Committee received the report by the Executive Director of Finance and Commercial Services providing assurance as to the adequacy and effectiveness of Governance, Control and Risk Management of Treasury Management arrangements.

15.2 The Committee **RESOLVED** to:

- **Note** the report.

16 Liquidlogic/Social Care System Replacement Implementation

16.1 The Committee received the report by the Executive Director of Adult Social Services informing it of the progress of the Social Care System Replacement (SCSR) programme in light of the corporate risk (Risk RM109 – Failure to deliver a new fit for purpose social care system on time and to budget).

16.2 The Committee welcomed Janice Dane (Assistant Director Early Help and Prevention, Adult Social Care), Amy Lees (Social Care Systems Support Manager), Andrew Pettitt (Senior Project Manager – Adults) and Miles Fox-Boudewijn (Senior Project Manager – Children's) who gave the Committee a brief overview about how the Liquidlogic system worked. The Chairman asked that the Committee's thanks be recorded to everyone who had worked on the project for the fantastic achievement of setting up the system.

The Assistant Director Early Help and Prevention, Adult Social Care) advised that phase 1 of the project had been delivered and the planning and resourcing of phase 2 was now taking place. Phase 2 would be exploiting the potential

benefits of the new Liquidlogic and ContrOCC systems to roll out a mobile app and device; Client and online financial assessment portals and integration with health.

- 16.3 The Committee received and **noted** the demonstration of the new LiquidLogic software.
- 16.4 The following points were noted in response to questions from the Committee:
- 16.4.1 Once a personal budget and a package of support and care for those eligible had been established, individuals would be able to spend that money how they wished. Consideration was being given to offering pre-loaded payment cards as an additional option of paying for services users wished to purchase. Other ways included bank transfers, direct payments, or Norfolk County Council purchasing services on behalf of service users.

Mr H Thirtle left the meeting at 4pm.

- 16.4.2 At the moment there were two separate recording systems for Children's Services and Adult Social Services clients. Some work was being undertaken to try to link the Children's Services and Adult Social Care systems in order that children moving to Adult Social Care would no longer have an entry on each system.
- 16.4.3 Responsibility for security of records on the system rested with the software supplier as part of the contract for hosting the data and ensuring the data was kept as safe as possible.
- 16.5 The Committee **RESOLVED** to:
- **Note** the progress on delivering the new Social Care System for Adult Social Services, Children's and Finance;

17 Norfolk Audit Services Report for the Quarter Ending 30 June 2018.

- 17.1 The Committee received the report by the Executive Director of Finance and Commercial Services setting out the work of Internal Audit and how the work would contribute to the new Council priorities.
- 17.2 The Committee **RESOLVED** to **note**:
- The overall opinion on the effectiveness of risk management and internal control being 'acceptable' and therefore considered 'sound'.
 - Satisfactory progress with the traded schools audits and the operation of the Audit Authority for the France Channel England Interreg Programme.
 - That plans are being established to strengthen corporate development themes of: Strategy into Action/Accountability, Commerciality/Business Like, Data Analytics/Evidence Based and Collaboration/Influencing for the internal audit function.

18 Yearly Update of the Audit Committee

- 18.1 The Committee received the report by the Executive Director of Finance and Commercial Services summarising the work of the Audit Committee from 1 April 2017 to 31 March 2018 and confirmed, during 2017-18, its function had been consistent with best practice, demonstrating the impact of its work and explained how it added value.
- 18.2 The Committee **RESOLVED** to **Note** that Audit Committee was:
- Independent of the executive function, reports directly to full Council and had terms of reference that were consistent with CIPFA's 2016 guidance and best practice.
 - Provided effective challenge across the Council and independent assurance on the system of internal control, including the management of risk, to members and the public, and
 - Can demonstrate the impact and value of its work.
- 19 Work Programme**
- 19.1 The Committee received the report by the Executive Director of Finance and Commercial Services setting out the work programme.
- 19.2 The Committee asked that consideration be given to introducing Brexit contract risks.
- 19.3 The Committee considered and **noted** the report.

The meeting ended at 4.15 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.

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Finance and Commercial Services;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Executive Director of Finance and Commercial Services's Responsibilities

The Executive Director of Finance and Commercial Services is responsible for the preparation of the council's Statement of Accounts **including those of the Pension Fund** in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Executive Director of Finance and Commercial Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Executive Director of Finance and Commercial Services has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate by the Executive Director of Finance and Commercial Services

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council **and that of the Pension Fund** at 31 March 2018 and its income and expenditure for the year ended 31 March 2018.

