



**Norfolk County Council**

# **Audit Committee**

**Date: Thursday, 18 April 2019**

**Time: 14:00**

**Venue: Edwards Room, County Hall,  
Martineau Lane, Norwich, Norfolk, NR1 2DH**

**Persons attending the meeting are requested to turn off mobile phones.**

## **Membership**

Mr I Mackie - Chairman

Mr S Aquarone

Mr C Foulger

Mr A Jamieson - Vice-Chairman

M S Morphew

Mr H Thirtle

Mrs K Vincent

**For further details and general enquiries about this Agenda  
please contact the Committee Officer:**

Julie Mortimer on 01603 223055 or email [committees@norfolk.gov.uk](mailto:committees@norfolk.gov.uk)

**Under the Council's protocol on the use of media equipment at meetings held in public, this meeting may be filmed, recorded or photographed. Anyone who wishes to do so must inform the Chairman and ensure that it is done in a manner clearly visible to anyone present. The wishes of any individual not to be recorded or filmed must be appropriately respected.**

## **A g e n d a**

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

2. **To confirm the minutes from the Audit Committee meeting held on 31 January 2019.**

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3. **Declarations of Interest**

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. **Any items of business the Chairman decides should be considered as a matter of urgency**

5. **Norfolk Pension Fund Governance Arrangements 2018-19**  
Report by the Executive Director of Finance & Commercial Services.

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6. **Norfolk Audit Services Report for the Quarter ending 31 March 2019**  
Report by the Executive Director of Finance & Commercial Services.

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|-----|---|-----------------|
| 7.  | <b>Norfolk Audit Services Annual Report for 2018/19.</b><br>Report by the Executive Director of Finance & Commercial Services.              | <b>Page 46</b>  |
| 8.  | <b>Monitoring Officer's Annual Report 2018-19</b><br>Report by the Chief Legal Officer.   | <b>Page 59</b>  |
| 9.  | <b>Risk Management Annual Report 2018/19</b><br>Report by the Executive Director of Finance & Commercial Services.                          | <b>Page 69</b>  |
| 10. | <b>Risk Management</b><br>Report by the Executive Director of Finance & Commercial Services.  | <b>Page 81</b>  |
| 11. | <b>Governance, Control and Risk Management of Treasury Management</b><br>Report by the Executive Director of Finance & Commercial Services. | <b>Page 121</b> |
| 12. | <b>Counter Fraud, Bribery and Corruption Audit Committee Annual Report 2018-19</b><br>Report by the Chief Legal Officer.                    | <b>Page 126</b> |
| 13. | <b>Yearly Update of the Audit Committee</b><br>Report by the Executive Director of Finance & Commercial Services.                           | <b>Page 146</b> |
| 14. | <b>Audit Committee Work Programme</b><br>Report by the Executive Director of Finance & Commercial Services.                                 | <b>Page 154</b> |

### **Audit Committee Group Meeting**

Conservative Group      1pm      Conservative Group Room, South Wing, County Hall

**Chris Walton**  
**Head of Democratic Services**  
 County Hall  
 Martineau Lane  
 Norwich  
 NR1 2DH

Date Agenda Published: 10 April 2019



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**Audit Committee**  
**Minutes of the Meeting held on Thursday 31 January 2019 at**  
**2pm in the Edwards Room, County Hall, Norwich**

**Present:**

Mr I Mackie – Chairman

Mr C Foulger  
Mr A Jamieson  
Mr S Morphew  
Mr H Thirtle  
Mrs K Vincent

**1 Apologies for Absence**

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

**2 Minutes**

- 2.1 The minutes from the Audit Committee meeting held on 27 September 2018 were agreed as an accurate record by the Committee and signed by the Chairman.

**3 Declaration of Interests**

Mr H Thirtle declared an other interest in agenda item 7 (Counter Fraud, Bribery and Corruption (and Whistleblowing) Audit Committee Progress Report) as he was a Member of the nplaw Board.

Mrs K Vincent declared an interest as she was a Member of the Norfolk Pension Fund and an other interest as she was a Norfolk County Council representative on the Norse Shareholder Board.

Mr S Morphew, declared an other interest as his wife as a Member of the Norfolk Pension Fund and he was a Norfolk County Council Member on the Norse Shareholder Committee.

Mr I Mackie declared an other interest in agenda item 7 (Counter Fraud, Bribery and Corruption (and Whistleblowing) Audit Committee Progress Report) as he worked in the Cabinet Office.

**4 Items of Urgent Business**

- 4.1 There were no items of urgent business.

The Committee agreed to consider agenda item 12 (Norfolk County Council's Insurance Cover) as its next item of business.

## **5 Norfolk County Council's Insurance Cover**

- 5.1 The Committee received the report by the Executive Director Finance & Commercial Services providing it with information relating to the current position of the insurance provision for Norfolk County Council. The report also provided assurance to the Committee as to how the insurance provision was delivered for the County Council and how claims against the Council were managed by the Insurance Team.
- 5.2 In response to a question about whether Norfolk County Council policies covered people employed by wholly owned companies, eg Repton Homes, and whether this money was recharged back, the Insurance Manager confirmed that if the land was owned by Norfolk County Council cover would be included. Norfolk County Council held a professional indemnity policy to cover incidents such as faulty buildings, although this would only apply when they had been involved in the design.
- 5.3 The Insurance Manager reassured the Committee that the Insurance Team was responsible for carrying out investigations and making decisions on all claims below the policy excess level of £260,000 and that the majority of the claims were not upheld.
- 5.4 The Committee considered the report and **RESOLVED** to **agree**:
- that proper insurance provision existed where appropriate, as confirmed by external and internal reviews and to accept the report.

## **6 Norfolk Audit Services Performance Reporting for the quarter ending 31 December 2018.**

- 6.1 The Committee received the report by the Executive Director of Finance & Commercial Services setting out how Internal Audit's work would contribute to the new priorities through the activity set out in the Policy & Resources Committee Service Plan.
- 6.2 In response to questions from the Committee, the following points were noted:
- 6.2.1 Positive feedback had been received from those schools that had taken part in the traded schools audits. The Principal Client Manager advised that Educator Solutions identified schools which showed signs of potential problems and advised those schools to contact the Audit Team to arrange an audit. A reminder to all those schools overdue for an audit had been issued in September 2018 and this had resulted in several schools booking a health check or full audit. The audit team would review the audits over the next year and ascertain the value of offering the service.
- 6.2.2 The over-subscribed figures quoted in the report reflected a positive outcome.
- 6.3 The Committee considered the report and **RESOLVED** to **agree**:
- the overall opinion on the effectiveness of risk management and internal control being 'acceptable' and therefore considered 'sound'.

- Satisfactory progress with the traded school's audits and the operation of the Audit Authority for the France Channel England Interreg Programme.
- The Plans to strengthen corporate development themes.

## **7 External Auditors Plan of Work**

- 7.1 The Committee received the report by the Executive Director of Finance & Commercial Services introducing the External Auditor's Audit Plan for the year ending 31 March 2019.
- 7.2 The Committee welcomed Mr M Hodgson and Mr D Riglar from External Auditors Ernst & Young, who attended the meeting to present the report and answer questions from the Committee.
- 7.3 In introducing the report, Mr Riglar advised the Committee about a printing error in the published Audit Plans. A correct copy of the documents can be found [here](#).
- 7.4 In response to a question about the reliance on financial implications for the Norse Group and if there was a significant cost for checking Norse Group accounts, the Executive Director EY advised that this was subject to a separate fee as the audits were carried out by PWC. EY would write to PWC requesting them to undertake testing, the results of which would be reported to the finance team and that this was consistent with other similar organisations.
- 7.5 The Committee considered the report and **RESOLVED** to **agree**:
- The External Auditor's Audit Plan for the Council for 2018-19 and the Norfolk Pension Fund Audit Plan, including their assessment of the Audit Risks and Value for Money Risks and the reporting timetable.
  - That the scale fee had reduced to £98,361 (from £127,742 for 2017-18).

## **8 Counter Fraud, Bribery and Corruption (and Whistleblowing) Audit Committee Progress Report.**

- 8.1 The Committee received the report by the Chief Legal Officer providing an update in respect of the counter fraud activity undertaken by Norfolk Audit Services during the current financial year.
- 8.2 Since the report had been published, the Investigative Auditor advised that a Norfolk Counter-Fraud Hub had now been agreed between the Norfolk Local Authorities and that the contract had been signed. The hub would be looking at data matches to identify areas of possible fraud.
- 8.3 The Investigative Auditor confirmed that all information shared was compliant with the General Data Protection Regulations (GDPR) and a data sharing agreement was in place.
- 8.4 The Committee welcomed the roll-out of the fraud e-learning course as well as the establishment of a working group to ensure conflicts of interest and gifts and hospitality were robustly managed throughout the Council.

8.5 The Local Government Ethical Standards Report from the Committee on Standards and Public Life would be presented to the next Working Group meeting for discussion as to how the recommendations could be adopted by the County Council.

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

The content of the Anti-Fraud, Bribery and Corruption and Whistleblowing Audit Committee Progress Report, the key messages, that the progress was satisfactory and arrangements were effective.

## **9 Audit Committee Terms of Reference**

9.1 The Committee received the report by the Executive Director of Finance & Commercial Services introducing the Committee's Terms of Reference which were considered as part of a regular formal review as set out in its terms of reference.

9.2 In response to a question about the arrangements for the Audit Committee under the new Governance arrangements which would come into effect in May 2019, in order that the good work of the Audit Committee would not be lost, the Chief Internal Auditor agreed to ascertain the latest position with the Deputy Monitoring Officer.

The Committee requested an update at its next meeting about how the Audit Committee would fit into the new system of governance.

9.3 Mr A Jamieson would email the Chief Internal Auditor for clarification about how the Audit Committee Terms of Reference protected and enhanced the value of the assets owned by Norfolk County Council.

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

- The proposed Terms of Reference; and
- That the Chief Legal Officer would make the necessary consequential changes as outlined in Appendix A of the report.
- To bring a report about how the Audit Committee would fit into the new system of governance to the next meeting.

## **10 Internal Audit Strategy, Our Approach and the Audit Plan 2019-20**

10.1 The Committee received the report by the Executive Director of Finance & Commercial Services setting out how Internal Audit's work was planned to support the County Council's vision and strategy.

10.2 The Principal Client Manager confirmed that the Internal Audit Team would work closely with departmental management teams to consider priorities etc. to ensure audits added value.

10.3 Members requested some further information on the risks and to ensure value for money, from an audit perspective, around the proposed High Needs Block in the capital programme. The Chief Internal Auditor advised that an audit had



been planned to look at the funds Policy & Resources Committee had committed to the project, as well as the risks surrounding the project.

10.4 The Committee agreed to add the following topics to the Audit Committee forward work programme:

- High Needs Block – risks and ensuring value for money.
- Market failure in the housing with care sector and what was being done to address the risks.

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

- The Internal Audit Strategy, the approach to developing the Audit Plan for 2019-20 and the Audit Plan for 2019-20, supported by the 'Days Available to Deliver NAS Services 2019-20 and the 'Detailed Audit Plan for the first half of the year for 2019-20' and that this work would deliver the assurances required.
- That the arrangements were 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 and any other relevant statements of best practice.

## **11 Internal Audit Terms of Reference and Code of Ethics (incorporating the Interreg VA France Channel England Programme Audit Authority).**

11.1 The Committee received the report by the Executive Director of Finance & Commercial Services presenting the revised Internal Audit Terms of Reference and the Code of Ethics following a review, in accordance with CIPFA's and the IIA's UK Public Sector Internal Audit Standards.

11.2 In response to a question about what could happen to the grant funding for the Interreg VA France Channel England Programme Audit Authority in the event of a no-deal Brexit, the Executive Director of Finance and Commercial Services advised that a meeting was being arranged between himself, the Chief Internal Auditor and the Interim Head - Economic Development to consider the advice received from the Government and also if there were any decisions or liabilities required to ensure Norfolk County Council's interests were protected.

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

- **Agree** the amended Internal Audit Terms of Reference and the Code of Ethics.

## **12 Risk Management Report**

12.1 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 January 2019, along with an update on the Risk Management Strategy, and other related matters, following the latest review conducted during December 2018.

- 12.2 The following points were noted during the discussion:
- 12.2.1 **Risk 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).  
The Committee noted that a business continuity exercise would be held over the weekend of 2/3 February 2019 to test that the recovery arrangements at the Millennium Library, in the event of a major power outage at County Hall, were effective.
- 12.2.2 **RM021** (Failure of estate management) –  
The replacement IT system had now been procured and was awaiting installation.
- 12.2.3 **RM023** (Failure to respond to changes to demography, funding and government policy, with particular regard to Adults Services) – mitigation against market failure.  
The Risk Manager would ascertain if there was anything in the Adult Social Care departmental risk that could be dealt with at a corporate level and feed this back to the next Audit Committee meeting.
- 12.2.4 **RM002** (The potential risk of failure to manage significant reductions in local and national income streams).  
The Executive Director of Finance and Commercial Services agreed to review the level of risk and adjust if it was considered necessary.
- 12.2.5 With regard to the RSG (Revenue Support Grant), the Executive Director of Finance and Commercial Services advised that it was unlikely the level of funding would be known before summer 2019.
- 12.2.6 **RM006** – (The potential risk of failure to deliver our services within the resources available over the next 3 years commencing 2018/19 to the end of 2020/21).  
The Executive Director of Finance & Commercial Services advised that an overspend was forecast for Children's Services Department this year. The Committee **agreed** to request a representative from Children's Services Committee attend its meeting on 18 April 2019 to provide information about the High Needs Block as well as how the £2m from the Transformation Programme Fund was being spent.
- The Committee also noted that some discussions were being held between the Assistant Director, Children's Services (Education) and the Chief Internal Auditor to potentially include the High Needs Block on the Corporate Risk Register.
- 12.2.7 The Committee agreed that they would like to review all the departmental risk registers at a future meeting.
- 12.3 The Committee **RESOLVED** to **agree**:
- a) The changes to the corporate risk register, the progress with mitigating the risks;
  - b) The scrutiny options for managing corporate risks;

- c) The heat map of corporate risks.
- d) The draft summary of the Benchmarking Club 2018 results.
- e) The background information to the report.

## **13 Work Programme**

13.1 The Committee received and **noted** the report by the Executive Director of Finance and Commercial Services setting out the Committee's work programme and added the following topics:

- Representative from Children's Services to attend to update the Committee on the risks around the High Needs Block as well as how the £2m from the Transformation Programme Fund was being spent.
- Market failure in the housing with care sector and what was being done to address the risks.
- Update on how the Audit Committee would fit into the new system of governance.

The meeting ended at 3.15 pm

Chairman



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# Audit Committee

Item No.....

<b>Report title:</b>	<b>Norfolk Pension Fund Governance Arrangements 2018-19</b>
<b>Date of meeting:</b>	<b>18<sup>th</sup> April 2019</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance and Commercial Services and the Head of Pensions</b>
<b>Strategic impact</b>  The Audit Committee requested that the Head of Pensions report to Committee outlining the ongoing governance arrangements of the Norfolk Pension Fund.  The Norfolk Pension Fund's governance arrangements are detailed in the Fund's Governance Statement. The Fund prepares and publishes a Governance Compliance Statement, which measures compliance against best practice guidelines. The Fund is fully compliant with legislative requirements, regulatory guidance and recognised best practice in relation to Governance.	

## Executive summary

### Recommendation:

The Audit Committee is requested to consider and agree this report which details to the Committee, Norfolk Pension Fund's governance arrangements, being fully compliant with legislative requirements, regulatory guidance and recognised best practice.

## 1. Proposal (or options)

1.1 The recommendation is set out in the Executive Summary.

## 2. Evidence

2.1 The Fund prepares and publishes a Governance Compliance Statement, which measures compliance against best practice guidelines. The Fund is fully compliant with legislative requirements, regulatory guidance and recognised best practice in relation to Governance.

## Pensions Committee

- 2.2 As Administering Authority for the LGPS in Norfolk and in accordance with legislation, the Council has delegated LGPS pensions' matters to Pensions Committee who have 'quasi trustee' status. The 'quasi' status reflects the fact that individual trustees do not have the same legal status as their private sector counterparts. However, like trustees of private sector pensions schemes, their overriding duty is to ensure the best outcomes for the Pension Fund, its scheme members/beneficiaries and participating employers.
- 2.3 Pensions Committee membership includes representatives of other employers and scheme members, alongside the Council's elected members. This is in compliance with statutory guidelines for LGPS Governance.
- 2.4 The Pensions Committee oversees the management (e.g. administration, strategy and investment) of the Norfolk Pension Fund. Terms of reference for the Committee, as detailed in Part 4.1 of the Council's Constitution, is as follow:
- 2.5 To administer all aspects of the Norfolk Pension Fund on behalf of Norfolk County Council as Administering Authority of the Local Government Pension Scheme, and on behalf of Norfolk County Council as an employer within the Scheme alongside all other contributing employers, and on behalf of all scheme members/beneficiaries including:-
- (a) Functions relating to local government pensions etc under regulations made under Sections 7, 12 or 24 of the Superannuation Act 1972.
- (b) To receive and consider the draft Financial Statements for the Norfolk Pension Fund.
- (c) To comment on the draft Financial Statements and make a recommendation to the Audit Committee that they be approved/not approved.

## Governance Statement and Governance Compliance Statement

- 2.6 Under Regulations 55 of The Local Government Pension Scheme regulations 2013, LGPS administering authorities are required to prepare, publish and maintain statements of compliance against a set of best practise principles on scheme governance and stewardship. These principles are set out in statutory guidance issued by DCLG.
- 2.7 In accordance with this legislation, the Norfolk Pension Fund prepares and publishes each year a Governance Statement and Governance Compliance Statement. Both statements are approved by the Pensions Committee.
- 2.8 The Pension Funds Governance Statement details roles and responsibilities in relation to the Fund and is attached at Appendix A. The Statement is published on the pension fund website, [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

- 2.9 The Fund's Governance Compliance Statement (which measures compliance against best practise guidelines) is attached at Appendix B. The Fund's Governance Compliance Statement is incorporated in the published Annual Report and Statement of Accounts. Norfolk Pension Fund is fully compliant with the principles as set out in the statutory guidance.

#### Pensions Oversight Board

- 2.10 The Public Service Pensions Act 2013, includes several key provisions relating to the administration and governance of public service pension schemes including the LGPS. Under the provisions of section 5 of the Public Service Pensions Act 2013 and regulation 106 of the LGPS Regulations 2013 (as amended), LGPS funds must set up and operate local pension boards.
- 2.11 In Norfolk the local pension board is referred to as the Norfolk Pension Fund Pensions Oversight Board. The role of the board is to assist the Norfolk Pension Fund in complying with all the legislative requirements making sure the scheme is being effectively and efficiently governed and managed. The Board's recent programme of work has included:
- Triennial valuation – planning and approach
  - Investment pooling
  - Corporate governance and shareholder engagement
  - LGPS reform and consultations
  - Experiences of a small employer, and a member approaching retirement
- 2.12 The Terms of Reference for the Norfolk Pension Fund Pensions Oversight Board and minutes of meetings can be found at [Pensions Oversight Board ToFR and Minutes](#).
- 2.13 The Pensions Oversight Board has an equal number of employer representatives and scheme member representatives. In addition, an independent chairman has been appointed to oversee the smooth running of the board.

#### Other Governance Arrangements

- 2.14 The governance arrangements of the Norfolk Pension Fund are further supported by:
- Norfolk Audit Services undertaking internal audits in accordance with an annual internal audit plan agreed by Pension Committee, which provide assurances on the adequacy and effectiveness of internal controls and risk management for the Pensions Committee.
  - The work undertaken by External Audit (Ernst and Young) and detailed in the annual external audit plan noted by Pensions Committee, to provide an audit opinion on whether the financial statements of the Norfolk Pension Fund provide a true and fair view of the fund's financial position at year end.

- 2.15 Upon completion of the audit of financial statements, the External Auditor will produce a report (ISA 260 – Communication with those charged with Governance), which may include any specific matters of governance which have come to his attention in performing the audit. The Chair of Audit Committee, the Chair of Pensions Committee and Executive Director of Finance and Commercial Services, will draft a letter of representation to the External Auditor highlighting any matters material to the financial statements and possible non-compliance with laws and regulations. External Audit requires that the Chair of Audit Committee, the Chair of Pensions Committee and Executive Director of Finance and Commercial Services countersigns the letter on behalf of “those charged with governance”.
- 2.16 The appointment of Ernst and Young to the Pension Fund is separate from their appointment to the County Council.

#### LGPS Pooling of Investment Assets

- 2.17 The Government requires regional LGPS Funds to work together to “pool investments to significantly reduce costs, while maintaining investment performance”.
- 2.18 Since December 2016 the Norfolk Pension Fund has been working with 10 other ‘like-minded’ Administering Authorities to form the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Pool. The ACCESS Funds are Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire, Suffolk and West Sussex. Together the 11 Funds have investment assets of approximately £45 billion.
- 2.19 Investment pooling is intended to create the scale that will enable access to lower investment manager fees and deliver cost savings to the LGPS. In a pooled investment structure individual funds, like Norfolk, are still responsible for their own investment strategy and asset allocation.
- 2.20 To facilitate pooling, the ACCESS funds jointly drafted a legally binding Inter Authority Agreement (IAA) setting out the governance arrangements for the pooling of investments. Approval for the Norfolk Pension Fund to enter into the IAA for the pooling of assets was given by County Council on the 20<sup>th</sup> February 2017.
- 2.21 The ACCESS Pool is governed by a Joint Committee (JC) constituted under s101 of the Local Government Act 1972 and made up of the Chairs from the 11 Pension Committees.
- 2.22 The ACCESS authorities have appointed LINK Fund Solutions Ltd as the pool’s Financial Conduct Authority (FCA) authorised Operator. The Operator is responsible for selecting and contracting with investment managers on behalf of the authorities participating in the pool.
- 2.23 To date ACCESS Funds have collectively pooled over £18bn of investments assets, with Norfolk having pooled just over £1bn. Over the course of the next 12 to 18 months further equity and bond sub-funds will be added by the Operator to provide Norfolk and the other ACCESS Funds with a diversified range of investment sub-funds.

- 2.24 A key element of ACCESS's governance arrangements focus on the robust management of the Operator contract. The ACCESS authorities hold the Operator to account via the JC which is supported by an ACCESS Support Unit hosted by Essex County Council.
- 2.25 An overview of ACCESS's governance structure is attached at Appendix C

### **3. Financial Implications**

- 3.1. The expenditure falls within the parameters of the Annual Budget agreed by the Pensions Committee.

### **4. Issues, risks and innovation**

- 4.1 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 of its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.

- 4.2 Internal Controls, including those assessed under the use of resources, help by aiming to deter crime, or increase the likelihood of detection through making crime difficult, increasing the risks of detection and prosecution and reducing rewards from crime.

4.3 **Other resource implications**

There were no other resource implications arising from this report.

4.4 **Legal implications**

There were no legal implications arising from this report

4.5 **Risk implications**

This report has fully taken into account any relevant issues arising from the Council's policy and strategy for risk management and any issues identified in the corporate and departmental risk registers.

4.6 **Equality implications**

There were no equality implications arising from this report

4.7 **Human rights implications**

There were no human rights implications arising from this report.



#### 4.8 **Environmental implications**

There were no environmental implications arising from this report.

#### 4.9 **Health and safety**

There were no health and safety issues arising from this report.

### 5. **Background**

- 5.1 The Local Government Pension Scheme (LGPS) is a national scheme, which is governed by statute to meet the pension requirements of Local Government and other associated employers. Although the LGPS is a national scheme, it is administered locally (through 89 Funds across England and Wales which have local accountability). The scheme has its own Regulator, the Ministry of Housing, Communities and Local Government Department (MHCLG).
- 5.2 In Norfolk the LGPS is administered by Norfolk County Council (NCC) and delivered through the Norfolk Pension Fund. The Fund is a multi-employer arrangement which currently has over 400 participating employers.
- 5.3 The Norfolk Pension Fund is maintained separately from NCC. It has a separate bank account, ring fenced assets, a separate budget funded from its own resources and produces its own Statement of Accounts and Annual Report. The Pension Fund accounts are in addition to the statutory disclosures made in NCC's Statement of Accounts.

#### **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:** Nicola Mark - Head of Pensions

**Tel No:** 01603 222171

**Email address:** [nicola.s.mark@norfolk.gov.uk](mailto:nicola.s.mark@norfolk.gov.uk)



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# Norfolk Pension Fund

This document sets out the  
**Governance arrangements**  
 for the  
**Norfolk Pension Fund**  
 as at July 2018



**Governance Statement 2018**

## Administering Authority

Norfolk County Council (NCC) is the **Administering Authority** of the Norfolk Pension Fund and administers the Local Government Pension Scheme (LGPS) on behalf of participating employers and scheme members.

- Norfolk County Council has delegated its pensions functions to the **Pensions Committee**
- Norfolk County Council has delegated responsibility for the administration and financial accounting of the Norfolk Pension Fund to the **Executive Director of Finance and Commercial Services**

## Pensions Committee

The Pensions Committee is responsible for the strategic management of the assets of the Fund and the administration of benefits. The Pensions Committee meets quarterly in order to:

- Ensure compliance with legislation and best practice
- Determine policy for the investment, funding and administration of the Fund
- Monitor performance across all aspects of the service
- Consider issues arising and make decisions to secure efficient and effective performance and service delivery
- Appoint and monitor advisors
- Ensure that arrangements are in place for consultation with stakeholders as necessary



## Pensions Committee Trustees\*

- The Pensions Committee act as Trustees and oversee the management of the Norfolk Pension Fund
- As Trustees, their overriding duty is to ensure the best possible outcomes for the Pension Fund, its participating employers and scheme members
- Their knowledge is supplemented by professional advice from Pension Fund staff, professional advisers and external experts
- To meet the requirements set out by the Pensions Regulator's Code of Practice, Trustees need a certain level of expertise. An ongoing programme of trustee training is delivered and no substitutions are allowed at Committee

## Pensions Committee Membership

There are eight members of the Pensions Committee:

<b>Chair</b>	Norfolk County Councillor	Judy Oliver
	Norfolk County Councillor	Danny Douglas
	Norfolk County Councillor	Tom FitzPatrick
	Norfolk County Councillor	Martin Storey
	Norfolk County Councillor	Brian Watkins
<b>Vice-Chair</b>	District Councillor (elected by the Local Government Association)	Alan Waters
	District Councillor (elected by the Local Government Association)	John Fuller
	Staff Representative	Steve Aspin
	Observer**	Open to all participating Employers
<b>Other attendees</b>	Administrator of the Fund (NCC Executive Director of Finance and Commercial Services)	Simon George
	Head of the Norfolk Pension Fund	Nicola Mark
	Investment Advisor to the Fund	William Marshall
	(Hymans Robertson)	

\* Pensions Committee members act as Trustees but do not have legal status as Trustees.

\*\* The observer seat is not currently part of the formal Constitution and does not have voting rights. However, the observer seat is an equal member of the Committee in all other ways, with access to all Committee papers, officers, meetings and training, along with the opportunity to contribute to the decision making process.

## Local Pension Board

In line with all public service pension schemes, each Local Government Pension Scheme (LGPS) Fund is required to have a Local Pension Board.

The Local Pension Board for the Norfolk Pension Fund is called the **Norfolk Pension Fund Pensions Oversight Board** and is known colloquially as the **Pensions Oversight Board**.

## Role of the Pensions Oversight Board

The role of the **Pensions Oversight Board**, as defined by Regulation 106 of the Local Government Pension Scheme Regulations 2013, (“the Regulations”) is to:

- Assist the **Administering Authority** to secure compliance with:
  - the Regulations and any other legislation relating to the governance and administration of the Local Government Pension Scheme (LGPS);
  - requirements imposed in relation to the LGPS by the Pensions Regulator (tPR); and
  - such other matters as the LGPS regulations may specify
- Assist the **Administering Authority** to ensure the effective and efficient governance and administration of the Norfolk Pension Fund
- Provide the **Administering Authority** with such information as it requires ensuring that any member of the **Pensions Oversight Board** or person to be appointed to the **Pensions Oversight Board** does not have a conflict of interest

The **Pensions Oversight Board** also helps ensure that the Norfolk Pension Fund is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by The Pensions Regulator.

The creation of the **Pensions Oversight Board** does not change the core role of the **Administering Authority** nor the way it delegates its pension functions to the **Pensions Committee**. The **Pensions Oversight Board** does not replace the **Administering Authority** nor make decisions which are the responsibility of the **Administering Authority** under both the Regulations and other relevant legislation.

The **Pensions Oversight Board** only has the power to oversee decisions made by the **Administering Authority** and to make recommendations to improve the efficient and effective administration and governance of the pensions function, including funding and investments.

The full **Terms of Reference** for the **Pensions Oversight Board** are on the Norfolk Pension Fund website at [www.norfolkpensionsfund.org](http://www.norfolkpensionsfund.org).

## Pensions Oversight Board Membership

The **Pensions Oversight Board** has an equal number of scheme member and scheme employer representatives (three of each), along with an Independent Chairman:

<b>Independent Chair</b>	Kevin McDonald, Director of Pensions, Essex Pension Fund
<b>Scheme Member Representative</b>	John Harries (Active/Deferred member)
<b>Scheme Member Representative</b>	Brian Wigg (Pensioner member)
<b>Scheme Member Representative</b>	Rachel Farmer (Trade Union)
<b>Scheme Employer Representative</b>	Cllr Chris Walker, Poringland Parish Council (Levying/precepting employers)
<b>Scheme Employer Representative</b>	Howard Nelson, Diocese of Norwich Education and Academies Trust (Non-levying/precepting employers)
<b>Scheme Employer Representative</b>	Debbie Beck, Norfolk County Council

Scheme member and employer representatives are appointed to the board for an initial term of two years, to be extended to up to four years.

**Pensions Oversight Board** members comply with the Norfolk Pension Fund training policy, and training opportunities are as far as possible are shared with the **Pensions Committee**. Each member of the **Pensions Oversight Board** is responsible for complying with the knowledge and understanding requirements of section 248A of the Pensions Act 2004.

## Pensions Oversight Board Meetings

There are at least two **Pensions Oversight Board** meetings a year.

Papers, agendas and minutes of these meetings are published on the Norfolk Pension Fund website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

In addition, the **Pensions Oversight Board** produce an annual report in accordance with any regulatory requirements.

## Executive Director of Finance and Commercial Services

- The **Executive Director of Finance and Commercial Services** is Norfolk County Council's Chief Finance Officer and Section 151 Officer
- As Administrator of the Fund he is responsible for:
  - The administration and financial accounting of the Fund
  - The preparation of the Pension Fund Annual Statement of Accounts

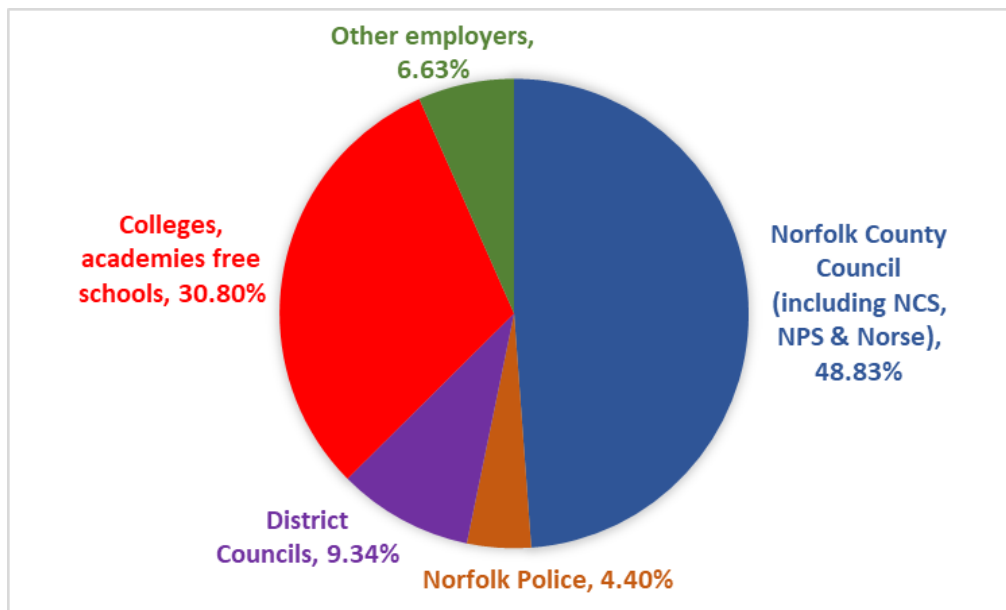
## Legislation and Regulations

- The Norfolk Pension Fund administers the Local Government Pension Scheme (LGPS) in Norfolk and is governed by the:
  - Local Government Pension Scheme Regulations 2013
  - Local Government Pension Scheme (Miscellaneous Amendments) Regulations 2014
  - Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
  - Local Government Pension Scheme (Amendment) Regulations 2015
  - Local Government Pension Scheme (Management and Investment of funds) Regulations 2009, and subsequent amendments
- **Pensions Committee** is governed by Norfolk County Council's procedural rules under the Council's Constitution. The Committee's **Terms of Reference** are:
- "To administer all aspects of the Norfolk Pension Fund on behalf of Norfolk County Council as Administering Authority of the Local Government Pension Scheme, and on behalf of Norfolk County Council as an employer within the scheme alongside all other contributing employers, and on behalf of all scheme beneficiaries (scheme members) including:
  - Functions relating to local government pensions etc under regulations made under Sections 7, 12 and 24 of the Superannuation Act 1972
  - To receive and consider the draft Financial Statements for the Norfolk Pension Fund
  - To comment on the draft Financial Statements and make a recommendation to the Audit Committee that they be approved/not approved"
- Financial affairs are conducted in compliance with Norfolk County Council's Financial Regulations
- Funds are invested in compliance with the Norfolk Pension Fund's Statement of Investment Principles



## Membership of the Fund and Local Accountability

Active Membership Breakdown by Employer as at 31 March 2018



## Local Accountability - Representation

### Employers

- Employers are directly represented on Pensions Committee and the Pensions Oversight Board
- All employers are invited to regular Employer Forums and the Annual Meeting

### Scheme Members

- Scheme Members are directly represented on Pensions Committee and the Pensions Oversight Board
- All active and deferred scheme members are invited to the Annual Meeting and Pensions Clinics; retired members are invited to the Retired Members Forum

## Membership as at 31 March 2018

**369 Contributing Employers**

**24,211 Pensioners**

(members in receipt of a pension from the Fund)

**28,837 Active Members**

(members who are currently in the employment of a participating employer)

**36,520 Deferred members**

(members who have left the employment of a participating employer, but who are not yet in receipt of their pension)



## Local Accountability - Transparency

- The Fund is committed to providing clear, relevant, accessible and timely information to all stakeholders
- How it does this is set out in the annually updated Customer Care and Communication Strategy Statement. This is on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)
- Pensions Committee reports, agendas and minutes are published on the Norfolk County Council website at [www.norfolk.gov.uk](http://www.norfolk.gov.uk)
- Pensions Committee meetings are open to the public
- Pensions Oversight Board reports, agendas and minutes are published on the Norfolk Pension Fund website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)
- The Annual Pension Fund Report and Accounts, reporting on the activities and investment performance of the Fund, and including the Pensions Oversight Board annual report, are on our website at [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)
- Payments over £500 are published on the Norfolk County Council website at <https://www.norfolk.gov.uk/what-we-do-and-how-we-work/open-data-fois-and-data-protection/open-data/payments-to-suppliers>
- Extracts from the Annual Report and a signpost to the whole document are included in the Annual Benefit Statement sent to all scheme members, and in Primetime, the annual magazine sent to all retired members
- All scheme members and employers are invited to an Annual Meeting
- All employers and members of the Pensions Committee are invited to our Employer Forums, held twice a year. These are an opportunity for employers to discuss matters of interest to their organisations with officers and members



**Norfolk Pension Fund**

### **Norfolk Pension Fund**

Lawrence House

5 St Andrews Hill

Norwich, NR2 1AD

Telephone: 01603 495923

Email: [pensions@norfolk.gov.uk](mailto:pensions@norfolk.gov.uk)

Website: [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)



**If you would like this newsletter in large print, audio, Braille, alternative format or in a different language, please call 01603 222824 or email [pensions@norfolk.gov.uk](mailto:pensions@norfolk.gov.uk)**

The Norfolk Pension Fund  
Governance Compliance Statement as at May 2018  
Local Government Pension Scheme Regulations 2013 (as amended)  
Regulation 55

Principle A – Structure

	Not compliant*				Fully compliant
a					√
b					√
c					√
d					√

- a. The management of the administration of benefits and strategic management of fund assets rests clearly with the main committee established by the appointing council.  
*Full Council have delegated responsibility to Pensions Committee to administer all aspects of the Norfolk Pension Fund on behalf of Norfolk County Council as Administering Authority of the scheme, and on behalf of NCC as an employer within the scheme alongside all other contributing employers, and on behalf of all scheme beneficiaries (scheme members). The Norfolk Pension Fund is part of the ACCESS investment pool, and is represented at the ACCESS Joint Committee, however all strategic asset allocation decisions remain with the Norfolk Pension Fund Pensions Committee.*
- b. That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.  
*In addition to the Norfolk County Council members, 2 district councillors elected by the Local Government Association represent the largest group of employers; an additional observer seat is available to all other employers. Scheme members (including active, deferred and retired) are represented at Committee by the Staff Representative.*
- c. That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.  
*There is no formal secondary committee or panel. Regular employers' forums and other activities detailed within the communication strategy ensure effective communication. A Local Pension Board has been established (known locally as the Pensions Oversight Board [POB]). POB regularly reports to Pensions Committee and POB members observe all Pensions Committee meetings.*
- d. That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.  
*No formal secondary committee or panel has been established. However, employers are regularly reminded via the Employers' Forum and Employers newsletters of the observer seat at Committee. Scheme members are reminded that they can observe committee meetings via the annual "Your Pension" booklet and also at the Annual Meeting. Some Committee and POB Members also attend Employer Forum meetings and member events.*

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Regulation 55

Principle B – Representation

	Not compliant*				Fully compliant
a.i					√
.ii					√
.iii					√
.iiii					√

- a That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:
- i Employing authorities (including non-scheme employers, e.g. admitted bodies)  
*Two district councillors elected by the Local Government Association represent the largest group of employers. An additional observer is seat available to all other employers. POB: 3 employer representatives; all employers are invited to stand for POB.*
  - ii Scheme members (including deferred and pensioner scheme members)  
*Scheme members (including active, deferred and retired) are represented at Committee by the Staff Representative. Scheme members are reminded that they can observe committee meetings via the annual “Your Pension” booklet and also at the Annual Meeting. POB: 3 scheme member representatives; all scheme members invited to stand for election.*
  - iii Independent professional observers  
*Hymans Robertson, as Advisers to the Norfolk Pension Fund, attend Committee; they also attend POB as required.*
  - iv Expert advisors (on an ad-hoc basis)  
*Expert advisors are invited to attend committee and POB as and when necessary.*

Principle C – Selection and role of lay members

	Not compliant*				Fully compliant
a					√
b					√

- a That committee or panel members are made fully aware of the status, role and function that they are required to perform on either a main or secondary committee.  
*In addition to general Councillor Induction for newly elected members, Pensions Committee / POB members are briefed on appointment to Pensions Committee / POB by the Head of Pensions. Other elected members who do not sit on Pensions Committee are briefed as required / requested.*
- b That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.  
*This is a standing agenda item for each committee and POB meeting.*

The Norfolk Pension Fund  
Governance Compliance Statement as at May 2018  
Local Government Pension Scheme Regulations 2013 (as amended)  
Regulation 55

Principle D – Voting

	Not compliant*				Fully compliant
A					√

- a The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.  
*Voting rights are set out in the Norfolk Pension Funds Governance statement which is published on the Funds website, [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org). All members of Pensions Committee have voting rights, including the Staff Representative. All Employer and Scheme member representatives on POB have voting rights.*

Principle E – Training / facility time / expenses

	Not compliant*				Fully compliant
A					√
B					√
C					√

- a That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.  
*We use Norfolk County Councils' generic elected member remuneration policy, which includes Travel and Subsistence allowances. POB members can claim travel and Subsistence costs incurred. In addition, the Fund maintains a training budget for Pensions Committee and POB for the delivery of our on-going members training programme, and related expenses.*
- b That where such a policy exists it applies equally to all members of committees, sub-committees, advisory panels or any form of secondary forum.  
*We give the same allowances to other individuals / bodies where necessary, for example the Staff Representative, members of the Pensions Oversight Board (Local Pension Board).*
- c That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.  
*Committee member and POB training needs are considered alongside the 12 month committee agenda planning process. However, training is business driven and therefore the programme is flexible. This allows us to align training most effectively with operational need / current agenda items, and therefore support member decision making. Member training is supplemented by attending LGA and other associated events, as well as an annual comprehensive two day bespoke Knowledge and Understanding event, talking to leading experts about all aspects of LGPS Investment and Governance and current issues. A Training Log is maintained.*

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Regulation 55

Principle F – Meetings (frequency / quorum)

	Not compliant*				Fully compliant
a					√
b					√
c					√

- a That an administering authority's main committee or committees meet at least quarterly.  
*The Pensions Committee meets quarterly.*
- b That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.  
*There is no formal secondary committee or panel. The Employers' Forum meets regularly, planned around operational requirements. POB meets regularly, aligned to Committee timetable.*
- c That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.  
*A Staff Representative (who represents all current, deferred and retired scheme members) sits on Pensions Committee. An Observer Seat at Committee is also available to Employers not directly represented, and Employers are reminded of this at Forums and via other publications. In addition, regular Employers' Forums, an Annual Meeting for all scheme members (including Deferreds) and Retired Members annual events are held. Pensions Oversight Board (Local Pension Board) equal employer /scheme member membership.*

Principle G – Access

	Not compliant*				Fully compliant
a					√

- a That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.  
*All committee and POB members have equal access to committee papers, documents and advice. Minutes of Committee Meetings are published on Norfolk County Councils website:  
[http://norfolkcc.cmis.uk.com/norfolkcc/Committees/tabid/62/ctl/ViewCMIS\\_CommitteeDetails/mid/381/id/30/Default.aspx](http://norfolkcc.cmis.uk.com/norfolkcc/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/30/Default.aspx)  
POB minutes are published on the Norfolk Pension Fund's website:  
<https://www.norfolkpensionfund.org/about-us/local-pension-board/>*

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Principle H – Scope

	Not compliant*				Fully compliant
a					√

- a That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.