Simon George
Executive Director of Finance and Commercial Services
Date: 31 July 2018

I confirm that the Statement of Accounts was approved by a resolution of the Audit Committee on 31 July and has been re-signed as authorisation to issue.

Cllr Ian Mackie
Chairman of Norfolk County Council Audit committee
Date: 31 July 2018

30 July 2018

Annual Governance Statement 2017-18

Please find attached the amended version of the document tabled at the Audit Committee for their approval:

- Para 1.2 - replaced 'will be approved' with 'has been approved'
- Para 2.8 - Reference to 'an additional pooled fund in the future' removed. This potential pooled fund, part of the Transforming Care Programme, is not agreed yet so not relevant at this stage
- Para 2.8 – Replaced 'three pooled funds' with 'five pooling arrangements' and added two new sections to cover the Business Rates Pooling and the CIL income pool that the Council hosts.
- Para 5.1 and 5.2 (F) – References to the Managing Director added as suggested
- 5.2 (B) – Reference to the Norfolk Strategic Planning Framework corrected.
- Signatures – Titles amended.

Adrian Thompson

Chief Internal Auditor (01603) 222784

Annual Governance Statement for Norfolk County Council 2017-18

1. Introduction

1.1. The Accounts and Audit (England) Regulations 2015 require that:

- The Council must conduct a review at least once a year of the effectiveness of its system of internal control,
- Findings of this review should be considered by the Council,
- The Council must approve an Annual Governance Statement; and
- The Annual Governance Statement must accompany the Statement of Accounts.

For Norfolk County Council (the Council) the Audit Committee undertakes these duties on behalf of the Council.

- 1.2. The Chief Internal Auditor reviews the effectiveness of the system of internal control throughout the year and reports annually to the Audit Committee. The Chief Internal Auditor reported to the Audit Committee on 19 April 2018 that, in his opinion, the system of internal control, including the arrangements for the management of risk during 2017-18, was acceptable and therefore considered sound. The Committee agreed with this opinion. This statement has been approved, along with the Statement of Accounts, at the 31 July 2018 meeting of the Audit Committee.
- 1.3. As part of producing this statement, Executive Directors have completed and signed an Annual Positive Assurance Statement and completed a supporting departmental assurance table.

2. Scope of responsibility

- 2.1. The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way it exercises its functions having regard to economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 2.2. The Council has approved and adopted a Code of Corporate Governance consistent with the principles of the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014). The Code was approved by the Policy and Resources Committee on 26 March 2018. If you require any further information regarding this statement please

contact Mr. Simon George, Executive Director of Finance and Commercial Services, Norfolk County Council, County Hall, Martineau Lane, NR1 2DW.

- 2.3. Through the application of the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18, the Annual Governance Statement must include reference to controls where significant activities take place through a group entity. This includes Companies that the Council owns or part owns.
- 2.4. This statement explains how the Council has complied with the Code of Corporate Governance and meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2015, in relation to the publication of an Annual Governance Statement.
- 2.5. The Council administers the Norfolk Pension Fund and the Norfolk Firefighters Pension Fund. The governance arrangements are statutorily prescribed. The Council complies with these requirements. For further details, please consult the [Norfolk Pension Fund Governance Statement 2017](#).
- 2.6. The Council hosts or is represented in several Joint Committees, which are:
- Norfolk Records Committee,
 - Norfolk Joint Museum Committee,
 - Eastern Shires Purchasing Organisation (ESPO),
 - Norwich Highways Agency Committee,
 - Eastern Inshore Fisheries and Conservation Authority
 - Norfolk Parking Partnership Joint Committee
 - Norfolk and Waveney Joint Health Scrutiny Committee.
 - Road Casualty Reduction Partnership Board
- 2.7. The Council has ten subsidiary companies and one legislator company, detailed below:
- Active Companies:
- The largest wholly owned company by the Council is the Norse Group Limited. It is the parent company of NPS Property Consultants Limited, Norse Transport, Norse Eastern Limited, Norse Commercial Services Ltd and Norse Care Ltd, plus their subsidiaries. These companies are referred to throughout this statement as NORSE. The governance arrangements for NORSE are included in the body of this report. Where there are unique arrangements these appear at the end of each section and where the arrangements are specific to NORSE, they appear in a separate section. For more information regarding NORSE and its services, please refer to its website at <http://www.norsegroup.co.uk>
 - Hethel Innovation Ltd, is wholly owned by the Council, see link for further information at <http://hethelinnovation.com/>.
 - Independence Matters is a Community Interest Company (CIC) which started trading 1 November 2013. The Council owns 49% of the shares for the initial contract period of three years which was extended for two years. For more information regarding

Independence Matters please refer to its website at <http://independencematters.org.uk/>.