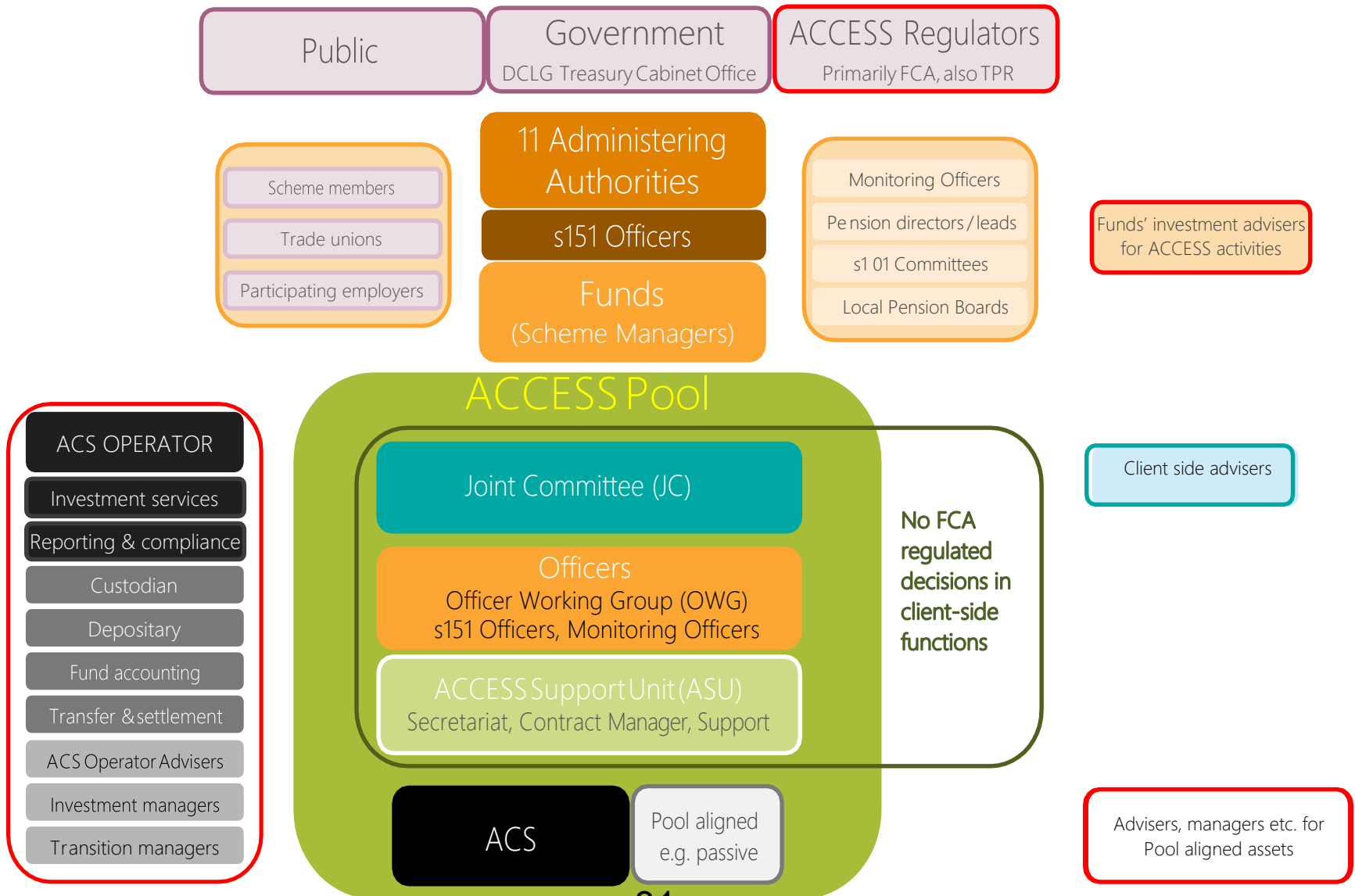
*The Norfolk Pension Fund adopts a holistic approach to pension fund management. Pensions Committee is responsible for all aspects of the management of the pension fund (investment and administration) and delivery of its services, including all relevant budgets, strategies and service planning.*

Principle I – Publicity

	Not compliant*				Fully compliant
a					√

- a That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.

*The Norfolk Pension Funds Governance Statement and Communication and Customer Care Strategy are published on the Funds' website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org), and included within the Pension Fund Annual Report (which is also published on our website), with hard copies of each available on request. Employers are reminded via the Employers Forum and Employers Newsletters that there is an observer seat at Committee for Employers not directly represented. Scheme Members receive an annual booklet with news of the Funds performance, legislative changes and other relevant pension's news, and are invited to a formal annual meeting. Retired members are invited to the annual retired members' events, and also receive an annual newsletter. All scheme members and employers were invited to stand for membership of the Pensions Oversight Board (Local Pensions Board).*



# Audit Committee

Item No.....

<b>Report title:</b>	<b>Norfolk Audit Services Report for the Quarter ending 31<sup>st</sup> March 2019</b>
<b>Date of meeting:</b>	<b>18 April 2019</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance and Commercial Services</b>

## **Strategic impact**

The Audit Committee provide proactive leadership and direction on audit governance and risk management issues, in accordance with their terms of reference which are part of the [Council's Constitution, part 4.1 \(4.4\)](#) (page 13) being:

### **B. INTERNAL AUDIT AND INTERNAL CONTROL**

1. With Chief Officers, to provide proactive leadership and direction on audit governance issues and champion audit and internal control throughout the Council.

### **C. RISK MANAGEMENT**

5. Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk.

The Accounts and Audit Regulations 2015 require that, from 1 April 2015, the Council must ensure that it has a sound system of internal control that meets the relevant standards. Internal Audit is part of the Policy and Resources Committee Service Plan 2018-21.

## **Executive summary**

The Council has approved a [Vision](#) and Strategy setting out a clear set of priorities. Internal Audit's work will contribute to these new priorities through the activity set out in the Policy and Resources Committee Service Plan.

### **The Audit Committee is recommended to consider and agree:**

- the overall opinion on the effectiveness of risk management and internal control being 'Acceptable' and therefore considered 'Sound'
- Satisfactory progress with the traded school audits and the operation of the Audit Authority for the France Channel England Interreg Programme
- The plans (2.9 to 2.12) to strengthen corporate development themes



## 1. Proposal (or options)

- 1.1 The proposal is covered in the Executive Summary above.

## 2. Evidence

- 2.1 This section covers:

- Work to support the opinion (2.2)
- Other relevant information (2.20)
- France Channel England FCE Update (2.25)
- External matters of Note (2.26)

### Work to Support the opinion

- 2.2 The audit work and opinion support the Policy and Resources Committee Plan 2018-21. 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 specifically on page 12 of that Committee Plan.

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

- Final reports issued in the period (representing a proportion of the planned audit coverage for the year) **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

An audit of note during the quarter was the Use of Volunteers audit – an action plan was agreed to strengthen controls around the use of volunteers. This includes the need for a full revision of the volunteer's strategy and policy to bring it into line with the Council's current ways of working and recognising the increased use of volunteers across all directorates and the associated risk of this. The agreed actions will ensure the work of volunteers is adequately managed and monitored and understood in terms of service delivery and that all volunteers have the necessary screening checks, training and trial periods appropriate to their volunteering role. The audit opinion was 'key issues to be addressed' – red rated and corporately significant and this has been addressed.

- 2.4 Progress with delivering the audits brought forward from the 2017/18 Audit Plan is shown in **Table 1** below. Progress with delivering the 2018/19 Audit Plan (first half year) is shown in **Tables 2 and 3** below. The details appear at **Appendix A**. Details of the number of Corporate High Priority Audit Findings are shown in **Table 4**.

**Table 1: The completed thirteen 2017-18 Audits Brought Forward**

<b>Report Type</b>	<b>2017/18 B/fwd</b>
Final Reports Issued (non-schools)	10
Management Letters Issued	2
<b>Total Audits for Opinion Work</b>	<b>12</b>
Final Traded Schools (including traded audits and health checks)	1
<b>Total Completed</b>	<b>13</b>

**Table 2: The 2018-19 (Q1 – Q4) Audit Plan: at end of Quarter 4**

<b>Work Type</b>	<b>Audits Not Started</b>	<b>Work in Progress</b>	<b>Draft Reports Issued</b>	<b>Final Reports Issued</b>	<b>Total</b>
Opinion Work (*Target)	0(0)	10 (7)	10 (9)	26 (35)	46 (51)
<p>N.B. In total there were 66 opinion audits in the 2018/19 Audit Plan (59 audits were detailed in the second half of the year Audit Plan which was overscribed by eight audits for flexibility. The 59 audits increased to 66 over the course of the second half of the year. Of the 66, six audits have been deferred, ten were cancelled and four were watching briefs.</p>					
Traded Schools (including traded audits and health checks)	0	0	4	13	17
Schools – Compliance / themed Audits)	0	0	0	2	2
Pensions	0	0	0	6	6
Totals	0	12	14	47	71

**Table 3: Certified Grant Claims (Q1 – Q4): at end of Quarter 4**

Grant Type	Number of Grant Certifications Required in 2018/19	Number of Grant Claims Certified at end of Q1	Number of Grant Claims Certified at end of Q2	Number of Grant Claims Certified at end of Q3	Number of Grant Claims Certified at end of Q4
<b>LGA (Local Government Association)</b>	7	2	5	0	0
<b>EU</b>	10	2	2	2	4
<b>External Clients</b>	2	0	0	1	1
<b>Internal Clients</b>	10	2	0	3	5
<b>Total</b>	<b>28</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>10</b>

- 2.5 Corporate High Priority Audit Findings identified during audits are followed up. We have received assurance from the relevant Assistant Directors and Managers to confirm satisfactory action has been taken. There are no findings that are rated as Amber or Red. Details are shown in Table 4 below:

**Table 4: Corporate High Priority Audit Findings**

Department	Green	Blue	Amber	Total
Adult Care	0	0	0	0
Children's Services	0	0	0	0
Finance and Commercial Services Appendix B(ii) Finance and (ii) ICT	3	0	0	2
Communities and Environment	1	0	0	1
Strategy and Governance	1	0	0	1
<b>Total NCC</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>4</b>
Schools	0	0	0	0
<b>Total Corporate High Priority Findings</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>4</b>

- 2.6 There was a slow take up of Traded Schools audits in the first half of the year. Table 2, above, details 2018-19 activity to date. In early September, we sent letters/reminders to those schools who were overdue for an audit. This resulted in several schools booking a health check or full audit and the

total number planned for the year is now 17, which is eight short of our target.

- 2.7 Details were set out in the separate Internal Audit Strategy report to the January 2018 meeting of this Committee, to develop an action plan for the Internal Audit Team to further develop four 'ways of working', these being:
- Strategy into Action/Accountability
  - Commerciality/Business Like
  - Data Analytics/Evidence Based
  - Collaboration/Influencing
- 2.8 Strategy into Action / Accountability – we have enhanced the audit planning process whereby deadlines dates for each step in the audit process are documented for planning and monitoring purposes. Managers are spending more time with the Senior Auditors, challenging the adequacy and appropriateness of the budgets set as well as reviewing the scheduling of all parts of the audit process. Ongoing regular monitoring is helping to ensure audit work moves forward within the timescales set. A new protocol for working with our contracted audit firm, BDO has also been agreed and will ensure that audits contracted out also move forward within the timescales agreed.
- 2.9 Commerciality / Business Like: - In Quarter 1, we reviewed the basis of our approach to charging our time for grant certifications for both internal and external clients and in line with Council policy we have moved to a full cost recovery hourly rate. These rates will now apply to all grant certification work in 2018/19. We have also reviewed our blended daily rate which we use to charge external clients for audit work in 2018/19.
- 2.10 Data Analytics / Evidence Based: - We have been looking at the Information Management Team's (IMT) business intelligence and analytics platform that has a central repository to hold the Council's and third-party data and the associated data analytics software and how we can use this in our audit work. We are in the process of identifying what data we wish to analyse, and we will be learning how to use the software and exploring which audits would benefit from data analytic testing. We continue to explore how we can use this technology on a live basis to employ preventative measures to combat fraud or error.
- 2.11 Collaborative/Influencing: - We participate in points of practice requests from our peers. We coordinate responses and share best practice.

### Whistleblowing

- 2.12 The responsibility for managing Whistleblowing referrals has transferred to the Council's Chief Internal Auditor. An appropriate investigator will be allocated where an investigation is required. There have been twenty disclosures received in 2018-19. Further details are set out in our Anti-Fraud and Corruption Update elsewhere on this agenda.

## Anti-Fraud and Corruption

- 2.13 An Anti-fraud action plan has been approved by this Committee. Further details are set out in our Anti-Fraud and Corruption annual report and updates elsewhere on this agenda.

## Other

- 2.14 The implications of organisational change for Annual Governance reporting, Risk Management and internal controls are being monitored. The two Principal Client Managers attended the CIPFA Better Governance Forum in March 2019 and will incorporate best practice into our framework of governance arrangements. Watching briefs will be maintained over new developments impacting on Governance including:
- CIPFA statement on the Role of the Head of Internal Audit
  - National Assurance Framework for Local Enterprise Partnerships
  - Consultation on the CIPFA Financial Management Code
  - Board Effectiveness
- 2.15 Our Audit Universe and Audit Needs Assessment continue to be reviewed during each quarter to ensure topics remain relevant and that new topics are considered on a risk assessed basis.
- 2.16 Norfolk Audit Services makes every effort to reduce its carbon footprint. More details are described in **Appendix B**, Section 4 (4.2)
- 2.17 Satisfaction Questionnaires are issued with draft reports and when grant certification work is completed. We received one reply from the surveys sent out in the quarter ending 31 March 2019, as shown at **Appendix B, 5.2.5**. We will continue to stress to clients how important feedback is to us to seek to improve response rates. We will also be reviewing the client feedback process during 2018/19 and considering if there is a better way of obtaining client feedback.
- 2.18 Supporting notes and Technical Details for this report appear at **Appendix B**, for reference only.

## **Other relevant information**

- 2.19 External Review of compliance with the Public Sector Internal Auditing Standards (PSIAS) – Status is Current
- 2.20 It is a requirement that every five years an independent external review of our compliance with the PSIAS is undertaken. CIPFA Services were commissioned to undertake this review in early May 2017. The review identified no areas of non-compliance with the Standards that would affect the overall scope or operation of internal audit activity. Ten out of the eleven recommendations are completed. The final recommendation related

to undertaking a peer review of NAS and the Chief Internal Auditor is taking this forward. Nine of the eleven suggestions are completed, two are in progress and relate to continuing to develop our use of data analytics within our audit work (see 2.11 above).

- 2.21 During 2018/19 a review of a sample of audit work in each half of the year was not formally completed. This is due to the implementation of the 'new ways of working' which has meant that the Principal Client Managers have been much more involved in the day to day delivery of audits and the appropriate recording of these on our electronic audit system. During 2019/20 sample reviews of audit work will recommence.
- 2.22 LGPS Pooling Update - A separate report included on the agenda reports and updates on LGPS pooling arrangements and Norfolk Pension Fund governance arrangements.
- 2.23 The Policy and Resources Committee receives regular reports on Performance and Risk and the delivery of financial savings.

#### **France (Channel) England (FCE) update –**

- 2.24 During quarter 4 the Audit Authority completed its work in relation to the accounting year ending 30 June 2018 and issued an Unqualified Annual Audit Opinion within the regulatory deadline (15 February 2019). This is reported on in more detail in the Annual Internal Audit report included elsewhere on the agenda.

#### **External Matters of Note**

- 2.25 The [National Audit Office](#) (please click to go to their website) have published the following reports that are relevant to the Council:
- Round up for Audit Committees 15 March 2019
  - Pressures on Childrens Social Care 23 March 2019
  - Local Authority Governance 15 January 2019
  - Local Auditor Reporting in England 10 January 2019
- 2.26 There are no other external matters to note this period.

### **3. Financial Implications**

- 3.1. The service expenditure falls within the parameters of the Annual Budget agreed by the Council.
- 3.2. All audits are allocated a budget in days which determines the budgeted cost for the audit. A target for 2018-19 has been set to deliver 100% of audit work within +/- 5% of the cash budget. Audit budgets are actively monitored by the Managers and the reasons for exceeding budgets, where this occurs, result in agreement as to how this will be avoided going forward, with improvements and suggestions made to help the Senior Auditors keep audits within budget.
- 3.3. The costs of half yearly audit plans are communicated to the Executive Director of Finance and Commercial Services.

### **4. Issues, risks and innovation**

- 4.1. There are no implications with respect to:
  - Resource
  - Legal
  - Equality
  - Human Rights
  - Environmental
  - Health and Safety.

### **5. Background**

- 5.1. The Council must undertake sufficient audit coverage to comply with the Accounts and Audit Regulations (England) 2015. The allocation of audit time was based upon a risk assessment and this is continuously reviewed throughout the year.
- 5.2. There is no relevant input or comments from other committees to include within this report.

## Officer Contact

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

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

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### Norfolk Audit Services Final Reports Issued in the Quarter 4 ending 31 March

In the 4th quarter for the 2018/19 Audit Plan ten opinion final reports, seven Traded School Audit final reports, three Pension final reports and one management letter were issued, and seven grant claims were certified.

#### **Final Reports: - Quarter 4 2018/19**

##### **School Traded Audits**

1. Ormesby Village Infant & Junior School (Acceptable)
2. St Michael's CE VA Junior School & Clover Hill VA Infant and Nursery School (Key Issues Amber)
3. Dereham Church Infant and Nursery School (Health check – no opinion)
4. Hevingham Primary School & Marsham Primary School (Health check – no opinion)
5. Stoke Holy Cross Primary (Health check – no opinion)
6. Biofield Primary School (Acceptable)
7. South Wootton Infant School (Acceptable)

##### **Opinion Work** (Audit opinion provided is shown in brackets)

1. Use of Volunteers (Key Issues – Red)
2. Apprentice Levy (Key Issues – Amber)
3. DIY Waste (Acceptable)
4. Public Health Road Safety Team (Key Issues - Amber)
5. Contract Management and Monitoring (Norse) (Key Issues -Amber)
6. Payroll cyclical audit payments, deductions and variations (Acceptable)
7. Procurement Cards (Key Issues – Amber)
8. Highways Infrastructure (Acceptable)
9. HR Systems (Acceptable)
10. Coroner's Office (Key Issues – Amber)

##### **Management Letters**

1. Maintained Schools Thematic Audit 2 - Asbestos Management

##### **Other Work**

1. Replacement Iproc System (No opinion)

##### **Pensions**

1. Early retirement costing and recharges (Acceptable)
2. General Data Protection Regulation (GDPR) (Acceptable)
3. Investment Strategy Statement (Acceptable)

#### **Certified Grants - Quarter 4**

1. BDUK (2017/18 & Q1, Q2 & Q3 2018-19)
2. Family Focus (P/e March 2019)
3. EU Green Pilgrimage (P/e December 2018)
4. EU CATCH (P/e January 2019)
5. EU ENDURE (P/e October 2018)
6. EU PROWAD (P/e February 2019)
7. 16-19 ESFA Funding

## **Technical Details**

### **Notes for section 2**

#### **2.1 Productive Time**

- 2.1.1 Norfolk Audit Services monitor the productive and non-productive time of the team on a regular basis to ensure delivery of an effective and efficient service. The target for time NAS staff spends on work supporting the audit opinion has been set at 67.5% for the 2018-19 year. This takes into account time required for general management, training, team development and induction of new or temporary staff and excludes team members who work on FCE audit work, risk management and investigative work.

#### **2.2 Investigations Procedure**

- 2.2.1 Norfolk Audit Services is notified of any allegations of a financial or control nature. Allegations are managed in two stages, a preliminary assessment and then, if required, a formal investigation. Preliminary assessments may require significant work and can lead to an assessment report. Formal investigations will have terms of reference and a time budget.

### **Notes for section 4**

#### **4.1 Crime and Disorder Act 1998**

- 4.1.1 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. Norfolk Audit Services work helps with the aim of prevention of crime in Norfolk in that its work results in the likelihood of detection and prosecution increasing. The profile of Anti- Fraud and Corruption arrangements remains high and we are responding to the challenges that arise.
- 4.1.2 This report has fully taken into account any relevant issues arising from the Council's policy and strategy for risk management and any issues identified in the corporate and departmental risk registers.

## 4.2 Sustainability

4.2.1 Norfolk Audit Services makes every effort to reduce its carbon footprint. Distance travelled is taken into account when booking audits outside of the County Hall, booking auditors living closest to the venues. Our team uses all recycling facilities available to us working at County Hall in order to reduce consignment to landfill. We monitor our printing/photocopying usage half yearly and encourage people to reduce where they can.

4.2.2 Norfolk Audit Services continually review our performance and costs.

## Notes for Section 5

### 5.1 Audit Opinions

5.1.1 Audit reports usually contain an overall audit opinion on the adequacy and effectiveness of risk management and internal control, indicating whether the area concerned is either 'acceptable' or if 'key issues need to be addressed'. The audit opinion of 'key issues to be addressed' is further broken down as Amber or Red rated, with Amber rated being medium priority findings only and Red rated being a mix of high and medium priority findings or highs only. Where controls are yet to be embedded an audit opinion may not be given. Audit work and reporting give assurance on the adequacy and effectiveness of Governance, Risk Management and Internal Control and forms part of the achievement of the Council's Plans and its Strategic Ambitions.

### 5.2 The difference we are making

5.2.1 Audit findings have provided assurance or where necessary led to agreed actions to address any identified weaknesses in risk management and internal control. This demonstrates the Council's good Value for Money and thus supports the Council's Plan and its Strategic Ambitions. No actual savings or potential savings have been noted because of our audit work and grant claim certification in the last quarter.

5.2.2 The work undertaken by Norfolk Audit Services complements the work of the external auditors. There is a good working relationship between Internal and External Audit such that in total they give adequate audit coverage to all areas of the Council's activities. Norfolk Audit Services is responsible for communicating the final results of their audit work to parties who can ensure that the results are given due consideration.

5.2.5 Feedback received for the quarter was as follows:

Type of work	Questionnaires issued	Questionnaires received	
Standard audits	9	1	
Grants	0	0	
	<b>Analysis of results:</b>		
	<b>Expectations Met*</b>	<b>Neither met or disappointed</b>	<b>Disappointed or Very Disappointed</b>
	0	1	0

# Audit Committee

Item No.....

<b>Report title:</b>	<b>Norfolk Audit Services' Annual Report for 2018/19</b>
<b>Date of meeting:</b>	<b>18 April 2019</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director, Finance and Commercial Services</b>
<b>Strategic Impact</b> <p>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 <a href="#">Constitution</a> at part 4.1 (please click underlined text for links to the webpage).</p>	

## Executive summary

Norfolk Audit Services (NAS) fulfils the internal audit function for the County 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 County Council's [vision and strategy](#).

This report sets out the:

- Introduction (Section 3)
- Our opinions (Section 4)
- Our Quality Assurance and Improvement Programme (Section 5)
- Our Performance (Section 6)
- Financial implications (Section 7)
- Issues, risks, staffing and innovation (Section 8)
- Council's Financial Statements and Fraud (ISA 240) (Section 9)
- Background papers (Section 10)

### **Recommendation:**

The Audit Committee is recommended to consider and agree:

- Our opinion on the overall adequacy and effectiveness of the County Council's framework of risk management, governance and control for 2018/19 is 'Acceptable'.
- The audit service provided by NAS continues to conform with the International Standards for the Professional Practice of Internal Auditing (Public Sector Internal Auditing Standards (PSIAS)) and complies with the Accounts and Audit Regulations 2015.
- The Annual Governance Statement (AGS) for 2018/19 will refer to this report and will be reported to this Committee in July 2019 for its approval.

## **1. Proposal (or options)**

1.1 The recommendation is set out in the Executive Summary above.

## **2. Evidence**

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

## **3. Introduction**

### Accounts and Audit Regulations (England) 2015

3.1 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.
- 'must, each financial year (a) conduct a review of the effectiveness of the system of internal control' and '(b) prepare an annual governance statement.'
- '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'.

### Planning considerations

3.2 In compiling our Audit Plan, we considered the requirement to produce an annual internal audit opinion and report, that could be used by the Council to inform its Annual Governance Statement (AGS), and the need to conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control, and ensured sufficient days and a variety of audit areas were included.

### Opinion requirements

3.3 Our Annual Report concludes on our overall opinion of the adequacy and effectiveness of the Council's framework of risk management, governance and control, following the completion and outcomes of our audit opinion and traded school work.

### Other work and our performance

3.4 Our Annual Report also covers the outcomes of our grant certification work, audit work for external clients and the performance of NAS.

#### 4. Our opinions

##### Internal Control

- 4.1 Our opinion on the adequacy and effectiveness of the Council's framework of control is 'Acceptable'.
- 4.2 In total there were 66 opinion audits in the 2018/19 Audit Plan (59 audits were detailed in the second half of the year Audit Plan which was overscribed by eight audits for flexibility. The 59 audits increased to 66 over the course of the second half of the year).
- 4.3 Overall ten of the 66 audits were cancelled, six were deferred to 2019/20 and four were watching briefs only. Therefore, in total there were 46 opinion audits in 2018/19. However, of the 46, 10 were work in progress at the end of the year. Therefore, as of 31<sup>st</sup> March 2019, our opinion is based on 36 opinion audits at draft or final stage and 14 traded school audits at draft or final stage.
- 4.4 The 36 opinion audits at draft or final stage were classified as follows: -

Opinion	Number
Acceptable – green rated	14
Key issues to be addressed – amber rated	10
Key issues to be addressed – red rated	4
No opinion applicable	8

N.B. No opinion applicable relates to where we have issued management letters and in one case where the external contractor did not provide an overall assurance opinion and in another where the work was advisory.

- 4.5 The 14 traded audits at final or draft stage were classified as follows: -

Opinion	Number
Acceptable – green rated	8
Key issues to be addressed – amber rated	5
Key issues to be addressed – red rated	1

N.B. Health checks are not graded

- 4.6 There were four red rated opinions issued in 2018/19: -
- Delayed Transfer of Care (DTOC) – Part 1 audit. An action plan was prepared to strengthen controls as a priority, to be agreed by Adults Senior Management Team in January 2019. Many of the issues have been addressed already to ensure that a robust verification process is in place, that figures on the monthly returns are correct, can be verified to adequate supporting evidence and are able to be agreed by the Director of Adult Social Services and submitted when due. The actions will also ensure that processes are in place to identify any



exceptions and data error or manipulation. The audit opinion was that there were key issues to be addressed – red rated

- The Use of Volunteers audit – an action plan was agreed to strengthen controls around the use of volunteers. This includes the need for a full revision of the volunteer's strategy and policy to bring it into line with the Council's current ways of working and recognising the increased use of volunteers across all directorates and the associated risk of this. The agreed actions will ensure the work of volunteers is adequately managed and monitored and understood in terms of service delivery and that all volunteers have the necessary screening checks, training and trial periods appropriate to their volunteering role. The audit opinion was 'key issues to be addressed' – red rated and corporately significant and this has been addressed.
- The Performance and Challenge audit – an action plan was agreed to strengthen controls around the application of the monitoring and evaluation framework used to monitor the management of performance of commissioned services' contracts. This audit focused on the contracts for semi-independent accommodation. The audit opinion was that there were key issues to be addressed – red rated and departmentally significant.
- The Transforming Care Programme – an action plan is being agreed to make the overall control environment more robust and to establish a finance protocol with the CCGs for the split of funding for the costs of health and social care for patients in community settings. The audit focused on the admissions and discharges processes, the recharges' process when inpatients move into a community setting and the reasons for the any delays in the admissions or discharges process. The audit opinion was that there were key issues to be addressed – red rated and departmentally significant. This draft report was issued at the end of March.

### Governance

- 4.7 Our opinion on the adequacy and effectiveness of the Council's framework of governance is 'Acceptable'. This is based on the opinion audits: Third River Crossing, External Funding (museums, environment and arts, Apprenticeship Levy, Norfolk Fire and Rescue Service – Fleet SLA).
- 4.8 It should be noted that the Council is drafting its Annual Governance Statement (AGS), which concludes on the fitness for purpose of the Council's governance framework, for signature by the Leader of the Council and the Head of Paid Service. That review is informed by the audit opinion work we undertake in the year.

### Background to governance

- 4.9 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).

- 4.10 The Council's AGS 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.
- 4.11 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.

#### Risk management

- 4.12 Our opinion on the adequacy and effectiveness of the Council's framework of risk management is 'Acceptable'.
- 4.13 Our opinion is based on a high-level review of the Council's risk management framework, undertaken during the completion of the Audit Plan for 2019/20, in determining whether to rely on the Council's risk assessments for audit planning purposes, to develop a risk-based plan, as well as the Risk Management Officer's own conclusion, as detailed in the Annual Report for Risk Management 2018/19. This states that 'the Council's system of Risk Management during 2018/19 was sound, adequate, and effective in accordance with the requirements of the Accounts and Audit (England) Regulations 2015.'

#### Background to risk management

- 4.14 It should be noted that the CIA has management responsibility for the corporate risk management system and that safeguards are in place to limit any impairments to independence and objectivity in drawing a conclusion on the adequacy and effectiveness of the risk framework.
- 4.15 These safeguards are detailed below: -
- The Council has a qualified Risk Management Officer.
  - The function undertakes nationally recognised benchmarking and reports this to the Committee.
  - The Executive Director of Finance and Commercial Services has overall responsibility and reports to the Committee quarterly and annually.
  - The External Auditors review the AGS which includes the effectiveness of risk management.
  - External reviews of the Risk Management Framework are undertaken.

## Grants

4.16 We have certified a total of 32 grants during 2018/19 as detailed in the table below.

<b>Grant Name</b>	<b>Total Certified</b>
<b>LGA</b>	
Fire and Rescue Authorities Capital Funding Grant	1
Greater Norwich Area Surface Water Drainage (Highways Maintenance Challenge Fund)	1
Disabled Facilities Capital Grant	1
CES (Local Transport Capital Block Funding)	1
LA Bus Subsidy Ring Fenced Revenue Grant	1
Transforming Care	1
Additional Pothole Funding	1
<b>EU</b>	
BID-REX	2
SAIL	2
Green Pilgrimage	2
ENDURE	2
CATCH	2
PROWAD	1
<b>Internal for UK Government grants</b>	
BD-UK	4
Police and Crime Panel (PCP)	2
Payment By results (Family Focus)	4
Major Scheme DoT Certification	1
Teacher's Pension Scheme Certification	1
<b>External Clients</b>	
Norse	1
ESFA	1
<b>Total</b>	<b>32</b>

## Norfolk Pension Fund

4.17 In total there six opinion audits in the 2018/19 Audit Plan for the Norfolk Pension Fund. The six opinion audits were classified as follows: -

Opinion	Number
Acceptable – green rated	6
Key issues to be addressed – amber rated	0
Key issues to be addressed – red rated	0
No opinion applicable	0

## Other work

4.18 We completed audit work for the EIFCA (Eastern Inshore Fisheries and Conservation Authority) in 2018/19.

## FCE

4.19 The Audit Authority completed sufficient work in relation to the accounting year ending 30 June 2018 and issued an Unqualified Annual Audit Opinion within the regulatory deadline (15 February 2019). The report has been accepted by the Commission with no immediate issue raised. The Audit Annual Control Report will be further discussed at the Annual Bi-Lateral Co-ordination meeting later this year.

4.20 The delivery of audit work for the next accounting year has started in March 2019. The planning of system audits is informed by the requirements of the EU regulations concerning what the annual audit opinion is to cover but also by a risk assessment, which considers assurances already available and changes in the external and internal environment or activities undertaken by the MA and Certifying Authority (CA) during the accounting year.

4.21 We have received consistent positive feedback from audited beneficiaries on how the on-the-spot visits were conducted.

## **5. Our Quality Assurance and Improvement Programme**

### External Assessments

5.1 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 February 2019 the [Local Authority Guidance Note \(LAGN\)](#) for the Standards, which remain current.

- 5.2 At our last external quality assessment (EQA) in 2017/18, found that our internal audit activity 'conforms to the International Standards for the Professional Practice of Internal Auditing'. Our next EQA is due in 2022/23.
- 5.3 There is one action still to complete from the eleven recommendations resulting from the EQA in 2017/18. This is detailed in the table below.

<b>Recommendation</b>	<b>Response</b>	<b>Action Date</b>
Include Members of the Audit Committee and Officers of the Council in internal peer reviews of NAS	CIA will consider the best way to implement this in readiness to canvas internal peer reviews in 2018-19 (year following CIPFA review)	Autumn 2017

#### Internal Assessments

- 5.4 The NAS Management Team are responsible for ensuring that internal audit activity continues to confirm with International Standards.
- 5.5 All audit work performed by auditors is supervised by a Senior Auditor and a Principal Client Manager.
- 5.6 All audit work is subject to a review during the audit and prior to the issue of the draft report. Coaching notes are raised by the Reviewer and addressed by the Auditor and feedback regarding what the Auditor did well and what they could improve, and any training needs is provided at the end of every audit.
- 5.7 All draft audit reports are reviewed by the Principal Client Managers prior to issue.
- 5.8 The CIA reviews all draft reports where the audit opinion is 'Key Issues to be addressed – 'red rated' and 'key Issues to be addressed - amber rated' audit opinion draft reports where the topic is corporately or departmentally significant prior to issue or where the topic is an 'audit of note'.
- 5.9 The scope of audits (except for schools and grants) are discussed by the CIA and the Principal Client Managers.
- 5.10 The Principal Clients 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.
- 5.11 During 2018/19 a review of a sample of audit work in each half of the year was not formally completed. This is due to the implementation of the 'new ways of working' which has meant that the Principal Client Managers have been much more involved in the day to day delivery of audits and the appropriate recording of these on our electronic auditing system. During 2019/20 sample reviews of audit work will recommence.

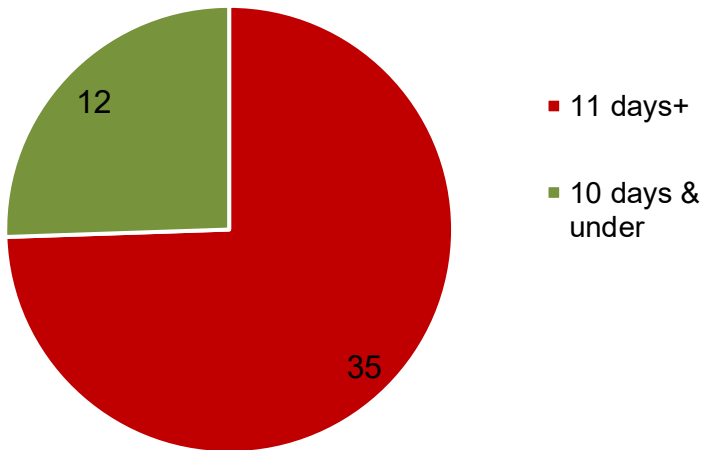
## Conclusion

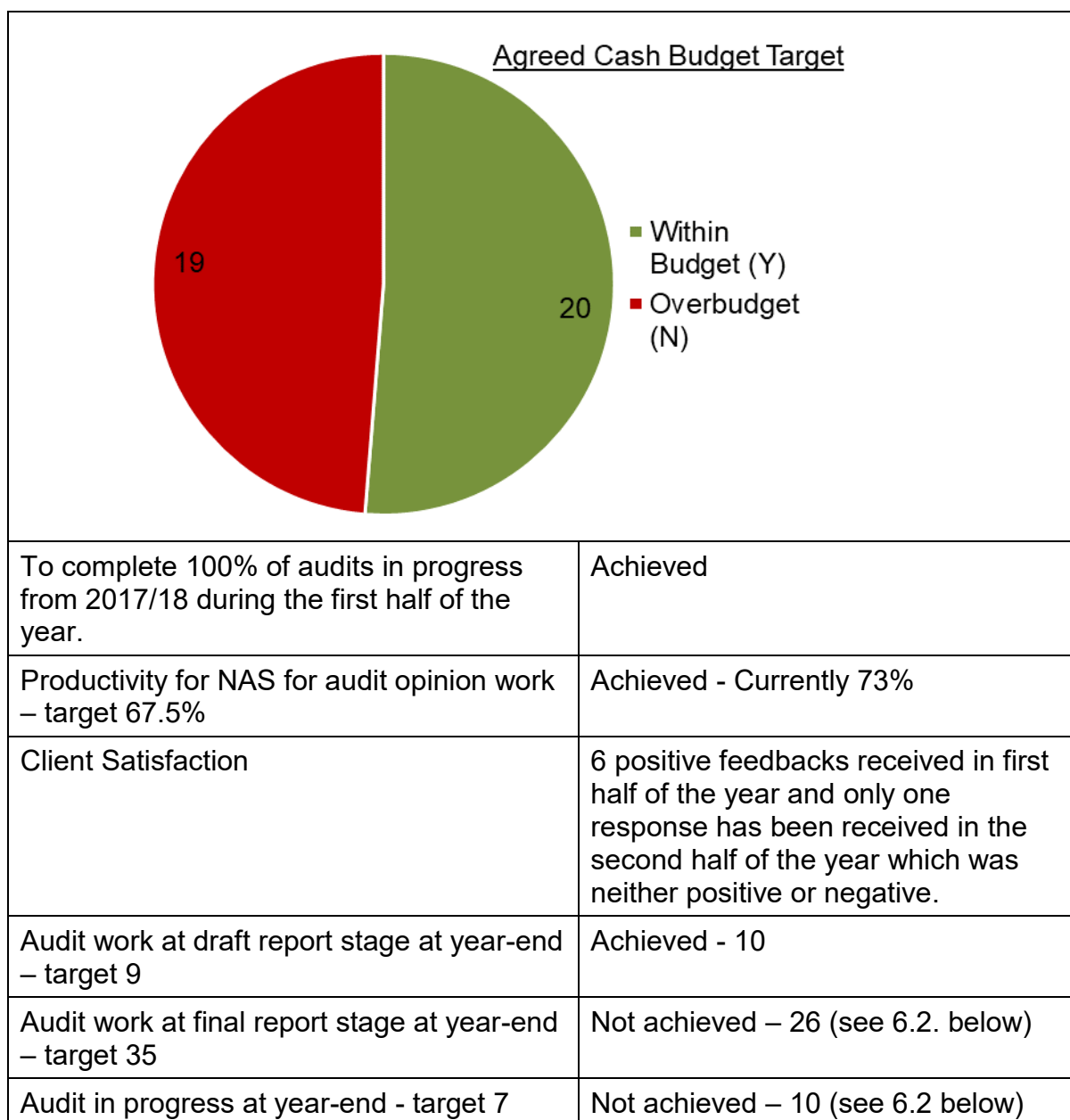
- 5.12 Our self-assessment continues to support our EQA opinion that our internal audit activity still 'conforms to the International Standards for the Professional Practice of Internal Auditing'. During 2019/20 we plan to use CIPFA's checklist for our self-assessment as provided in their February 2019 LAGN.

## **6. Our performance**

### Opinion audits

- 6.1 Our targets and progress with achieving these is detailed in the table below.

Target	Achieved / Not Achieved						
All draft reports (traded schools and opinion audits) issued within 10 days of Feedback Meeting (This is based on 33 opinion audits, which includes the 8 delivered by our external contractor, and 14 traded school audits. Health checks have no draft report and there were three pieces of work where either a feedback meeting or a draft report was not applicable)	Not achieved (see 6.2 below)						
<p style="text-align: center;"><u>Draft Report Target</u></p>  <p>A pie chart titled 'Draft Report Target' showing the distribution of draft report issuance times. The chart is divided into two segments: a large red segment representing '11 days+' with a value of 35, and a smaller green segment representing '10 days &amp; under' with a value of 12. A legend to the right of the chart identifies the colors: red for '11 days+' and green for '10 days &amp; under'.</p> <table border="1"><thead><tr><th>Category</th><th>Count</th></tr></thead><tbody><tr><td>11 days+</td><td>35</td></tr><tr><td>10 days &amp; under</td><td>12</td></tr></tbody></table>		Category	Count	11 days+	35	10 days & under	12
Category	Count						
11 days+	35						
10 days & under	12						
To deliver 100% of traded school and opinion audits within +/-5% of the agreed cash budget (Based on 26 finalised opinion audits, which includes 5 completed by our external contractor, and 10 finalised traded school audits and 3 finalised health checks)	Not achieved (see 6.2 below)						



6.2 There are several reasons as to why our targets have not been achieved this year. In quarter three, one member of staff was on short-term sickness absence and another was on long-term sickness absence and is now on a phased return to work. We also have two auditors in training and a new experienced auditor, who started in late quarter three, learning our ways of working.

6.3 Also, audits in 2018/19 were allocated more days in the Audit Plan to provide the assurance required on the audit topic, typically 15, 20 or 25 days compared to 10 or 15 days in previous years. Therefore, the scope of our audits has been wider and our review more in depth, crossing directorates and departments in some cases. As a result, we have also seen more challenge from auditees on the overall assurance opinions and priority ratings provided, particularly as our new report format for 2018/19 has more information on how we assign these, which has led to more discussions and work in some cases. We have also been complemented by auditees on the depth of our review, our understanding of the audit subject and how our review will help the auditee with improving their control system.

- 6.4 In addition, the new ways of working are still being fully embedded. Two key procedures have been updated to reflect the final agreed 'new ways of working'. Regular reports have been provided to the CIA in NAS Management Team meetings on progress with implementing the 'new ways of working'. This has all impacted on the timely delivery of draft reports and completing audits within agreed cash budgets.