- Norfolk Safety Community Interest Company (CIC) operates in partnership with Norfolk Fire and Rescue Service, and provides a range of risk management, training and development and other services to public bodies, third sector organisations and businesses. For more information please refer to website <http://norfolksafety.org/>
- Legislator 1656 Limited is a holding company which is jointly owned with Norwich City Council and is controlled through each party owning 50% of the voting share capital. The company owns a 4.9% share in Norwich Airport Limited and 100% of Legislator 1657 Limited whose principal activity is the leasing of investment properties.

Non Active companies:

- The Great Yarmouth Development Company, which is jointly owned with Great Yarmouth Borough Council, with each party owning 50%. The company is currently in the process of being closed.
- Norfolk Energy Futures Ltd is wholly owned by the Council. The company is currently in the process of being closed.
- Norfolk Regeneration Company Limited (NRC) is a wholly owned by the Council. It is currently dormant.
- Educator Solutions Ltd, incorporated on 15 April 2016, is a wholly owned by the Council. It is currently dormant.
- Public Law East Limited, incorporated on 13 February 2017, is a wholly owned company. It is currently dormant.
- Repton Property Developments Ltd, incorporated on 27 July 2017, is a wholly owned by the Council.

Where appropriate the wholly owned/partly owned companies have Council Member and/or Officer representation on their boards of directors. An audit has recently been undertaken (and not yet reported) of Norfolk Safety Community Interest Company. All other significant companies have signed an Annual Positive Assurance Statement and completed a supporting assurance table.

2.8. The Council is a partner in five pooling arrangements, detailed below:

- The Norfolk Learning Difficulties Pooled Fund now exists only as a legal entity as part of the arrangements for commissioning Learning Difficulties health services. The Council now receives funding directly from Central Government as part of the formula funding
- Norfolk Pharmaceutical and Medicines Management Pooled Fund. The Council and the Clinical Commissioning Groups (CCG's) entered into an agreement to provide a

pharmaceutical and medicines management service in Norfolk. The Council provides financial management for the Pooled Fund

- There is a Better Care Fund pooled arrangement in place, covering the five CCGs in Norfolk. The Better Care Fund (BCF) requires local authorities with responsibility for social services and CCGs to create a pooled commissioning fund for the provision of integrated health and community care services, with a priority purpose of supporting the integration of health and care. The pooled fund is secured through an agreement under section 75 of the National Health Service Act 2006. The Norfolk and Waveney Chief Officer Group oversees the governance of the pooled fund. The Better Care Fund plan, which sets out how funds are spent, is required to be approved by the Health and Wellbeing Board. The Council administers the pooled funds
- Norfolk County Council is a member of the Norfolk Business Rates Pool which as of 2018-19 now includes all seven district councils. The Pool enables Norfolk Authorities to retain revenue from additional business rates growth by avoiding a levy on growth which would otherwise be payable to Central Government. The pooled funds are used to support economic development projects in Norfolk with Norfolk Leaders approving the allocation of funds to projects. More information on the Pool can be found in the latest [Norfolk Business Rates Pool Annual Report](#). Item 11 (page 199) of the October 2017 Policy and Resources Committee
- Norfolk County Council acts as the accountable body for the [Infrastructure Investment Fund](#) (referenced on page 224). The 2013 Greater Norwich City Deal allows, amongst other things, access to £60 million of Public Works Loan Board (PWLB) borrowing at a favourable rate to fund strategic infrastructure. The agreement included a commitment from Broadland District Council, Norwich City Council and South Norfolk Council to pool CIL income, and in October 2015 an agreement including Norfolk County Council was signed to pool CIL income in order to create a substantial local growth fund to support local infrastructure projects.

2.9 Norfolk County Council has been designated to manage the 2014-2020 France (Channel) England Interreg Va European programme.

Assurances were provided by the UK Government in October 2016 that for projects selected prior to the actual exit date, partners from the UK will have their full funding guaranteed.

The programme is an EU Commission programme funded through the Cohesion Fund and provides up to €223M of grant covering the geographic area of South and East England and Northern France. This will leverage up to a total of €315M of funds (with match funding). The programme budget is agreed by the French and UK Governments. The Cooperation Programme (CP) was approved by both national governments and by the Commission in October 2015. For further information please refer to website <https://interreg5a-fce.eu>

Within the Council, a Project Board has been set up to oversee the management of risks this initiative generates for the authority.

The Audit Authority reports to the Audit Committee on progress made against the strategy and plan. Should significant issues arise and fail to be resolved with regards to the management and control system, these would be reported to the Audit Committee. No such issues were reported in 2017/18.