#### Norfolk Pension Fund

- 6.5 Out of the six audits, one was completed within +/- 5% of the cash budget.
- 6.6 Out of the six audits, three draft reports were issued within ten days of the feedback meeting. No feedback meeting was held for one audit.
- 6.7 All the audits have been completed for 2018/19.

#### Grant certifications

- 6.8 Charges are made for EU grant certifications, UK Government grant certifications for internal clients and grants certifications for external clients. Budgets were set for all our grant certification work this year and so far, all grants certifications have been completed within the budgeted cost. All our grant certifications were delivered on time.

#### Other work

- 6.9 All our actual time spent on delivering audit work for EIFCA is charged to the client.

### **7. Financial Implications**

- 7.1 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.
- 7.2 The costings for NAS remains unchanged, subject to any savings that the Committee may agree in year, no further savings are proposed for 2019/20. The overall resourcing levels remain unchanged. We will actively maintain traded services and pursue new opportunities when they arise.

### **8. Issues, risks, staffing and innovation**

#### Issues

- 8.1 There are no issues to report.

#### Risk implications



- 8.2 If we are unable to provide an annual opinion, then the Council may be unable to conclude on the adequacy and effectiveness of its framework for risk management, governance and control.

### Staffing

- 8.3 Our Business Support Officer started the level 4 Internal Audit Practitioner apprenticeship in December 2018 and is moving into an auditor role in the new financial year. One of our auditors has completed level 4 AAT and another is studying for that.

### Innovation

- 8.4 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.
- 8.5 Examples of such innovation include how we resource the audit plan through the in-house team, use of agency staff and contracting our external contractor, BDO to provide resilience and flexibility in audit delivery. We have this past year also commissioned Grant Thornton to undertake some complex audit work and will continue to use such a model in the future.

## **9. The Council's Financial Statements and Fraud (ISA 240)**

- 9.1 During the year NAS has reviewed the internal controls of some of the Council's main financial systems, Accounts Payable and Payroll. That work, and the assurance it provides, helps the Audit Committee to reasonably assess the risk that the Council's Financial Statements are not materially misstated due to fraud.
- 9.2 Internal Audit has planned and delivered audits during the year, which include reasonable measures to detect fraud and to give assurance on internal controls that would prevent it. Reports on the audit findings clearly set out those findings which increase the risk of fraud and whose responsibility it is to ensure that recommendations are completed.
- 9.3 The Council has an Anti-Fraud and Corruption Strategy, which covers the scope of this Committee. The Strategy has been applied, where appropriate, throughout the year and any significant fraud investigations have been reported where they have been completed. Therefore, the Audit Committee will be aware of the process for identifying and responding to the risks of fraud generally and of the specific risks of mis-statement in the Financial Statements when they are asked to approve the Annual Financial Statements at the end of the year.
- 9.4 Actual fraud cases that have been fully investigated are reported in summary to the Audit Committee. The Chairman would be informed of any significant fraud which had implications for this Committee. Therefore, the Audit Committee is aware of the arrangements in place for Executive Directors to report fraud to the Committee. The Audit Committee has knowledge of actual

or suspected fraud and the actions that Chief Officers are taking to address it when required.

- 9.5 The Anti-Fraud and Corruption Strategy, Whistle blowing Strategy, Money Laundering Policy and the Standards of Conduct are promoted through staff newsletters and on the Council's Intranet site as well as through training for non-financial managers. The Audit Committee is aware, through the reports it receives, of the arrangements Executive Directors have in place for communicating with employees, members, partners and stakeholders regarding ethical governance and standards of conduct and behaviour. The Council's Audit Committee has responsibility for reviewing the Anti-Fraud and Corruption arrangements. The Audit Committee approved a revised Anti-Fraud and Corruption Strategy in September 2017. This Committee also receives this Annual Internal Audit Report, Risk Management reports and other reports giving assurance on the adequacy and effectiveness of risk management and internal control, anti-fraud and corruption measures and of the Council's governance and value for money arrangements. These assurances support the AGS that this Committee considers and approves. Therefore, the Audit Committee oversees management arrangements for identifying and responding to the risks of fraud and the establishment of internal control.

## **10. Background papers**

- 9.1 The background papers relevant to this report is the Master Work Plan and Performance Management radar charts and reports.

### **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

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## Audit Committee

<b>Report title:</b>	<b>Monitoring Officer's Annual Report 2018/19</b>
<b>Date of meeting:</b>	<b>18 April 2019</b>
<b>Responsible Chief Officer:</b>	<b>Chief Legal Officer</b>
<b>Strategic impact</b>  The Audit Committee considers matters of Governance in accordance with its terms of reference, which are part of the <a href="#">Council's Constitution, part 4.1 (4.4)</a> . (page 11).	
<b>Executive Summary</b>  The Monitoring Officer's Annual Report summarises the internal governance work carried out by the Monitoring Officer and Deputy Monitoring Officer in 2018/9 and provides assurance that the organisation's control environment, in the areas which are the responsibility of the Monitoring Officer, is adequate and effective. This annual report supports the assurance statements included in the draft Annual Governance Statement for 2018/19 (the "Annual Governance Statement").  The key messages in the Monitoring Officer's report include: <ul style="list-style-type: none"> <li>• that there have been no 'reportable incidents' during the period 2018/19;</li> <li>• that the systems of internal control administered by the Monitoring Officer were adequate and effective during 2018/19 for the purposes of the latest regulations;</li> <li>• that there were no findings of breach of the Council's Code of Conduct during 2018/19.</li> </ul>	
<b>Recommendation</b>  The Audit Committee is requested to consider and agree the contents of the report and in particular the key messages in the above Executive Summary and <b>Appendix A</b> section 2.1.	

### 1 Proposal

1.1 The proposal is shown at the Executive Summary above.

## **2 Evidence**

- 2.1 The Monitoring Officer's Annual Report for 2018-19 is presented at **Appendix A.**

## **3 Financial Implications**

There are no specific financial implications to report.

## **4 Issues, risks and innovation**

### **Section 17 Crime and Disorder Act 1998**

- 4.1 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 of its work and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 4.2 The Monitoring Officer's work helps to deter crime, and/or make crime difficult, increasing the likelihood of detection and prosecution and thereby disincentivising crime.

## **5 Background**

- 5.1 Officers have considered all the implications which Members should be aware of. Apart from those listed in the report, there are no other implications to take into account.

### **Officer Contact**

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

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## **Monitoring Officer's Annual Report 2018/19**

<b>Section Numbers</b>	<b>Contents</b>
1	Introduction
2	Key messages
3	Results of the Monitoring Officer's work in 2018/19
4	Review of effectiveness of systems of Internal Audit
5	Governance Statement
6	Section 17 Crime and Disorder Act
7	Overall opinion on the adequacy and effectiveness of the Governance framework

## **1. Introduction**

- 1.1 The Monitoring Officer's Annual Report summarises the more significant activities of the Monitoring Officer and Deputy Monitoring Officer in 2018/19 and comments on other current issues relevant to the Monitoring Officer's work for the County Council.
- 1.2 Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the fundamental principles of openness, integrity and accountability together with the overarching concept of leadership. In this respect, Norfolk County Council recognises the need for sound corporate governance arrangements and over the years has put in place policies, systems and procedures designed to achieve this. The Council's Code of Corporate Governance has been refreshed in line with CIPFA's latest guidance and was approved by the Policy and Resources Committee on 26 March 2018. The Code brings together the Council's Governance and Standards in one place and supports the Council's Constitution. The Code is referenced in the Council's Annual Governance Statement, which is published each year and subject to external audit scrutiny.
- 1.3 The Monitoring Officer is appointed under Section 5 of the Local Government and Housing Act 1989 and has a number of statutory functions in addition to those more recently conferred under the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007 and subsequent regulations governing local investigations into member conduct. The current standards regime came into effect with the introduction of the Localism Act in 2011 and subsequent implementing regulations that came into force during 2012/13.

## **2. Key messages**

- 2.1 The key messages to note from the year are:
  - There have been no 'reportable incidents' during the period 2018/19.
  - That the systems of internal control administered by the Monitoring Officer and Deputy Monitoring Officer including compliance with the Code of Corporate Governance and the Council's Constitution were adequate and effective during 2018/19 for the purposes of the latest regulations.
  - The Council has arrangements in place to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.
  - The County Council publishes on its website a summary of Members' declared interests, all the authority's expenditure over £500 and the expenses of Chief Officers.
  - The Council is proactive in raising the standards of ethical conduct among members and staff, including the provision of ethics training and has put in place arrangements for monitoring compliance with standards of conduct across the Council including:
    - Standards of conduct and behaviour for officers

- Code of Conduct for Members
- Register of Disclosable Pecuniary Interests
- Register of gifts and hospitality
- Complaints procedure
- Following the May 2017 elections and subsequent byelections all Members completed a declaration of Disclosable Pecuniary Interests. These updates were loaded onto the website.
- Following the May 2017 elections training on the Code of Conduct and registration and declaration of interests was made available to all Members.
- The Council can demonstrate that generally Members and staff exhibit high standards of personal conduct. During 2018/19 the number of standards complaints was low (as it was in 2017/18) and no hearings of the Standards Committee were required.
- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and pecuniary interests. There is evidence that members and staff are making appropriate disclosures in the registers.
- In accordance with the Anti-Fraud, Bribery and Corruption Annual Activity Plan 2017-18 (1 October 2017 - 31 March 2018 Period) approved by the Audit Committee on 21 September 2017, an audit of arrangements for the Declarations of Interest for staff was conducted and reported to the Council's Leadership Team in May 2018.
- The audit did not disclose any actual or indication of any wrongdoing. However, sufficient assurance could not be gained that robust processes are in place to ensure that all potential conflicts of interests are declared, recorded and monitored to ensure that NCC can demonstrate openness and transparency about situations where conflicts arise or may have arisen.
- The audit revealed that some departments had positive and robust processes in place for declaring, recording and monitoring potential conflicts of interest but a more systematic approach to eliciting and monitoring this information is recommended. Consequently, a working group has been established by the Deputy Monitoring Officer with representatives from each Directorate and Norfolk Audit Services take forward the recommendations of the audit report, in particular to raise awareness of the NCC Standards of Conduct and Behaviour Policy which requires staff to declare potential conflicts of interest, promote the consistent recording of potential conflicts of interests and the ongoing monitoring of these. The working group has met and agreed a plan of action which should have completed by 31 November 2018. However, implementation has this has been delayed due to other work pressures on the Deputy Monitoring Officer. Work will resume imminently and should complete by 31 May 2019.
- The Audit Committee receives an annual update on the Council's counter fraud and corruption policy applying to all aspects of the Council's business. There

are effective arrangements for receiving and acting upon fraud and corruption concerns and disclosures from members of the public.

- The Council has arrangements in place to receive and investigate allegations of breaches of proper standards of financial conduct and fraud and corruption.
- The County Council's Anti-Fraud and Corruption Operational Strategy was updated to reflect changes in law and practice and was approved by the Audit Committee in September 2017.
- There is a whistleblowing policy which is publicised and demonstrates the Council's commitment to providing support to whistle-blowers and has been communicated to staff and those parties contracting with the council. The Council can demonstrate its staff, and staff within contracting organisations, have confidence in the whistleblowing arrangements and feel safe to make a disclosure.
- nplaw, the legal service for the County Council, achieved reaccreditation of the Law Society's Lexcel quality standard in April 2019 and has arrangements in place to ensure the quality of the service provided.
- Money laundering requirements as stipulated in the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002 are fully met.

### **3. Results of the Monitoring Officer/ Deputy Monitoring Officer's work in 2018/19**

- 3.1 In order to ensure the effective undertaking of her responsibilities, the Monitoring Officer has a number of duties which are set out in the table below:-

<b>DUTIES</b>	<b>EXAMPLES</b>
Has regular meetings with each of the previous Managing Director, Head of Paid Service, Executive Director for Finance and Commercial Services and Head of Democratic Services in order to review current and likely future issues with legal, constitutional or ethical implications.	The Council in 2017 indicated a wish to move to an Executive Leader and Cabinet form of governance as soon as possible. In December 2018, it made the decision to move to an Executive Leader and Cabinet form of governance from May 2019. In preparation for this, a new draft constitution has been produced with a working group of members and supported by the former Managing Director, the Head of Paid Service, Monitoring Officer, Deputy Monitoring Officer, Head of Democratic Services, Executive Director of Strategy and Governance as well as the Head of HR. A new draft constitution was agreed by the Council's P&R Committee on 25 March for recommendation to Full Council on 15 April 2019.



Maintains good liaison and working relations with the External Auditor.	Key issues for the External Auditor are raised through correspondence and meetings as necessary with the External Auditor and through the Executive Director for Finance and Commercial Services. The External Auditor is notified and contacted if reportable incidents arise.
Ensures that the County Council is kept up to date on new legislation and changes in the law which are relevant to the carrying out of the County Council's activities.	This generally takes the form of reports to Members and briefing notes to Executive Directors but where appropriate will involve training sessions for relevant Members and Officers. These activities are carried out in consultation and conjunction with relevant Executive Directors. A review has been conducted as part of the drafting of the new Constitution and the intent is to further review the Constitution in the months following implementation to ensure the business of the Council is conducted effectively and within the law.
The Monitoring Officer or one of their senior staff is consulted at an early stage on new policy proposals and on matters, which have potentially significant legal implications.	The Monitoring Officer and staff in the Chief Legal Officer's (CLO) department are regularly consulted by Executive Directors on new policy proposals. The Monitoring Officer is now a member of the Shadow Corporate Board which forms a part of the Member oversight arrangements in the Council. The Shadow Corporate Board will if the Council adopt the new Constitution on 15 April become a substantive Board to operate from 7 May 2019. The Monitoring Officer's place on Corporate Board although welcome, it is complementary to the expectations on Executive Directors and the Head of Paid Service to involve the legal function early in decision making on significant projects and new policy proposals to ensure the Council acts lawfully.
All draft reports to the Service Committees are as a matter of routine cleared with the Monitoring Officer or CLO department senior staff.	Significant reports for decision were routinely forwarded to the Monitoring Officer and/or the CLO department senior staff by service departments and were reviewed for their legal and ethical implications.

<p>The Monitoring Officer has been informed of all emerging issues of concern of a legal, ethical or constitutional nature.</p> <p>Similarly, Members have ensured that the Monitoring Officer is routinely informed and consulted in respect of new policy proposals.</p>	<p>Executive Directors are aware that they should consult the Monitoring Officer on legal, ethical or constitutional matters and do so as the issues arise.</p> <p>Members can rely on the fact that significant reports for decision are routinely reviewed by the Monitoring Officer or senior staff in the CLO's department, prior to their presentation at Committees under the current governance arrangements and will continue to be the case under the new arrangements from 7 May 2019.</p>
<p>The Monitoring Officer has sought to resolve any potential illegality by identifying alternative and legitimate means of achieving the objective of the proposal.</p>	<p>The Monitoring Officer, in their capacity as Chief Legal Officer, and the senior staff in the CLO department regularly advise on the legality and/or appropriateness of administrative procedures.</p>
<p>In cases where external lawyers are acting for the County Council, it will be necessary for the relevant Chief Officer and the Monitoring Officer to agree arrangements for ensuring that vires and constitutional issues are satisfactorily addressed.</p>	<p>No exceptions were raised during the period.</p>
<p>In appropriate cases, and to secure the rapid resolution of a potential reportable incident or avoid a separate statutory report, the Monitoring Officer will be entitled to add their written advice to the report of any other County Council Officer.</p>	<p>There have been no such incidents during 2018/19.</p>
<p>Where the Monitoring Officer receives a complaint of a potential reportable incident, they must in appropriate cases seek to resolve the matter amicably, by securing that any illegality or failure of process is rectified. However, it is recognised that the Monitoring Officer may decide that the matter is of such importance that a statutory report is the only appropriate response.</p>	<p>There have been no incidents requiring a statutory report during 2018/19.</p>

#### **4. Review of effectiveness of systems of internal audit**

- 4.1 Regulation 7 of the Accounts and Audit Regulations 2015 requires the Council to review annually the effectiveness of its system of internal audit. There is currently no guidance or good practice available for meeting this requirement. Informal advice from CIPFA and discussions with other local authorities provided various options for reviewing the effectiveness of the system of internal audit.

- 4.2 The elements of the Council's systems of internal audit and the assurance on their effectiveness include corporate control functions such as legal services. As endorsed by the Audit Committee on 24 April 2007, the option chosen is for the Audit Committee to review information on the effectiveness of the management processes and corporate control functions (legal, financial, health and safety and human resources services performed) as provided by self-assessment, customer feedback and any existing external performance reviews.
- 4.3 nplaw's work was re-accredited by Lexcel, the Law Society's quality standard for all legal practices, in April 2019 and was commended for some good practice areas.

## **5. Governance Statement**

- 5.1 In addition to the Council's own governance the Monitoring Officer provides legal advice as required to the following joint committees:
- Norfolk Records Committee
  - Norfolk Joint Museums and Archaeology Committee
  - Eastern Shires Purchasing Organisation (ESPO)
  - Norwich Highways Agency Committee
  - Eastern Inshore Fisheries and Conservation Authority; and
  - Norfolk Parking Partnership Joint Committee.
- 5.2 The Council and each Joint Committee (where required to do so) publishes its own Annual Governance Statement.
- 5.3 In addition the Monitoring Officer provides legal advice to the Pension Funds administered by the Council and in some areas, to the Council's wholly owned companies.

## **6. Section 17 Crime and Disorder Act 1998**

- 6.1 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 of its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 6.2 The Monitoring Officer's work helps deter crime, or increase the likelihood of detection through making crime difficult, increasing the risks of detection and prosecution and reducing the rewards from crime.

**7. Overall opinion on the adequacy and effectiveness of the Governance framework**

- 7.1 That the systems of internal control administered by the Monitoring Officer including the Code of Corporate Governance and the Council's Constitution, were adequate and effective during 2018/19 for the purposes of the latest regulations.

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# Audit Committee

Item No.....

<b>Report title:</b>	<b>Risk Management Annual Report 2018/19</b>
<b>Date of meeting:</b>	<b>18 April 2019</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance and Commercial Services</b>
<b>Strategic impact</b>  The Audit Committee are responsible for monitoring the adequacy and effectiveness of the systems of risk management and internal control, as set out in its Terms of Reference, which is part of the Council's <a href="#">Constitution</a> . There are Risk Management controls in place within the Council as per the Financial Regulations (part 4.3, of part 7.7) of the Council's Constitution.	

## Executive summary

Norfolk County Council ensures that risks to the delivery of its objectives are appropriately managed in accordance with the Council's Risk Management Framework to fulfil the Financial Regulations, as set out in the Council's Constitution (part 4.3, of part 7.7). The policy and framework of procedures comply with the Accounts and Audit (England) Regulations 2015 (Part 2, Internal Control 3(c)) and the Public Sector Internal Audit Standards.

### **The Audit Committee is recommended to:**

Consider and agree these key messages from the Annual Risk Management 2018/19 Report (Appendix A) and that they be reported to Full Council, in accordance with the Council's Financial Regulations which are part of the Constitution:

- The overall opinion on the effectiveness of Risk Management for 2018/19 is 'Acceptable' and therefore considered 'Sound' (part 3 of the report)
- The Risk Management Function complies with the Accounts and Audit (England) Regulations 2015 and recognised Public Sector Internal Audit standards.
- The Annual Governance Statement for 2018/19 will refer to this report and will be reported to this Committee in July 2019 for its approval.
- The Risk Management Policy has been refreshed, with a Risk Management Strategy currently being developed from this.

## 1. Proposal (or options)

1.1 The recommendation is covered in the Executive Summary above.

## 2. Evidence

- 2.1 The Annual Risk Management report 2018/19 is presented at **Appendix A**.
- 2.2 The key messages are reported in the Executive Summary above.

## 3. Financial Implications

- 3.1 In 2018/19, the Risk Management Function has been delivered within the budget allocated for the year. There are no financial implications for the Risk Management Function for 2018/19.
- 3.2 Looking ahead to 2019/20, one of the four themes for development is Commerciality, looking at how the Risk Management Function could potentially increase its commerciality to generate income for the County Council. This is referenced at part 6.2 of the report in **Appendix A**.

## 4. Issues, risks and innovation

- 4.1 Looking ahead to 2019/20, there are four themes for development as part of business as usual. These are;
  - Strategy into Action / Accountability
  - Commerciality / Business like
  - Data Analytics / Evidence Based
  - Collaboration / Influencing

Further details can be found at part 6 of the report in **Appendix A**.

- 4.2 There are no implications with respect to:
  - Other resource implications (staff, property)
  - Legal implications
  - Equality
  - Human rights implications
  - Environmental implications
  - Health and safety issues.

## 5. Background

- 5.1 This report has been completed with input from the Risk Management Officer.

## 6. Officer Contact

6.1 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:

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**Annual Risk Management Report  
2018 – 2019**

**Chief Internal Auditor  
Norfolk Audit Services**

**Norfolk Audit Services**



**Norfolk Audit Services  
Annual Risk Management Report 2019-19**

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1	Introduction
2	The Council's Priorities
3	Key Messages and Risk Management Opinion
4	Our Outputs – Risk Management Work
5	Developments of the Risk Management Function in 2018/19
6	Developments of the Risk Management Function for 2019/20
7	Further Information
8	Acknowledgements

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## **1. Introduction**

1.1 In line with Internal Audit standards, the mission of the corporate risk management function is to, 'enhance and protect organisational value by providing objective risk management assurance, advice and insight'. The function has worked to:

- Understand the organisation
- Know its position and role in the assurance regime
- Be a catalyst for improvement of risk management
- Add value to the organisational objectives
- Be forward looking

1.2 This annual Risk Management report helps the Audit Committee to assess the performance of Risk Management and informs the Shadow Corporate Board, Executive Directors, clients and staff of how we add value through the Risk Management function. This report also supports the Council's Annual Governance Statement 2018/19 with an assurance on the Council's arrangements for the management of risk. The report brings together and adds to, the quarterly Risk Management reports to the Audit Committee and includes:

- An acceptable opinion - (see part 3)
- Key Messages (see part 3)
- Our outputs - the work we carried out, performance and the difference we made in 2018-19 (see part 4)
- Developments in the Service in 2018/19 (see part 5) and planned development areas for 2019/20 (see part 6)
- Other relevant information (see part 7).

## **2 The Council's Ambitions**

The Council's approach is guided by four key principles:

- Reducing demand for specialist services through prevention and early intervention
- Integrating services so similar activities and functions are joined up around the customer and done once
- Cost effective delivery, through a business-like approach and modern use of technology

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- Sharp focus on impact – targeting the right interventions where they can have the most impact and do the most good

These principles frame the transformation that we must lead across all our services and activities. The [Norfolk County Council Strategy 2018-21](#) is the vehicle for putting the principles into practice and making transformation happen. The Policy and Resources Committee agreed the development of a Council wide 6-year Business Plan on 28 January 2019. The Council has also identified 7 priorities to bring focus and energy to this phase of transformation – under the banner of ‘**Norfolk Futures**’. These priorities are:

- 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

- 2.2 The Risk Management Function’s work has understood (1.1) and contributed to the Council’s ambitions during 2018/19, through managing the corporate risks to achieving the Council’s vision and objectives, the Risk Management Function has ensured that the ambitions above are supported. Threats to realising the areas of work that contribute to achieving these ambitions are documented in the corporate risk register, and are regularly managed, and reported quarterly at Committee level. Mitigations to manage these risks and reporting of progress with these are owned by the risk owners and managed by the risk reviewers, and independently scrutinised by the Risk Management Officer. This fulfils the Risk Management role in the assurance regime (1.1)

### **3 Key Messages and Risk Management Opinion**

- 3.1 The key messages from the Risk Management work in 2018/19 are:

- The Council’s system of Risk Management during 2018/19 was sound, adequate, and effective in accordance with the requirements of the Accounts and Audit (England) Regulations 2015. These requirements state that “a relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk”.

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- The Risk Management Function has been a catalyst for improvement of risk management, added value, forward looking (1.1) and has operated within the approved budget for 2018/19.
- The Annual Governance Statement for 2018/19 will refer to this report and will be reported to this Committee in July 2019 for its approval.
- '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 has been determined from the results of the Benchmarking Club, looking at evidence-based performance results against other councils.

## **4 Our Outputs – Risk Management Work**

- 4.1 The Risk Management Function has delivered quarterly Risk Management reports for Committees in 2018/19, covering corporate risks, reported and presented to both the Audit, and Policy and Resources Committees.
- 4.2 Risk Management reporting has been developed, further standardising the structure of Risk Management reports.
- 4.3 The Risk Management Policy has continued to act as a valuable tool in the embedding and implementation of risk management within the Council. Accompanying Risk Management Procedures have also been added to and revised as necessary to reflect feedback on them and are available to view and refer to on the Risk Management Intranet page under Documents, Forms, and Guidance.
- 4.4 Strategy into Action / Accountability: A new Risk Management strategy is currently under development, with the target of finalising and publishing in the first quarter of 2019/20. The strategy will detail how the Risk Management Policy will be implemented, and how the objectives of the Risk Management Function will be achieved going forward, dovetailing with the Council's Business Plan.
- 4.5 The Risk Management Officer remains active in the Association of Local Authority Risk Managers (ALARM) Risk Management Focus Group in September 2018, organised and delivered a national Risk Management one day event on Commercialisation in the Public Sector.

## **5 Developments of the Risk Management Function in 2018/19**

- 5.1 Risk Management reporting has been further developed in 2018/19 through increased active scrutiny of risks. Corporate risks continue to be linked to the Council's Audit Plan, with further scrutiny planned for corporate risks where no internal audit had been identified and carried out for the risk area. Throughout 2018/19, the Risk Management Officer met with risk reviewers whose risks were not linked to an upcoming internal audit, allowing further scrutiny of how the risks are being managed.

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- 5.2 The Risk Management Officer has advised risk coordinators and risk owners / reviewers on the Risk Management Policy and revised and new procedures, and where improvements to reporting their risks can be made.
- 5.3 The Risk Management Function has strengthened its' working relationship with risk coordinators in each of the Council's departments, with closer communication and more streamlined reporting of Risk Management to Committees and has further strengthened working relationships with the senior management teams across the Council through attendance at more Senior Management Team meetings by the Risk Management Officer.
- 5.4 The commerciality theme was initiated during 2018/19, with further activity being prepared for 2019/20.

## **6 Developments of the Risk Management Function for 2019/20**

- 6.1 For 2019/20, there are four themes for development across the Council. These are;
- Strategy into Action / Accountability
  - Commerciality / Business like
  - Data Analytics / Evidence Based
  - Collaboration / Influencing
- 6.2 In terms of the Risk Management Function, the following areas have been identified for development.
- 6.2.1 Strategy into Action/Accountability: In 2019/20 the Risk Management Strategy 2019-2021 will be completed in early 2019-20.
- 6.2.2 Commerciality / Business Like: In 2019/20, the commerciality of the Risk Management Function will be further assessed to see how a more commercial approach could be developed. Details of the areas for development will be presented in the Risk Management Strategy, as mentioned in 5.4, and will include promoting a Risk Management traded service, to test the demand for Norfolk County Council helping other risk management functions.
- 6.2.3 Collaboration / Influencing: In 2019/20, the Risk Management Function will aim to develop further collaboration with other functions (i.e. Performance, and Finance) to ensure that the Council's Business Plan and four main corporate objectives continue to be met. Through active involvement in the national ALARM Risk Management network of Local Authority Risk Managers, the Risk Management Function will develop its' role and influence in this network, through its collaboration with other Local Authorities' Risk Management counterparts. The Risk Management Officer is a Member of the ALARM network and will continue to attend regional and national events on behalf of the Risk Management Function of Norfolk County Council.

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- 6.2.4 Data Analytics / Evidence Based: For the coming financial year, the Risk Management Function will consider the feasibility of undertaking the 2019/20 Benchmarking Club Exercise. This was last carried out in 2018/19 and is continuing to draw out areas of improvement to be actioned upon.
- 6.2.5 To further develop these areas, the Risk Management Function, through the Risk Management Officer, will continue to engage further with senior management risk owners to further ensure they are owning and leading on mitigating their risks, and that they understand the refreshed Policy and procedures, and are engaged in the new Risk Management Strategy that will be delivered.
- 6.2.6 For the coming financial year, risks will require increased scrutiny further ahead of the end of financial year to ensure that mitigation progress is in line with targeted expectation for risks (that risk target scores will be met or mitigations changed to meet them).
- 6.2.7 For 2019/20, a Risk Universe is planned, linked to the Audit Universe, which will enable different risk areas to be further developed to identify any areas that are not already being managed.
- 6.2.8 The notion of active and dormant risks was developed in 2018/19 for the Norfolk Museums Service and will be rolled out to other services where low level dormant risks are not being actively managed, but continue to require monitoring.

## **7 Further information**

- 7.1 The Risk Management Officer passed with Distinction a further Risk Management qualification (the International Certificate in Enterprise Risk Management) through the Institute of Risk Management in September 2018.
- 7.2 This Risk Management annual report will be referenced in the Council's Annual Governance Statement, which will be reported to this Committee in July 2019.

## **8 Acknowledgements**

- 8.1 We would like to thank Members of the Audit Committee, County Leadership Team, managers and officers for their co-operation and assistance during the year.

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**Norfolk Audit Services**  
**Annual Risk Management Report 2018-19**



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# Audit Committee

Item No.

<b>Report title:</b>	<b>Risk Management Report</b>
<b>Date of meeting:</b>	<b>18<sup>th</sup> April 2019</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director, Finance and Commercial Services</b>
<b>Strategic impact</b> 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 risk 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.	

## Executive summary

This report provides the Committee with the corporate risk register as it stands in April 2019, along with an update on the Risk Management Strategy, and other related matters, following the latest review conducted during March 2019.

Risk management is reported separately but the reporting is aligned with, and complements, the performance and financial reporting to relevant Committees.

The corporate risk register was last reported to the Policy and Resources Committee in March 2019, prior to being refreshed earlier that month to show the latest developments. These developments are reported to this Committee for governance purposes.

Officers have worked through any risk related questions and comments from that Committee and responses will be supplied separate to this report. The latest significant changes since the last Risk Management report to Audit Committee are shown in **Appendix A** (the risk reconciliation report). The latest progress against mitigations for corporate risks since the last Audit Committee is shown at **Appendix B** (the risk register report).

### Recommendations:

Committee Members are asked to consider and agree:

- The changes to the corporate risk register (**Appendices A and B**), the progress with mitigating the risks; and
- The scrutiny options for managing corporate risks, (**Appendix C**);
- The heat map of corporate risks (**Appendix D**);
- The background information to the report (**Appendix E**);
- If any further action is required.

## 1. Proposal

- 1.1 Executive Directors have been consulted in the preparation of the corporate risk register, along with the risk reviewers who have reviewed and updated the risks where there have been changes since the last report. The recommendations of this report can be found above.

## 2. Evidence

### 2.1. Direction

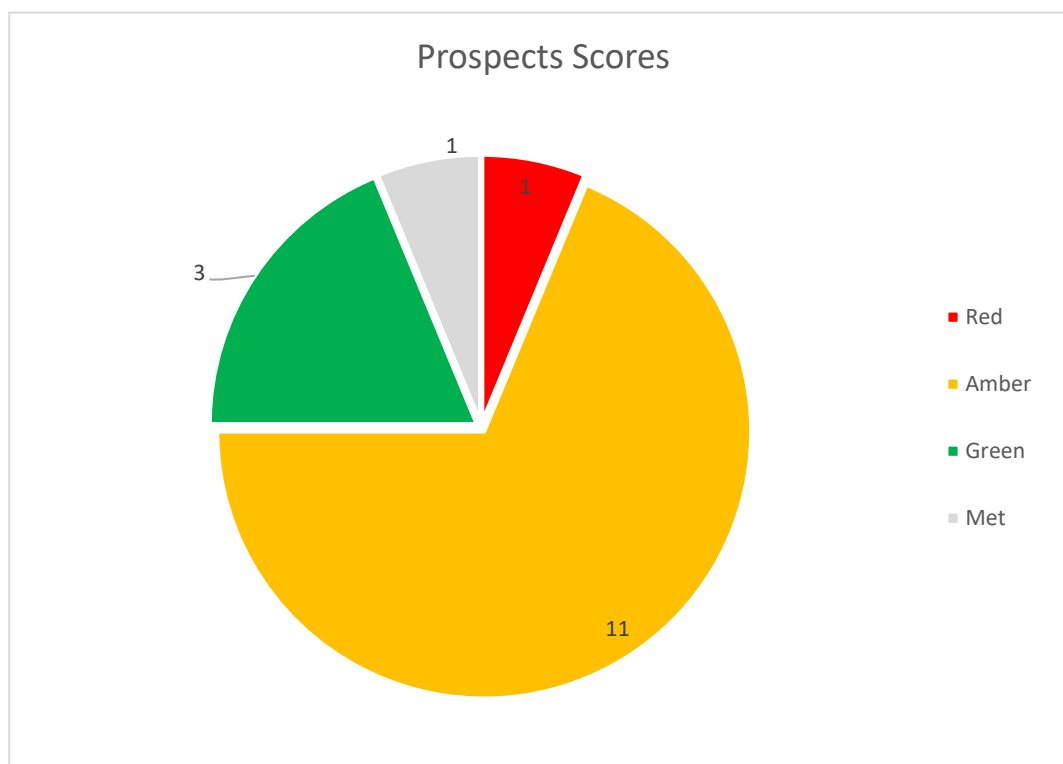
- 2.1.1. The Council's Medium-Term Financial Strategy 2019-22, adopted by the Council on 11 February 2019, provides council-wide priorities, and these have been developed into some clear outcomes and measures by officers and members. The Policy and Resources Committee agreed to developing a whole Council Six Year business plan on 26 January 2019. With regards to the development of Norfolk Futures, framed by four key principles, which considers seven priorities that the Council is working towards achieving, the Council is leading on, and delivering, changes, and is becoming more strategic with the right attitudes and skills, able to change at pace while shedding cost. The Council is continuing to strengthen governance and performance management, which include effective risk management arrangements. The overall direction should move towards a reduction in corporate risk scores, wherever possible.
- 2.1.2. Following the full Council meeting on 10<sup>th</sup> December 2018, Members have voted to move to a Cabinet System as of May 2019. Considering this, the implications of organisational change for Annual Governance reporting, Risk Management and internal controls are being monitored.
- 2.1.3. A Medium-Term Risk Management Strategy has been initiated and is currently being developed by the Risk Management Officer, whereby the current and future activities of the Risk Management Function, carried out to further embed the Risk Management Policy, will be formally documented.

### 2.2 Progress

- 2.2.1 Overall, corporate risk scores continue to be generally stable, with a lowering of two risk scores as noted in **Appendix A**. Since the last report to the Audit Committee, further work has been carried out developing risk mitigations and progress reports that are more specific, measurable, achievable, realistic and timed, and aligning the plans and progress reporting more closely with each other. Progress against mitigations set can be better identified, moving towards a reduction in risk scores, wherever possible. The goal is to better reflect the significant corporate risks to Norfolk County Council, considered by the Shadow Corporate Board. From May 2019, these will be owned by the Corporate Board.

- 2.2.2. Work continues to take place to further develop risk management, which continues to be reviewed and strengthened. The revised Risk Management Policy and accompanying procedures are in place and the Risk Management Officer is promoting these through training provided around the Council.
- 2.2.3. The latest corporate risk register details 16 open risks, presented at **Appendix B**. Corporate risks are where the occurrence of an event may have an impact on the County Council achieving its objectives or missing opportunities. Each risk has been allocated to the appropriate Executive Director along with a risk owner and reviewer who are able to influence the mitigation and regularly report on progress so that all reports contain the most current information relating to the risk. It is the nature of corporate risks that every Executive Director has a responsibility to contribute, support and progress the tasks to mitigate the risks, considered by the Shadow Corporate Board and Departmental Management Teams.
- 2.2.4. **Appendix B** contains a full description of each corporate risk with the tasks to mitigate it and the progress of that mitigation. There are three risk scores (original, current, and target), with each score expressed as a multiple of the impact and the likelihood of the event occurring.
- 2.2.5. There is one risk with a red rated current risk score:
1. **RM023 – Lack of clarity and failure to act upon changes to demography, funding, and government policy, with particular regard to Adults Services.**
- 2.2.6. Risk owners have considered whether the risks will meet the target score by the target date, shown as a prospects score (see Figure 1). One risk is rated “Red” as meeting the target risk score is overdue, Eleven risks are assessed as “Amber–some concerns” that targets may not be met, and three are assessed as “Green - on schedule” to meet their target by the target date. One risk score has been assessed as meeting its target score by the target date, but is a continuous risk in its nature, and remains on the corporate risk register. There is close monitoring of the progress against mitigation actions in place, which determines the prospects score.
- 2.2.7. A reconciliation to the January 2019 Audit Committee report is presented at **Appendix A**, detailing the significant changes to corporate risks since the January 2019 report.
- 2.2.8. As part of the overall development of the performance and risk management framework for the Council, there is a continuation of the approach involving the development of corporate and departmental level risks that are: outcome focussed; linked to strategic priorities; business critical, identifying areas where failure places the organisation in jeopardy; linked to financial and performance metrics. It is dependent upon a shared understanding of the risk appetite of the council.
- 2.2.9. A key element of this work is cultural change and absolute clarity of roles, responsibilities and process. Specifically, clarity of what these risks are, who is responsible for them, what they are doing to actively manage the risks and what measures are in place to hold people to account.

- 2.2.10. To assist Members with considering whether the recommended actions identified in this report are appropriate, or whether another course of action is required, a list of such possible actions, suggested prompts and challenges are presented for information and convenience in **Appendix C**.
- 2.2.11. Explanations for the various scores and terminology can be found in the Risk Management Procedures, which are available to Members and officers.
- 2.2.12. For ease of reference the risks have been plotted on a heat map, in **Appendix D**, to illustrate each risk's relative position measured by likelihood and impact for their current risk score.
- 2.2.13. The criteria for Corporate risks and a description of target scores is shown at **Appendix E**.
- 2.2.14. Fig. 1. below reflects the percentages of risks in each prospects category.



### 2.3 Development

As part of continuing development, four themes will be developed as business as usual for Risk Management. These are as follows;

- Strategy into Action / Accountability
- Commerciality / Business like
- Data Analytics / Evidence Based
- Collaboration / Influencing

The following strands are identified for taking forward;

Strategy into Action / Accountability

2.4.

- Formalising a strategy to deliver the new RM Policy
- Developing a more Enterprise Risk Management (ERM) approach for NCC
- Being a 'Centre of excellence' for Risk Management

Commerciality – Business Like

2.5.

- Developing a traded Risk Management Service to other public-sector bodies
- A Service Level Agreement approach for the function.

Data Analytics – Evidence based

2.6.

- Develop Risk Management data measures and sources
- Quality Assure the risk register content

Influencing – Collaborative

2.7.

- Training plan for NCC managers on Risk Management
- Establish a role for NCC in the Eastern Region and national ALARM group

### **3 Future Corporate Risk Management Governance**

- 3.1. The Council will be implementing changes to the system of governance in May 2019. It is proposed that the Corporate Board receives sight of the Council's corporate risks in addition to these continuing to be reported from a governance perspective to the Audit Committee.

### **4. Financial Implications**

- 4.1 Financial implications are considered in the corporate risks presented. A presentation with further information on the high needs block will be presented by a representative from the Children's Services department to this Committee.

### **5. Issues, risks and innovation**

- 5.1 There are no further corporate risks to report other than those detailed in this report. Further aspirations for innovation can be viewed in the Risk Management Annual Report that is also presented to this Committee.

### **6. Background**

- 6.1 The review of existing risks has been completed with responsible officers.

- 6.2 An explanation of some of the terminology used within the report can be found at **Appendix E.**

## **Officer Contact**

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

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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 A – Risk Reconciliation Report

Significant\* changes to the corporate risk register since the last Audit Committee Risk Management report was presented in January 2019.

### Current Risk Score Changes

#### **RM007 - Potential risk of organisational failure due to data quality issues**

This risk has reduced from a score of 15 to 8 (likelihood lowered from 3 to 2, and impact lowered from 5 to 4), reflecting significant data cleansing work this year or so in the migration to Liquid Logic for Social Care data and in preparation for a new ERP system (Financial & Procurement data in particular). We have also conducted extensive work to cleanse data in files-shares and paper documents in storage, also scanning extensively to support Liquid Logic & Oracle EBS and associated systems. DQ audits undertaken have also shown reasonable findings.

#### **RM011 - The potential risk of failure to implement and adhere to an effective and robust performance management framework**

This risk has reduced from a score of 12 to 6 (likelihood lowered from 3 to 2, and impact lowered from 4 to 3) to reflect overall progress in linking performance measures with analytics to further implement the current performance management framework.

### Prospects of meeting Target Risk Score by Target Date change

#### **RM016 – Failure to adequately prepare for and respond to a major disruption to Norfolk County Council services**

The target date for this risk was March 2019 and meeting the target risk score is therefore overdue. The prospects rating has therefore been changed to Red.

### Lowered risk classification

#### **RM017 – Failure to deliver the Broadland Northway within agreed budget (£205m)**

This risk has been lowered from being managed at a corporate level to at a service level. We have agreed the final account with the main scheme contractor. There are elements of the scheme that remain outstanding at this stage, i.e. final land costs still in negotiation and other landscaping works but we are forecasting that the project will be delivered within the £205m budget. The scheme has now been adopted into the Highway network.

### Corporate Risk Closure

## **RM021 - Failure of Estate Management**

This risk has now been closed following the implementation of the mitigations of this risk.

\* A significant change can be defined as any of the following;

- A new risk
- A closed risk
- A change to the risk score(s)
- A change to the risk title, description or mitigations (where significantly altered).