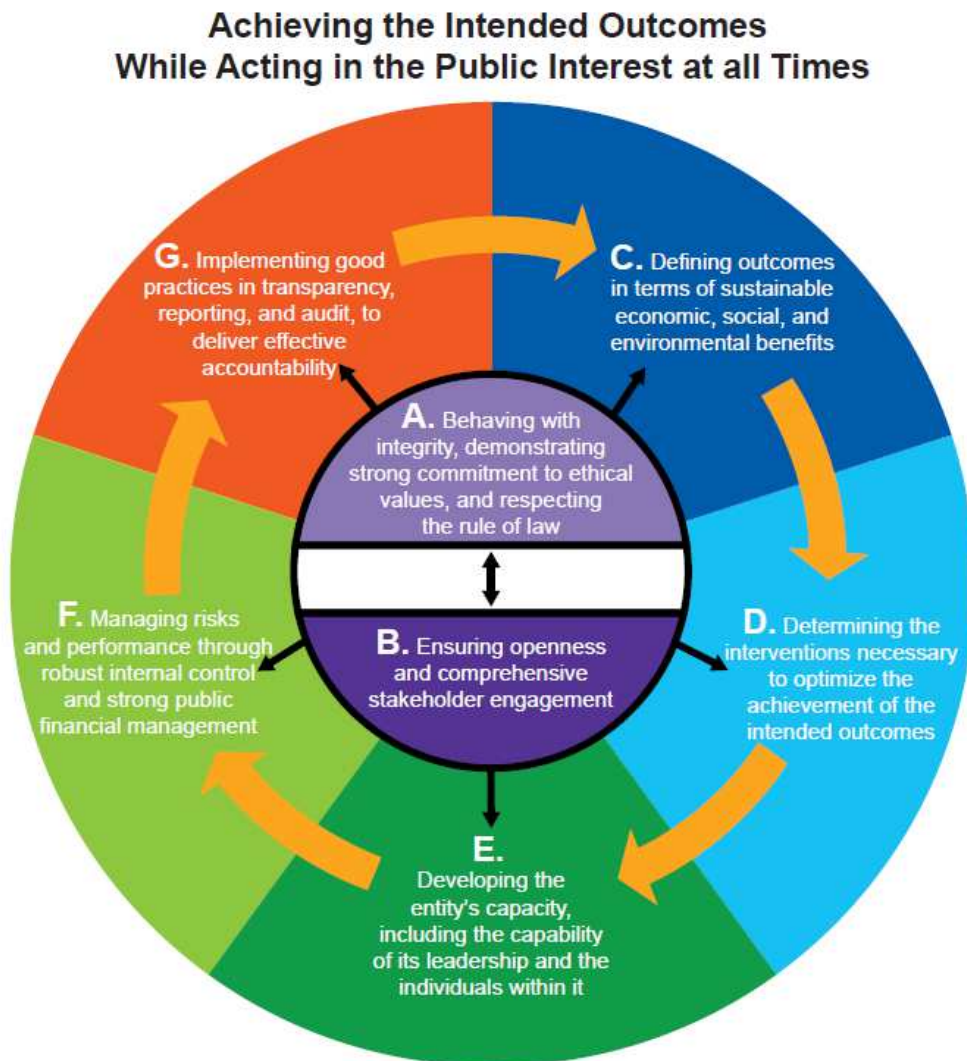
The programme also has its own governance arrangements involving Member States and EC representatives.

3. The purpose of a governance framework

- 3.1. A governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and through which it accounts to, engages with and leads the community. It enables the County Council to monitor the achievement of its strategic objectives and consider whether they have led to the delivery of appropriate, cost effective services.
- 3.2. The system of internal control is a significant part of that framework designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process to identify and prioritise such risks, it evaluates the likelihood of them being realised and the impact they would have should they be realised and helps manage them efficiently, effectively and economically.
- 3.3. All wholly owned companies have a system of governance which is the responsibility of their Board of Directors and designed to give the Directors adequate information to review the activities of the Group and review and control the business risks.

4. The Governance Framework

- 4.1. The council achieves good standards of governance by applying the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (The 'International Framework').



- 4.2. This diagram illustrates how the various principles for good governance in the public sector relate to each other. To achieve good governance the Council should achieve their intended outcomes while acting in the public interest at all times. As overarching requirements for acting in the public interest, principles A and B apply across all other principles (C – G)
- 4.3. The Council's [Code of Corporate Governance](#) details the arrangements in place to comply with each of the principles. The Annual Governance Statement reviews the effectiveness of those arrangements.