Risk Number	RM001					Date of update		05 March 2019		
Risk Name	Infrastructure is not delivered at the required rate to support existing needs and the planned growth of Norfolk									
Risk Owner	Tom McCabe					Date entered on risk register		01 July 2015		
Risk Description										
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 sustainable communities e.g. good public transport, walking and cycling routes, open space and green infrastructure. 2) Not meeting the funding profiles (e.g. Local Growth Fund) and losing the funding.										
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	3	9	3	2	6	Mar-20	Amber
Tasks to mitigate the risk										
1.1) Work with other county council officers and partners including district councils to compile evidence for Local Growth Fund 3 (LGF3) schemes by LEP deadline to maximise the chance of success in autumn bidding round.										
1.2) Engage with Highways England over evidence base for RIS2 programme, and Network Rail for strategic rail delivery, and work with partners on advocacy and lobbying with government.										
1.3) Review Planning Obligations Standards annually to ensure we are seeking the maximum possible contributions from developers.										
1.4) Submit business cases for Pooled Business Rates (PBR) funding, and other funding bids as they arise through the year.										
2.1) Manage and oversee development and delivery of individual Local Growth Fund allocation schemes. Undertake consultation and feasibility work to determine priorities.										
2.2 Continue to build the relationship with the LEP to reduce the risk to the county council in having to fund budget increases on schemes. Build other strategic relationships.										
2.3) Periodically review timescales for S106 funding to ensure it is 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.										
Overall risk treatment: Treat										
Progress update										

## Progress update

1.1) Awaiting outcome of bid to LEP for A148/A1082 roundabout, To be decided at LEP Board meeting in March. Continuing to prepare for potential future funding opportunities.

1.2) Business cases to support NCC A47 priority schemes (Acle Straight and East Winch to Tilney dualling) completed. NCC led Just Dual It campaign with EDP and Norfolk Chamber. Working with MPs on event at Westminster in the autumn, although getting date from Minister is proving difficult. Working with other A47 Alliance partners on commissioning study on wider economic benefits. Continuing to work on GEML (Great Eastern Main Line; Norwich to London) and Ely Task Forces (rail). Network Rail has been commissioned to look at priority infrastructure projects at both. Local Authority partners on the GEML Task Force finalising commissioning wider economic benefits work. Continuing to support East West Rail Consortium; Eastern Section prospectus recently published.

1.3) Review of Planning Obligations Standards completed, to be agreed at EDT 8 March.

1.4) Developing schemes and projects including the following, part-funded from Pooled Business Rates:

King's Lynn Transport

Norwich Western Link

Fakenham Market Town Study

Downham Market Market Town

Study

Wroxham / Hoveton Market Town Study

Wymondham Market Town Study

Long Stratton Bypass

Bid for Major Road Network funds submitted to government for Long Stratton bypass, no decision to date. WSP commissioned to develop Regional Evidence Base, which is required to support Major Road Network and Large Local Major schemes across Norfolk, Suffolk, Essex and Southend.

Bid for Transforming Cities successful: shortlisted for funds. Bid for Tranche 1 (early delivery) schemes submitted. Continuing to work on developing the Tranche 2 programme, which needs to be submitted in the summer.

2.1) Report to be taken to the LEP Investment and Appraisal Committee for re-distribution of funds between projects to enable delivery of the LGF programme..

2.2) Maintaining good relations with partners including the LEP. Continuing to work as a key member of Transport East, the emerging Sub-National Transport Body. Have met DfT officials in respect of the Major Road Network, large local major schemes, and Transport East. Continuing to meet Highways England regularly regarding delivery of A47 RIS1 schemes.

2.3) Longwater S106 was reviewed and it was confirmed that these contributions are all still valid to contribute to the Dereham Road scheme.

## Appendix B

<b>Risk Number</b>	RM002					<b>Date of update</b>		07 March 2019		
<b>Risk Name</b>	The potential risk of failure to manage significant reductions in local and national income streams									
<b>Risk Owner</b>	Simon George					<b>Date entered on risk register</b>		01 July 2015		
<b>Risk Description</b>										
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.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
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	4	12	2	4	8	Mar-20	Amber
<b>Tasks to mitigate the risk</b>										
<p>Medium Term Financial Strategy and robust budget setting within available resources.</p> <p>No surprises through effective budget management for both revenue and capital.</p> <p>Budget owners accountable for managing within set resources.</p> <p>Determine and prioritise commissioning outcomes against available resources and delivery of value for money.</p> <p>Regular and robust monitoring and tracking of in-year budget savings by Shadow Corporate Board and members.</p> <p>Regular finance monitoring reports to Committees.</p> <p>Close monitoring of central government grant terms and conditions to ensure that these are met to receive grants.</p> <p>Plans to be adjusted accordingly once the most up to date data has been received.</p> <p>Overall risk treatment:Treat</p>										
<b>Progress update</b>										
<p>Government's 2018-19 local government finance settlement reflected in the 2019/20 budget and Medium Term Financial Strategy.</p> <p>The Government announced the final 2018/19 Local Government Financial Settlement on 6 February 2018. County Council approved the 2018/19 budget and Medium Term Financial Strategy on 12 February 2018 which incorporated the final settlement.</p> <p>The council's external auditors gave an unqualified audit opinion on the 2017-18 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 March 2018.</p> <p>The recent commitment to additional funding for the NHS</p> <p>(<a href="https://www.gov.uk/government/news/prime-minister-sets-out-5-year-nhs-funding-plan">https://www.gov.uk/government/news/prime-minister-sets-out-5-year-nhs-funding-plan</a>) inevitably means less funding will be available for other government priorities. However, the plan sets out a commitment that</p>										

**Progress update**

the Government will ensure that adult social care doesn't impose additional pressure on the NHS. The Prime Minister has also signaled the intention to produce proposals to put social care on a more sustainable footing, and to set out budgets for social care and public health as part of the forthcoming spending review. As such the implications for the Council of the Government's various funding commitments across the public sector will not become fully clear until later in 2019.

Policy and Resources Committee on 28 January 2019 considered the latest budget position and recommended to Full Council a balanced budget for 2019/20. County Council on 11 February 2019 approved the 2019/20 budget and future medium Term Financial Strategy taking into account the Final Local Government Finance settlement for 2019/20. The risk is now minimal for 2019/20 but will need to be rolled forward for 2020/21 and future years.

## Appendix B

<b>Risk Number</b>	RM003					<b>Date of update</b>		07 March 2019		
<b>Risk Name</b>	Potential reputational and financial risk to NCC caused by failure to comply with statutory and/(or) national/local codes of practice relating to information compliance and information security.									
<b>Risk Owner</b>	Simon George					<b>Date entered on risk register</b>		30 September 2011		
<b>Risk Description</b>										
There is a risk of failing to comply with statutory and/(or) national/local codes of practices in relation to Information Compliance. This could lead to significant reputational and financial risk for NCC. This risk is separate to RM007, which looks at the risk of not having the correct or accurate data to make key decisions.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
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	2	4	8	1	4	4	Mar-20	Green
<b>Tasks to mitigate the risk</b>										
1) Implementation of SIRO (Senior Information Risk Owner) , CIO (Chief Information Officer), Corporate Information Management Team encompassing Information Management, Information Governance, Records Management, policies confirming responsibilities. 2) Ensure that information and data held in systems (electronic and paper) is accurate, up to date, comprehensive, secure against security breaches, and fit for purpose to enable managers to make confident and informed decisions. 3) Ensure that all staff and managers are provided with training, skills, systems and tools to enable them to meet the statutory standards for information management. 4) SIRO to receive assurance of compliance with statutory and/or national/local codes of practice in relation to information compliance from Information Asset Owners when reporting the Annual Governance Statement. 5) NCC is NHS Information Governance Toolkit compliant to Level 2 6) Embedding and enhancing Cyber Security techniques and Protocols through recommendations from the Cyber Security Audit - i.e data loss, ransomware and system outages etc. 7) Embedding of GDPR Overall risk treatment: Treat										
<b>Progress update</b>										
GDPR programme of work has been implemented with all but low risk areas. Programme of work is now continuing for the low risk areas. Audit successfully undertaken by Internal Audit in regards to the use and implementation of Caldicott Guardians across Childrens and Adults with no significant or high outcomes. Quarterly meetings are in place to monitor the Caldicott process. Cyber security action plan has been developed and is currently being actioned. Norfolk County Council for 2018/19 is NHS IG Toolkit accredited to Level 2 by NHS Digital in lines with NHS partners within Norfolk and Waveney STP. All the tasks to mitigate the risk and ensure the Target Risk Score is met are now in place.										

## Appendix B

<b>Risk Number</b>	RM004			<b>Date of update</b>			07 March 2019			
<b>Risk Name</b>	The potential risk of failure to deliver effective and robust contract management for commissioned services.									
<b>Risk Owner</b>	Simon George			<b>Date entered on risk register</b>			01 July 2015			
<b>Risk Description</b>										
Ineffective contract management leads to wasted expenditure, poor quality, unanticipated supplier default or contractual or legal disputes The council spends some £600m on contracted goods and services each year.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
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	3	6	Mar-20	Amber
<b>Tasks to mitigate the risk</b>										
1) Ensure that staff who have contract management as part of their job have the relevant skills and support to manage contracts effectively										
2) Pipeline of expiring contracts and procurement summary to go to Committees and departments.										
3) Appoint a Senior Commissioning Officer for Norse services and implement cross-department contract management structures										
4) Review contracts to ensure compliance with the GDPR from May 2018										
5) Rolling programme of internal audits of contract management of significant contracts										
Overall risk treatment: Treat										
<b>Progress update</b>										

## Progress update

- 1) Central system of checking credit alerts implemented; contract management skills matrix being developed.
- 2) The procurement pipeline goes to all Committees and is being tailored to each Committee to show their procurement. It is also being taken up by some departmental management teams.
- 3) A Senior Commissioning Officer (Al Collier) has been appointed for Norse services and cross-department
- 4) All major contracts have been reviewed, with ongoing review of all other contracts, to ensure continued compliance with the GDPR.
- 5) Rolling audit programme has commenced.

## Appendix B

<b>Risk Number</b>	RM006					<b>Date of update</b>		07 March 2019		
<b>Risk Name</b>	The potential risk of failure to deliver our services within the resources available over the next 3 years commencing 2018/19 to the end of 2020/21.									
<b>Risk Owner</b>	Tom McCabe					<b>Date entered on risk register</b>		11 September 2018		
<b>Risk Description</b>										
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										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
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-20	Green
<b>Tasks to mitigate the risk</b>										
<p>1) Clear robust framework in place which drives the delivery of the overall vision and priority outcomes. The delivery of a council-wide strategy which seeks to shift focus to early help and prevention, and to managing demand.</p> <p>2) Delivery against the strategic service and financial planning, by translating the vision and priorities into achieved, delivered targets.</p> <p>3) A robust annual process to provide evidence for Members to make decisions about spending priorities.</p> <p>4) Regular and robust in-year financial monitoring to track delivery of savings and manage in-year pressures.</p> <p>5) Sound engagement and consultation with stakeholders and the public around service delivery.</p> <p>6) A performance management and risk system which ensures resources are used to best effect, and that the Council delivers against its objectives and targets.</p> <p>Overall risk treatment: Treat</p>										
<b>Progress update</b>										
<p>Regular budget monitoring reports to service committees set out how the Council is delivering against the 2018/19 budgets set for each of our services.</p> <p>The Council has a robust and established process, including regular reporting to members, which is closely linked to the wider Council Strategy, in order to support the development of future year budget plans taking account of the latest available information about Government funding levels and other pressures. This process includes reviewing service budgets and taking into account financial performance and issues arising in the current financial year as detailed in the budget monitoring reports.</p>										



## Appendix B

<b>Risk Number</b>	RM007					<b>Date of update</b>		07 March 2019		
<b>Risk Name</b>	Potential risk of organisational failure due to data quality issues.									
<b>Risk Owner</b>	Simon George					<b>Date entered on risk register</b>		01 July 2015		
<b>Risk Description</b>										
Failure to manage the data quality will prevent us from ensuring that data relating to key Council priorities is robust and valid. This places the Council at risk of making decisions using data that is not always as robust as it should be. This may lead to poor or ineffective commissioning, flawed decision making and increased vulnerability of clients, service users and staff. This risk is separate to RM003, which looks at the risk of failure to adhere to national and/or local statute or codes of practice relating to information compliance or information security.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
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	2	4	8	1	4	4	Mar-20	Amber
<b>Tasks to mitigate the risk</b>										
1) Implementation of the Information Management Strategy, Information Governance Framework, Data Protection, Information Sharing, Freedom of Information, Records Management, Managing Information Risk, and Information Security. 2) Information Compliance Group (ICG) has the remit to ensure the overarching Information Governance Framework is embedded within business services and NCC and elements of the IM Maturity Readiness Plan. 3) Ensuring that all staff and managers are provided with training, skills, systems and tools to enable them to meet the statutory/NCC standards for information management. 4) Ensuring the Mandated E-Learning Data Protection 3 year refresher data - Information sent to CLT and CLG on a monthly basis for review and action 5) The implementation of a corporate Identity and Access Management solution										
<b>Progress update</b>										

## Progress update

Data Quality (DQ) audits have been undertaken by internal audit with no significant or concerning outcomes.

Manual records management project looking at retention periods of manual records held with BoxIt is providing positive results.

Moving forward all new systems being procured like Liquid Logic have more validation and integrity checks on the data/information at field level, row level and at page level thus ensuring the data/information is treated as a corporate asset inline with the NCC IM Strategy.

We have undertaken significant data cleansing work this year or so in the migration to Liquid Logic for Social Care data and in preparation for a new ERP system (Financial & Procurement data in particular). We have also conducted extensive work to cleanse data in files-shares and paper documents in storage, also scanning extensively to support Liquid Logic & Oracle EBS and associated systems. DQ audits undertaken have also shown reasonable findings.

## Appendix B

<b>Risk Number</b>	RM010					<b>Date of update</b>		26 February 2019		
<b>Risk Name</b>	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.									
<b>Risk Owner</b>	Simon George					<b>Date entered on risk register</b>		02 September 2015		
<b>Risk Description</b>										
Loss of core / key ICT systems, communications or utilities for a significant period - as a result of loss of power, physical failure, fire or flood, supplier failure or cyber attack - 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.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	2	3	6	1	3	3	Sep-19	Amber
<b>Tasks to mitigate the risk</b>										
<p>'1) Full power down completed periodically.</p> <p>6) Replace ageing Local Area Network (LAN) equipment</p> <p>8) Ensure access to services if county hall lost by reconfiguring Core Infrastructure Services (DHCP, DNS, Active directory)</p> <p>9) Implement Cloud-based business systems with resilient links for key areas</p> <p>10) Replace voice services (contact center / desk phones) with resilient cloud based services</p> <p>11) Review and Implement suitable arrangements to protect against possible cyber / ransomware attacks including</p> <ul style="list-style-type: none"><li>• Carry out recommendations from Cyber Security Audit</li><li>• Carry out recommendations from Phishing Simulation exercise, and repeat</li><li>• Retire Windows 2003</li><li>• Implement new client service security for Windows 10 build</li><li>• Independent IT Health Check for PSN accreditation</li></ul>										
<b>Progress update</b>										
<p>'1) Full power down completed periodically. New Datacentre with resilient power will be implemented by August 2019.</p> <p>6) New Local Area Network equipment has been procured and we are planning the implementation over the next month for delivery Q2 2019</p> <p>8) Access to services if County Hall was lost was tested on during the Disaster Recovery exercise migrating services to the new DR site</p> <p>9) We Implement Cloud-based business systems with resilient links for key areas as they are procured</p> <p>10) Contact services are being migrated to a cloud based system, due to be finished by Q2 2019, Telephony resilience will be improved as part of the Skype for Business project.</p> <p>11) We are working through the cyber audit actions target date for 90% completion Q1 2019</p>										

## Appendix B

<b>Risk Number</b>	RM011					<b>Date of update</b>		07 March 2019		
<b>Risk Name</b>	The potential risk of failure to implement and adhere to an effective and robust performance management framework.									
<b>Risk Owner</b>	Fiona McDiarmid					<b>Date entered on risk register</b>		02 September 2015		
<b>Risk Description</b>										
The failure of leadership to adhere to robust corporate performance practice / guidance, resulting in organisational / service performance issues not being identified and addressed. This could have a detrimental impact on future improvement plans and overall performance and reputation of the										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	2	3	6	1	3	3	Jun-19	Amber
<b>Tasks to mitigate the risk</b>										
<p>The performance development framework was implemented in April 2018.</p> <p>950 managers have been training and an ongoing programme is in place for new managers.</p> <p>A survey was carried out in October and results provided back to employees and the Corporate Board.</p> <p>Corporate vital signs for goals, and a target of at least 50% of staff having learning plans. We remain behind plan on 95% of employees reporting that they have written goals. We will restart this measure from May 2019.</p> <p>We are reporting on the following five corporate vital signs relating to performance;</p> <p>Sickness absence - percentage lost time.</p> <p>New employee retention rate</p> <p>Vacancy rates</p> <p>Agency and contract staffing spend as a percentage of pay bill</p> <p>Working to a target of 95% of employees having written goals to works towards.</p> <p>Overall risk treatment: Treat</p>										
<b>Progress update</b>										
The target date is amended to June 2019 to reflect a full year of performance development and, new governance arrangements being implemented as we move to a cabinet model which will be accountable for overseeing the performance management framework (PMF) of NCC. The prospect rating of amber remains unchanged reflecting that embedding performance culture takes some time across a complex organisation, and, delivering a PMF requires other elements around vision, strategy and plan. This risk may need reshaping in definition and mitigation when next reviewed.										

## Appendix B

Risk Number	RM013					Date of update		07 March 2019		
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.									
Risk Owner	Simon George					Date entered on risk register		02 September 2015		
Risk Description										
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 2017-18.										
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-20	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 Communities and Environmental Services of 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.</p> <p>5) Approve the Outline Business Case for Repton Property Developments Ltd.</p> <p>6) Provide regular updates to the company Board and to the Business and Property Committee.</p> <p>Risk Treatment: Tolerate</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. For Norfolk Energy Futures,
- 2) The Norse Group follows the guidance issued by the Institute of Directors for Unlisted Companies where appropriate for a wholly owned local authority 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 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 by full council. 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 Executive Director of Finance and Commercial Services 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) Regular updates are being provided.

## Appendix B

<b>Risk Number</b>	RM014a					<b>Date of update</b>		19 February 2019		
<b>Risk Name</b>	The increasing demand for SEND assessments coupled with the amount spent on home to school transport at significant variance to predicted best estimates									
<b>Risk Owner</b>	Chris Snudden					<b>Date entered on risk register</b>		04 November 2015		
<b>Risk Description</b>										
There is an increasing demand on services as our numbers of SEND are rising, this coupled with ensuring there is appropriate sufficient placement choice is having an impact on cost. Rising transport costs, the nature of the demand-led service (particularly for students with special needs) and the inability to reduce the need for transport or the distance travelled will result in a continued overspend on the home to school transport budgets and an inability to reduce costs.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
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	5	3	15	2	2	4	Mar-20	Amber
<b>Tasks to mitigate the risk</b>										
Continue to enforce education transport policy, and work with commissioners re school placements. Continually review the transport networks, to look for integration and efficiency opportunities. Work with Norse to reduce transport costs and ensure the fleet is used efficiently and effectively. Look for further, more innovative, ways to plan, procure and integrate transport.										
Overall risk treatment: Treat										
<b>Progress update</b>										
There remains ongoing budget pressure within the SEN transport element of the overall Transport Budget for Children's Services with a significant overspend now being forecast; latest budget monitoring for January 2019 shows a forecast of £4.1m. This has been caused by the increasing number of placements within special schools and exclusions, coupled with increased complex need resulting in requests for individual transport packages. The recent P&R Committee decision to invest £120million capital for more specialist provision will, in the medium to long term, mitigate these increases but in the short term the risk to budget has increased.										

## Appendix B

<b>Risk Number</b>	RM014b					<b>Date of update</b>		04 March 2019		
<b>Risk Name</b>	The savings to be made on Adult Social Services transport are not achieved.									
<b>Risk Owner</b>	James Bullion					<b>Date entered on risk register</b>		04 November 2015		
<b>Risk Description</b>										
The risk that the budgeted savings of £1.7m to be delivered by 31 March 2020 will not be achieved.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	2	2	4	2	2	4	Mar-20	Green
<b>Tasks to mitigate the risk</b>										
1) In 2017 the savings were reprofiled to future years (2018/19 and 2019/20). 2) A corporate review of transport has taken place. 3) Transport Guidance has been updated in line with the revised transport policy. 4) Under the Younger Adults of the Promoting Independence Workstream, we're developing a joint approach to disability and transition from Children's to Adults. 5) Exploring the use of an application to help with monitoring of the cost of transport. This application is currently being used by Children's Services for Children with Special Educational Needs.										
<b>Progress update</b>										
1) Adult Social Care Committee agreed on 4 September 2017 to amend the transport savings to £0.700m in 2018-19 (from £3m) and £1m in 2019-20 (from £0.800m) and that the difference of £2.1m in savings will be made through the purchase of care budget from changes to patterns of care. The department achieved an underspend on Transport for 2017-18 of £0.813m - in effect the early delivery of the 2018-19 savings and some of the 2019-20 savings. The forecast for Transport spend in 2018-19, as at period eight (November), is an underspend of £-0.128m. 2) Travel Independence Training Across the Nation (Titan) training is being rolled out. We are recruiting to ASSD specific posts to enable more people to use public transport. 3) The revised Transport Guidance and Policy was agreed by ASC Committee on 6 March 2017 and shared with staff. 4) This is being implemented for new service users now and for existing people at the point of review. This now links with the work on assessments and reviews as part of the Promoting Independence Programme. It appears that this is being embedded in working practices, given the forecast underspend on transport.										