5. Effectiveness of the governance framework

5.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

That review is informed by:

- The work of the Managing Director and Executive Directors within the County Council who are responsible for the development and maintenance of the governance environment
- The Statutory roles of the Council's Monitoring Officer and Section 151 Officer
- The signed departmental assurance statements received and signed by Executive Directors
- The Annual Governance Statement working group
- Work performed by Internal Audit
- Comments made by the external auditors and other review agencies and inspectorate
- Systems and controls carried out as outlined in the Code of Corporate Governance.

Responsibility for this annual review has been delegated to the Audit Committee. Overall it is considered the Council's governance arrangements continue to be fit for purpose, in accordance with the governance framework.

5.2 The effectiveness of the governance framework can be demonstrated by the following:

| | Principles | Comment |
|---|--|---|
| A | Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law. | <p>Executive Directors have confirmed services comply with the Council's Constitution, Financial Regulations and key policies and procedures which include for declarations, compliments and complaints and whistleblowing. Relevant topics, for example health and safety, are reported to committees during the year.</p> <p>There are up to date registers of Members interests and register of gifts and hospitality published for each Member on the Norfolk County Council internet.</p> <p>The Standards Committee met twice during 2017-18. The role of the Standards Committee is to promote and maintain high standards of conduct by councillors and co-opted members.</p> <p>Progress on the Council's Equality, Diversity and Inclusion objectives 2017-2020 was reported to the Policy and Resources committee in January 2018.</p> <p>An Annual report of the Monitoring Officer will be made to the Audit Committee at the 31 July 2018 meeting. There are no exceptions to report.</p> |

| | Principles | Comment |
|---|--|--|
| B | Ensuring openness and comprehensive stakeholder engagement. | <p>Committees and Full Council have met regularly throughout the year. These are open meetings and the agenda and public reports are available to the public prior to the meetings. There is also provision for the public to ask questions. Decisions taken at these meetings have been recorded in minutes. The agendas, public reports and minutes are available on the Council website, with the exception of certain confidential information.</p> <p>NCC's vision and strategy for 2018-2021 is published on the internet.</p> <p>A Norfolk Strategic Planning Framework has been approved. It includes the shared objectives with Norfolk's Local Planning Authorities (including Norfolk County Council).</p> <p>During the year the Council has engaged with individual citizens and service users effectively. The Council embraced the philosophy "We Asked, You Said, We Did" approach to consultation and promotes material advising the public and other stakeholders of the key findings from consultations and how they have been considered. An example of this was in respect of budget saving proposals.</p> <p>As well as formal consultations the Council runs a variety of events and manage a variety of panels or forums. In doing so, these create opportunities for open dialogue with people who use our services enabling them to feedback their views, interests and concerns relating to the services we offer. Our key events and public forums included a Business Rates Consultation Event, Make it Real Older People's forum, In Care Council, Norfolk Youth Parliament and Residents' panel.</p> <p>There is an agreed Communication Strategy and Media Protocol. Roles and responsibilities for communication should be clear.</p> |
| C | Defining outcomes in terms of sustainable economic, social and environmental benefits. | <p>The previous County Council Plan 2016-19 had set out the Council's previous strategic ambition, priorities and the areas of the Council's business where it needs to make the fastest improvements to secure Norfolk's long term future. It was refreshed during the year.</p> <p>The vision for Norfolk in 2021 was approved by Full Council on 12 February 2018. This sets out the direction</p> |

| | Principles | Comment |
|--|------------|---|
| | | <p>of the Council in the next three years and what it would like to achieve.</p> <p>The 'Vision for Norfolk 2021 Caring for our County' outlines the Council's commitment to:</p> <ul style="list-style-type: none"> - Building communities we can be proud of - Making the most of our beautiful County - Starting a new relationship with Norfolk families - Investing in children and families - Helping our population remain independent, resilient and well - Getting our own house in order. <p>The approach is guided by four key principles:</p> <ul style="list-style-type: none"> - Offering our help early to prevent and reduce demand for specialist services - Joining up our work so that similar activities and services are easily accessible, done well and done once - Being business-like and making best use of digital technology to ensure value for money - Using evidence and data to target our work where it can make the most difference <p>The Council has also identified seven priorities to bring focus and energy to this phase of transformation – under the banner of 'Norfolk Futures'. These priorities are:</p> <ul style="list-style-type: none"> - Safe children and resilient families - Promoting independence for vulnerable adults - Local service strategy - Smarter information and advice - Towards a Norfolk housing strategy - Digital Norfolk - Commercialisation. <p>There is focussed activity on each priority, with County Leadership Team sponsors and Senior Officer Business Leads.</p> <p>Each Committee has produced a 3 year plan, setting out how their areas of responsibility will be shaped by the ambition and principles of "Norfolk Futures" and promote the council's vision. These plans were approved by Service Committees in March 2018. Progress against</p> |

| | Principles | Comment |
|---|---|--|
| | | overall transformation is being monitored by the Policy and Resources Committee. |
| D | Determining the interventions necessary to optimise the achievement of the intended outcomes. | <p>During the year each Service Committee received performance monitoring reports on the identified key areas (vital signs). These included performance dashboards and a detailed review of those areas not performing as expected. These provided both quantitative and qualitative performance information.</p> <p>In parallel, each Departmental Management Team reviewed performance at least monthly, with challenge provided by the Business Intelligence function.</p> <p>The specific targets included in the County Council Plan 2016-19 are monitored through reports to Service Committees. Where performance is not meeting expectations, the reasons why are discussed and the required action to perform performance is identified. An example of this can be found here on page 91.</p> <p>The vital signs have recently been updated for all departments, to ensure the most important areas are monitored. Each department has produced a Plan on a Page and are being reported to Service Committees. These detail 'what we'll do', 'how we'll do it' and 'how we'll know if we've made a difference'.</p> <p>External challenge has been provided through benchmarking, inspections and peer reviews. Details of inspections and peer reviews are included in Appendix 1.</p> |
| E | Developing the entity's capacity, including the capability of its leadership and the individuals within it. | <p>During the year the County Leadership Team signed off an Organisational Effectiveness Strategy and plan including key priorities on leadership, shared purpose and performance.</p> <p>To embed the refreshed County Plan and strategy, a refreshed performance development framework has been developed and is now being rolled out to all managers in April 2018.</p> <p>Refreshed key people measures have been signed off and work has been underway to refresh the Council's values and key leadership attributes for roll-out in April 2018.</p> |

| | Principles | Comment |
|---|--|---|
| F | Managing risks and performance through robust internal control and strong public financial management. | <p>Corporate and departmental risk registers are up to date and are being used by managers as a management tool.</p> <p>Reporting of risk management activity to Members and senior management is embedded; for instance corporate risk registers have been reported quarterly and annually to the Audit Committee and the County Leadership Team. Departmental risk registers have been reported quarterly to the Service Committees. The quality and range of data and information included in these reports has been strengthened to better inform on progress with managing specific risks and give them a better overview of the risk profile of each service. The risk management framework and policy have been updated during the year, as reported in the Annual Risk Management report (page 188).</p> <p>Under the Fire and Rescue Services Act 2004 (The Act), the Council is the statutory Fire and Rescue Authority (FRA). The Act makes it a statutory requirement for the Fire and Rescue Authority to produce an Integrated Risk Management Plan. Norfolk FRA published its Integrated Risk Management Plan (IRMP) for 2016-2020 in February 2016. The latest annual Norfolk FRA Statement of Assurance, covering 2016-17, was approved and published in March 2018.</p> <p>Performance monitoring is reported through to Committees.</p> <p>The Managing Director and Executive Directors have confirmed approved protocols, signed contracts and effective governance arrangements are either in place or in the process of being put in place for work performed by third parties.</p> <p>Performance of wholly owned companies is monitored by Senior Officers and Members attendance at Board Meetings.</p> <p>The Council has effective overview and scrutiny. Decisions are made by all-party committees with membership reflecting the overall political makeup of the Council. Committees debate, challenge and make decisions. The Member Training Programme ensures Members are aware of their responsibilities in decision making. This includes being sufficiently challenging and ensuring they have the appropriate level of support and information to enable them to make an informed decision.</p> |

| | Principles | Comment |
|--|------------|---|
| | | <p>The Council has robust internal control:</p> <ul style="list-style-type: none"> • An Annual Internal Audit Report from the Executive Director of Finance and Commercial Services/Chief Internal Auditor was made to the Audit Committee at its 19 April meeting. There were no exceptions to report. • Systems and processes for financial administration, financial control and protection of the Council's resources and assets are in place and these are continually reviewed to ensure they meet the Council's business requirements. These controls are clearly described in the Council's Medium Term Financial Plan agreed by the Council in February 2018. In addition, a Going Concern Statement has been produced to provide additional assurance. • Effective internal control arrangements are in place. These include financial guidance, budgetary systems, monitoring systems, delegation arrangements, accounting procedures, information systems and authorisation and approval processes. • Annual accounts are published on a timely basis. • An effective internal audit function is resourced and maintained. • Risk management arrangements are effective. • An effective Audit Committee is in place. • Measures are in place to prevent, detect and investigate fraud and corruption. • The internal audit team is compliant with the relevant professional standards, namely the United Kingdom Public Sector Internal Audit Standards. From January 2017 these were updated and are now known as the International Standards for the Professional Practice of Internal Auditing. An external review was undertaken by CIPFA in May 2017. • Outstanding corporate high priority audit recommendations are followed up to ensure controls are put in place as soon as possible. A summary of the outstanding corporate high priority audit findings is reported to the Audit Committee. <p>Information Asset Owners of key systems provided assurance during a data quality audit that in their opinion</p> |

| | Principles | Comment |
|-----|---|--|
| | | <p>controls and processes are robust enough to ensure good quality data. All Executive Directors have confirmed there are processes in place to ensure the quality of data is maintained to enable effective decision making to be made. Action plans are in place following internal audit work on Information Security during the year and has been included as a Corporate Risk (RM003). The Council has had a plan in place for the General Data Protection Regulation (GDPR) preparations which is regularly reviewed by the County Leadership Team.</p> <p>We have strong public financial management. Responsible Budget Officers are responsible for managing their budgets effectively. At the end of every month financial information on expenditure is produced including forecast expenditure and the planned impact on earmarked reserves. Finance Monitoring Reports are discussed at Service Committees.</p> |
| 5.3 | Implementing good practices in transparency, reporting, and audit, to deliver effective accountability. | <p>During the year the Council has published information, including reports, in a manner which is accessible to citizens and other stakeholders. The Council complies with the Local Government Transparency Code 2015 by publishing accurate data within appropriate time frames.</p> <p>Reporting on performance, value for money and the stewardship have been included in the Annual Report, Statements of Accounts and Annual Governance Statement.</p> <p>The Audit Committee has considered matters of governance, including internal audit, risk management, anti-fraud and corruption, the annual statement of accounts, treasury management and external audit during 2017/18.</p> <p>An Annual Internal Audit Report from the Executive Director of Finance and Commercial Services/Chief Internal Auditor was made to the Audit Committee at its 19 April. There were no exceptions to report.</p> <p>All Executive Directors have confirmed staff are aware of their responsibility to report upwards any unresolved matters of concern about internal control.</p> |

5.3 Wholly owned Companies have completed assurance statements confirming the effectiveness of their governance framework, with the exception of Norfolk Safety Community Interest Company where an audit has been carried out during the year. No concerns have been identified.

6. Review of Effective Action on Significant Governance Issues 2016/17

6.1 There were no significant governance issues reported in 2016-17.

7. Significant Governance Issues

7.1 There are no significant governance issues to report for 2017-18.

Councillor Andrew Proctor
Leader of the County Council

Dr Wendy Thomson CBE
Managing Director

Notes:

Note 1: The following senior officers have contributed to drafting this statement

- Managing Director
- Executive Director of Adult Social Services
- Executive Director of Children's Services
- Executive Director of Community and Environmental Services
- Executive Director of Finance and Commercial Services (Section 151 Officer)
- Strategy Director
- Head of Democratic Services
- Head of HR.

Executive Directors who have produced signed Annual Positive Assurance Statements and supporting assurance tables

Executive Director of Community and Environmental Services
Executive Director of Adult Social Services
Executive Director of Finance and Commercial Services
Executive Director of Children's Services
Strategy Director

Appendix 1

External Reviews carried out during the year

| | Comment |
|---|---|
| 3 | <p>Finance and Commercial Services</p> <ul style="list-style-type: none"> • The overall key message in the external auditor's (EY) Annual Audit Letter (available on the Council Finance webpage Statement of Accounts 2016-17) was that an unqualified opinion was issued on the Council's accounts for 2016-17. • The County Council was also given an unqualified 'Value for Money' opinion, within the Annual Audit Letter 2016-17. • The controls within the payroll function are audited annually by internal audit. <p>HR</p> <ul style="list-style-type: none"> • The Health & Safety function is ultimately answerable to the HSE and in the last year we had one investigations by the HSE. The HSE concluded that our systems were satisfactory. There is a third investigation which is ongoing at this point. <p>nplaw</p> <ul style="list-style-type: none"> • NpLaw had its external Lexcel (the Law Society's legal practice quality mark for excellence in legal practice management and excellence in client care) assessment in March 2018 and its accreditation as a legal practice was renewed. <p>Children's Services</p> <p>The re-inspection Ofsted report dated January 2018, in respect of children in need of help and protection, children looked after and care leavers, recognised Norfolk County Council had shown a significant increase in the pace of change, with visible and effective interim senior leaders working purposefully to tackle critical weaknesses. The support for children looked after, care leavers and children with a plan for adoption has improved and most receive timely, effective help. However, these services still require improvement to be good. The service provided to children with a plan for adoption is outstanding.</p> <p>Community and Environmental Services (CES)</p> <ul style="list-style-type: none"> • An internal audit (resourced by BDO) was carried out on the compliance with NDR Contract Management and an internal audit was completed for the NDR Scheme of Delegation. An acceptable opinion was given for both audits. |

| | Comment |
|--|---|
| | <ul style="list-style-type: none"> Norfolk Community Learning Services were shortlisted as one of the six finalists for the most improved Council category, in the Municipal Journal awards 2017. Other accreditation obtained by CES have been appended at Appendix 1. |

My Ref: audit letter of rep

Your Ref: .

Please ask for: Howard Jones
Direct Dialling Number: 01603 222832
Email: howard.jones@norfolk.gov.uk

31 July 2018

Mr M Hodgson
Ernst & Young
One Cambridge Business Park
Cambridge
CB4 0WZ

This representation letter is provided in connection with your audit of the consolidated and council financial statements of Norfolk County Council ("the Group and Council") for the year ended 31 March 2018.

We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and Council financial statements give a true and fair view of the financial position of the Group and Council financial position as of 31 March 2018 and of its financial position (or operations) and its cash flows for the year then ended in accordance with, for the Group and Council CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and Council, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

2. We acknowledge as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and Council financial statements. We believe the consolidated and Council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 and are free of material misstatements, including omissions. We have approved the consolidated and Council financial statements.
3. The significant accounting policies adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 for the Group and Council that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the Audit Results Report, if relevant, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The reasons for not adjusting are as follows:
 - a. Adjustment to the net group pension liability: no adjustment has been made for the change due to its immateriality in the context of the group accounts.
 - b. PFI and similar contracts – disclosure of future payments: the accounts have not been adjusted due to the complexity of both the calculations and the underlying historic financial models. The changes will be fully implemented for 2018-19 and beyond.

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

1. We acknowledge that we are responsible to determine that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the consolidated and Council financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Group or Council (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:
 - a. involving financial statements;

- b. related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council's financial statements;
- c. related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or Council's activities, its ability to continue to operate, or to avoid material penalties;
- d. involving management, or employees who have significant roles in internal controls, or others; or
- e. in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 31 July 2018.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated and Council financial statements.
5. We believe that the significant assumptions that we have used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and Council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately

reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the consolidated and Council financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. Other than described in the relevant notes to the consolidated and Council's financial statements, there have been no events subsequent to year end which require adjustment of or disclosure in the consolidated and Council financial statements or notes thereto.
2. Following the end of the financial year, Norwich City Council announced their intention to take back in-house four contracts with the Norse Group. The impact of this action is estimated to be a loss of income of approximately 2.5% of NCC group revenues and is a non-adjusting event for the 2017-18 group statement of accounts. Due to uncertainty over the contract negotiations yet to take place, and the value involved as a proportion of NCC group revenues, no disclosure has been made in the NCC financial statements.

F. Group Audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst council, subsidiary undertakings and associated undertakings.
3. We confirm that entities excluded from the consolidated financial statements are immaterial on a quantitative and qualitative basis.

G. Other Information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and glossary of terms included in the Norfolk County Council Statement of Accounts 2017-18.
2. We confirm that the contents contained within the other information is consistent with the financial statements.

H. Going Concern

1. We have made you aware of any issues that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Group and Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Group and Council's assets, nor has any asset been pledged as collateral. All assets to which the Group and Council has satisfactory title appear in the balance sheet(s).

J. Reserves

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

K. Use of the Work of a Specialist – Property, Plant and Equipment

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

L. Valuation of Property, Plant and Equipment Assets

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.
2. We confirm that the significant assumptions used in making the valuation of assets appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the consolidated and Council financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and Council financial statements due to subsequent events.
5. We confirm that we have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.
6. We confirm that for assets carried at historic cost, no impairment is required.

M. Retirement Benefits

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

N. Use of the Work of a Specialist – Pension Liabilities

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

O. Valuation of Pension Liabilities

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.
2. We confirm that the significant assumptions used in making the valuation of the pension liability appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the consolidated and Council financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and Council financial statements due to subsequent events.

Yours faithfully

Simon George, Executive Director of Finance and Commercial Services

I confirm that this letter has been discussed and agreed by the Audit Committee of Norfolk County Council on 31 July 2018

Cllr Ian Mackie

Chairman of Norfolk County Council Audit Committee