## **Progress update**

5) This is currently being developed. We have carried out the fieldwork to understand the current transition process from Children's services to Adult services. We have taken a joint approach and carried out 50 interviews with senior stakeholders from children's services, adult services and health, as well as meeting with transition workers, team managers and other key staff from children with disability teams, looked after care teams, leaving Care teams, Adult LD, Adult mental health and adult Physical disability team.

5b) IMT have developed the first version of a Transport application for use by Adult Social Services and Travel and Transport where you can see for each day centre where people are travelling from, whether they are travelling alone/with others and which day services other people charged to that budget code are going to. It is based on an application IMT developed for Children with Special Education Needs. The application looks useful, and provides a clearer picture of transport provision than analysing pages of reports. The department is checking the viewer application and it will be trialled with Business Support initially.

## Appendix B

Risk Number		RM016		Date of update		02 April 2019				
Risk Name		Failure to adequately prepare for and respond to a major disruption to Norfolk County Council services.								
Risk Owner		Tom McCabe		Date entered on risk register		10 December 2015				
Risk Description										
To ensure disruption is minimised and ensure that we are able to maintain services and respond appropriately to a either a Major or Moderate disruption both within and out of core office hours (N.B. this risk will be scored differently for different departments due to different levels of preparedness).										
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	3	6	Mar-19	Red
Tasks to mitigate the risk					Progress update					
1) All corporately agreed critical activities must have comprehensive Business Continuity plans which are exercised. Plans to be agreed by Senior Managers.					1) 83% of critical services have plans which are up-to-date.The Resilience Team audits all plans as they are received and provides feedback to service managers where changes are required. The next audit is due in the first quarter of 2019.					
2) To develop the Professional Development Centre (PDC) Norwich, which was agreed as a key corporate Work Area Recovery (WAR) site by CLT. First stage is a planned exercise to take place with the Customer Service Centre, second step is to complete an exercise with the Resilience representatives at the PDC. Also, an exercise with the Resilience Management Board and CLT.					2) Work Area Recovery test - stage 1 to test the CSC has been successfully completed. This exercise tested "loss of access" not "loss of infrastructure" to County Hall. In January power was cut to County Hall due to work required by UK Power networks and generators provided power to the datacentre to maintain ICT. Feedback for this powerdown was overwhelmingly positive, unlike previous power downs some critical weakened services had to move and worked 24/7 from the PDC over the weekend. Exercise Horseshoe for the Disaster Recovery (DR) and BC exercise had to be scaled back considerably. There is a lack of confidence in how systems will "behave" when transferred over to the DR facility and without this confidence the risk to live services such as libraries and museums was considered too great. We had more than 70 members of staff testing over the course of the weekend. The report has been finalised and circulated to the business, IMT also have a report detailing the actions required of IMT. There were several systems that were not accessible, and some of the issues were related to the artificiality of how the exercise was set-up. It is important to gain reassurance that in the event of County Hall IMT failing that all IMT is functional at the PDC - including telephony. We will complete the exercise annually. This is a significant milestone for BC and DR, as one year ago there was no Disaster Recovery facility.					

Tasks to mitigate the risk	Progress update
<p>3) Embedding Business Continuity - Ensure there is a programme of work to embed BC into the organisation. This includes awareness raising initiatives and training for support staff and resilience representatives. Training also includes the BC e-learning package which needs to be reviewed, relaunched, and the uptake monitored. Departments must ensure staff attend training and complete exercises/tests.</p>	<p>3) The Business Continuity for managers course continues to be run through the year. The Emergency Planning awareness course has not yet been run, this course will provide managers with an insight into how an incident would be managed in the event of several agencies being involved.</p> <p>All plans must be exercised once per year. The percentage is increasing gradually. Currently the percentage is 47%. At the corporate board meeting on the 12th March Directors asked for departments to get to 80% of plans having been exercised. Resilience representatives and the Resilience Team are focusing on this.</p>
<p>4) Implement the Business Continuity Framework</p>	<p>4) Every quarter the Resilience Management Board receive an update of where NCC are in implementing the BC Framework, there are no red items. This has been developed further by communicating the position of the departments using the assurance framework and those sections marked as red/amber (where applicable) should be linked to departmental risk registers. These reports have now been completed, with departments receiving a report listing departmental strengths and weaknesses in relation to Resilience.</p>
<p>5) Gain assurance that ICT could be recovered in line with timescales detailed within the BIAs.</p> <p>Overall Risk Treatment: Treat</p>	<p>5) On the 12th March a paper went to the shadow board to highlight concerns in this area. However IMT had circulated some initial analysis work on the 7th March. Corporate Board requested that a further update was provided in 6-8 weeks. Resilience Team have checked the outstanding queries. IMT have confirmed some Recovery Time Objectives (RTOs) however this is only from the scenario of "loss of county hall", we will need to consider other scenarios in order to develop a reliable RTO to share with the business. The aspiration is that what the Business has documented within the BIAs should be used to help shape IMT infrastructure projects and the DR development.</p>

## Appendix B

<b>Risk Number</b>	RM022					<b>Date of update</b>		06 March 2019		
<b>Risk Name</b>	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').									
<b>Risk Owner</b>	Tom McCabe					<b>Date entered on risk register</b>		26 July 2016		
<b>Risk Description</b>										
There are important implications to the Council in four main areas. 1) The Council's EU funded programmes supporting the local economy. 2) The legal base – there are many EU laws that affect the day job of local councils. 3) Council services dependent on a migrant workforce – for example nationally, 7% of existing adult social care staff come from other EU nations 4) 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 Council business, planning, and service delivery. Uncertainty on both performance delivery and designation of the Council as Managing Authority following the EU referendum result could lead to an inability to draw down the funding required to manage the programme and have a significant reputation impact on the Council leading to an inability to submit payment claims to the EU. Cause: The EU Referendum held in June 2016, with the UK as a whole voting to leave the EU.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
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	31/04/2019	Amber
<b>Tasks to mitigate the risk</b>										
1) Norfolk County Council should continue to monitor Brexit developments and developing responses to the four areas in which the council will be affected (EU funding, legal issues, workforce issues, place-based impact). 2) We are members of the LGA Brexit Sounding Board and local authority officer network to keep abreast of local government thinking and influencing of post Brexit policy. We have jointly commissioned work with the LEP and Suffolk County Council to understand the business impact of Brexit within the New Anglia area. 3) We have agreed the principals 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. 4) Human Resources to support managers and staff who may be affected by this issue. 5) Regular meetings are taking place with the Ministry for Housing, Communities and Local Government 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. 6) Understand the risks and implications of Brexit to service delivery, wider community and business continuity. Overall risk treatment: Tolerate										
<b>Progress update</b>										

## Progress update

1) Brexit Silver Group Meetings are being held to understand how departments are preparing for Brexit, to minimise disruption to their services post 29th March, and feed any info. from the Norfolk Resilience Forum back to NCC and vice versa. In addition, with the Risk Management Officer we are developing a specific and more detailed corporate Brexit risk register to manage risks arising from leaving the European Union that are within our control

2) The NCC website now offers information for businesses and individuals

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

2) The Treasury Guarantee provides assurance that funding is assured in the event of a deal for projects committed by 31 December 2020 (rather than 19 March 2019 as had been anticipated). Payment mechanisms to manage this remain to be explored. The European Commission has issued a notice around a no deal Brexit proposing a draft regulation that would allow the UK to continue participating in EU programmes in 2019. The UK Government is currently analysing this proposal and its implications, however there is a risk that project partners may not be able to continue working with their counterparts in other member states. Similarly, UK organisations may also not be able to continue applying to ETC programmes after the UK leaves the EU. If so, the government will provide full details on what to do to individual project partners.

We are in close contact with MHCLG (as the lead for ETC programmes) as this progresses.

3) The Green Paper regarding the Shared Prosperity Fund has still not yet been published and is not expected for some time until the Brexit situation has been clarified: We continue to work with New Anglia and other relevant partners and will in due course prepare a joint response and report the proposals and our response to members when it has been published. NCC is represented on the LGA national Brexit Sounding Board by Vince Muspratt.

4) The Internal Project Board is aware of NCC liabilities; nplaw have drafted a Deed of Guarantee seeking written assurance from Ministry of Housing, Communities & Local Government that they will meet our liabilities in order to close the Programme. The Ministry for Housing, Communities and Local Government have raised the issue with Ministers, as is 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 renewed Treasury Guarantee supports this approach.

5) 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.

6) 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.

## Appendix B

Risk Number	RM023					Date of update		04 March 2019		
Risk Name	Lack of clarity and failure to act upon changes to demography, funding, and government policy, with particular regard to Adults Services.									
Risk Owner	James Bullion					Date entered on risk register		18 August 2017		
Risk Description										
Changes to demography, funding, and government policy can severley impact on the ability of Adult Social Services to support Norfolk residents. There is a risk that Adult Social Services fails to act on changes to demography, funding and government policy. Cause: Changes to demography, funding and government policy. Event: The Council fails to plan and adapt to change effectively for the future. Effect: Outcomes for Norfolk citizens may worsen.										
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	2	4	8	Mar-20	Amber
Tasks to mitigate the risk										
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. 2) As part of the strategy, a shift of spend towards targeted prevention, reablement services, enablement, and strengthened interim care. 3) Implementation of Better Care Fund plans which promote integration with the NHS and protect, sustain and improve the social care system. 4) Judicious use of one-off winter funding, as announced by Government. 5) Close tracking of government policies, demography trends and forecasts. 6) A new set of NCC corporate priorities which aims to address longer-term demand management in children’s and adult services.										
Progress update										

## Progress update

- 1) Demand and demography modelling continues to be refined through the cost and demand model. Five main themes for transformation: Services for people with a learning disability; maximising digital technology; embedding strengths-based social work through Living Well; 3 conversations; health and social care integration and housing for vulnerable people.
- 2) Sector based plans for providers which model expected need and demand associated with demographic and social change
- 3a) Strengthened investment in prevention, through additional reablement, social prescribing, local initiatives for reducing social isolation and loneliness
- 3b) Workforce – continued recruitment campaign to sustain levels of front line social workers and occupational therapy staff.
- 3c) Better Care Fund targeted towards supporting people to stay independent, promoting and enabling closer integration and collaboration across 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.

## Appendix B

Risk Number		RM024		Date of update		08 March 2019				
Risk Name		Failure to construct and deliver the Great Yarmouth 3rd River Crossing (3RC) within agreed budget (£121m), and to agreed timescales (construction completed early 2023)								
Risk Owner		Tom McCabe		Date entered on risk register		05 December 2017				
Risk Description										
There is a risk that the 3RC project will not be delivered within budget and to the agreed timescales. Cause: delays during statutory processes, or procurement 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.										
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	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.										
Overall risk treatment: Treat, with a focus on maintaining or reducing project costs and timescales.										
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. There is a risk that the scheme development could see changes to the scheme, and therefore to the agreed business case, and any changes will need to be addressed/agreed with DfT. 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. Progress update report provided to Audit Committee on 31 July 2018. A gateway review was completed to coincide with the award of contract decision making - the findings have been reported to the project board (there are no significant concerns identified that undermine the project delivery). Internal audit on governance ongoing during Feb 19.

2) Specialist cost and commercial consultants have been appointed and will continue to review project costs. The first element of work for the cost consultant was to review project forecasts. They will continue to assess on a quarterly basis, reporting to the board and supporting the work of the commercial team which is now operational.

No issues highlighted to date and budget is considered sufficient - this work was used to update the business case submitted to and accepted by DfT.

A further budget review is being completed following appointment of the contractor (however initial assessments based on tendered submissions provided sufficient confidence to award the contract - in accordance with delegated authority).

3) An overall project programme has been developed and will be owned and managed by the dedicated project manager. Any issues will be highlighted to the board as the project is delivered. Programme updated to fully align procurement and DCO processes. Following the award of the contract, from January 2019, the programme is now focussed on delivering the DCO.

4) Learning from the NDR and experience of the commercial specialist support has been utilised to develop contract details ahead of the formal commencement of the procurement process, which was 27 February 2018. Further work is ongoing and has 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).

5) The project board will receive 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.

## Appendix B

Risk Number	RM025		Date of update		19 March 2019					
Risk Name	Potential change of governance in the Fire and Rescue Service									
Risk Owner	Tom McCabe		Date entered on risk register		20 August 2018					
Risk Description										
A change in governance for the Fire and Rescue service has been proposed by the PCC. If this proposal was to go ahead in the future, it would create a number of issues which would lead to a less resilient service which is less able to address community risk and will impact on public safety:- 1) the service will be fully exposed to budget pressures and reductions in a way that they are not currently, and may need to make service reductions to manage these. 2) proposed changes to operations are not clearly articulated and have not been risk assessed, and could lead to inappropriate and unsafe practices being put in place. 3) a change in governance, if agreed, would take 14 months to implement and would require significant resource, which would distract resource from service operations and improvements. It would also cost around £1m, which would create an additional budget pressure. 4) there may be an impact on the morale of staff impacted by the change, and it is possible that there could be strike action.										
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	4	8	Jun-19	Amber
Tasks to mitigate the risk										
1) Participate in the public consultation being carried out by the PCC until 05/09/2018 to ensure that the County Council's views and concerns can be understood, and taken into account. 2) Keep affected staff updated on progress as and when there are further developments. 3) Encourage Norfolk communities and other stakeholders to participate in the PCC's public consultation by 05/09/2018. 4) Re-fresh and reinvigorate collaboration with other emergency services, in particular Norfolk Constabulary.										
Progress update										

## Progress update

- 1) A special meeting of the Communities Committee took place on 29 August to consider and agree the County Council's formal response to the consultation, and the agreed formal response was submitted to the PCC 4 September 2018. The Committee also agreed to recommend that this risk is managed at corporate level. It was considered and agreed by the Policy and Resources Committee at the October meeting.
- 2) Regular messages sent to staff to keep them up to date on progress and how they can make their views known. Four staff sessions held to enable the PCC to directly explain his business case and proposals. A further four staff sessions held to enable staff to hear directly from the Chair of the Fire and Rescue Authority about the County Council's views.
- 3) Information on the County Council's views published on the Norfolk County Council website, along with information about how to respond to the PCC's public consultation. The public consultation closed on 5 September 2018. The responses have been reviewed and the PCC has decided not to submit a business case to the Home Office at this stage, but will keep the situation under review.
- 4) Refreshed arrangements for Emergency Services Collaboration Board are now in place. A Memorandum of Understanding has been signed by the PCC and the Leader of NCC and Communities Committee have approved a formal collaboration agreement between Norfolk Fire and Rescue and Norfolk Constabulary. The new Emergency Services Collaboration Board and Operational Group are meeting regularly and work is well progressed to develop a shared work programme and some activities (a new MoU for missing persons for example) are complete.

## Risk management discussions and actions

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 risks that have met the exception reporting criteria and so included in this report, there are a number of risk management improvement questions that can be worked through to aid the discussion, as below:

1. Why are we not meeting our target risk score?
2. What is the impact of not meeting our target risk score?
3. What progress with risk mitigation is predicted?
4. How can progress with risk mitigation be improved?
5. When will progress be back on track?
6. 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 – suggested actions

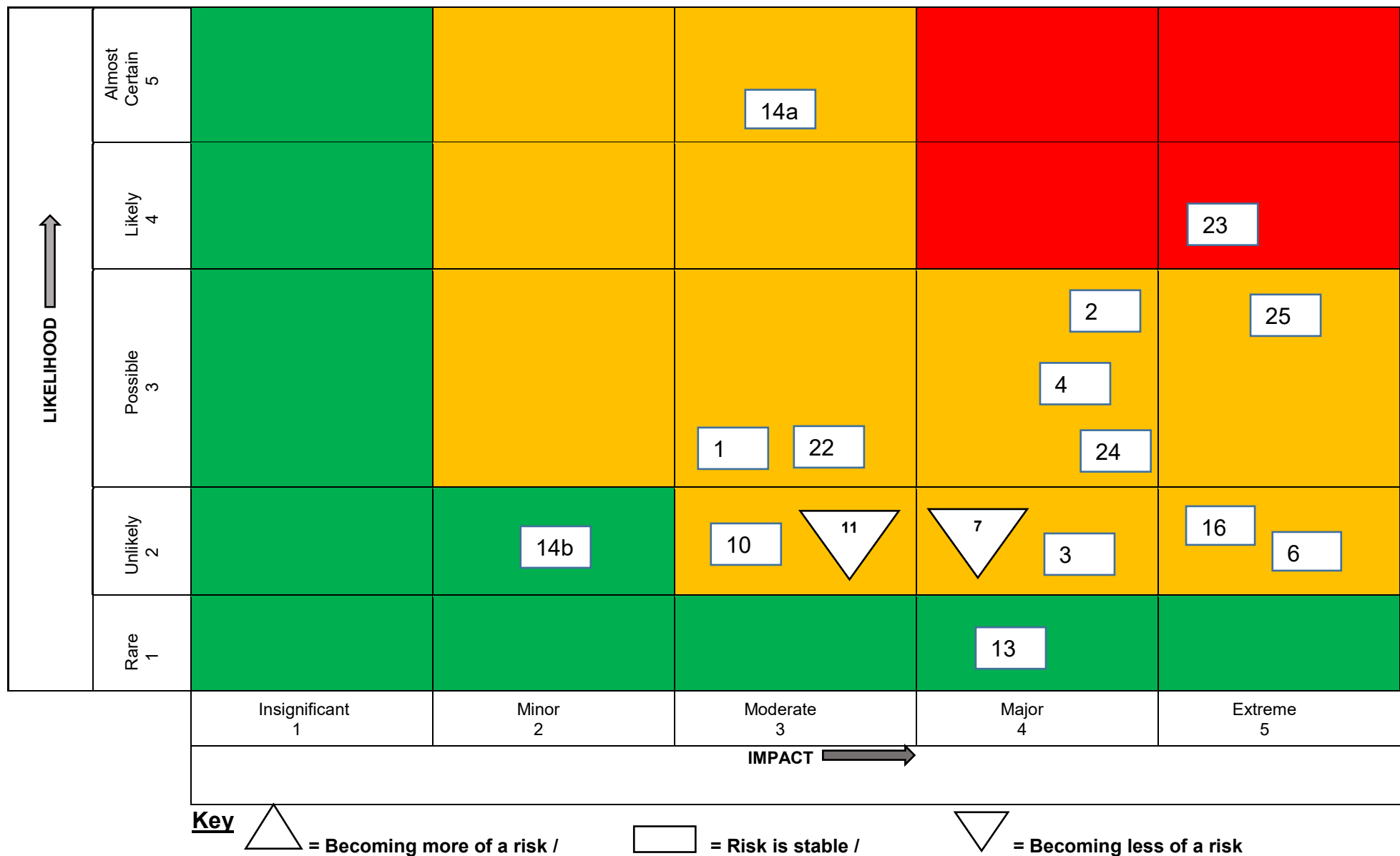
A standard list of suggested actions have been developed. This provides members with options for next steps where reported risk management scores or progress require follow-up and additional work.

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

#### Suggested 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 to work through the risk management issues identified at the committee meeting and develop an action plan for improvement and report back to 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 County Leadership Team	Identify key actions for risk management improvement and refer to CLT for action
6	Refer to Policy and Resources Committee	Identify key actions for risk management improvement that have whole Council 'Corporate risk' implications and refer them to the Policy and Resources committee for action.

## Corporate Strategic Risks - Heat Map



No.	Risk description	No.	Risk Description
1	Infrastructure is not delivered at the required rate to support existing needs and the planned growth of Norfolk.	11	The potential risk of failure to implement and adhere to an effective and robust performance management framework.
2	The potential risk of failure to manage significant reductions in local and national income streams.	13	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.
3	Potential reputational and financial risk to NCC caused by failure to comply with statutory and/(or) national/local codes of practice relating to information compliance and information security.	14a	The increasing demand for SEND assessments coupled with the amount spent on home to school transport at significant variance to predicted best estimates.
4	The potential risk of failure to deliver effective and robust contract management for commissioned services.	14b	The savings to be made on Adult Social Services transport are not achieved.
6	The potential risk of failure to deliver our services within the resources available over the next 3 years commencing 2018/19 to the end of 2020/21.	16	Failure to adequately prepare for and respond to a major disruption to Norfolk County Council services.
7	Potential risk of organisational failure due to data quality issues.	22	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').
10	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.	23	Lack of clarity and failure to act upon changes to demography, funding, and government policy, with particular regard to Adults Services.
		24	Failure to construct and deliver the Great Yarmouth 3rd River Crossing (3RC) within agreed budget (£121m), and to agreed timescales (construction completed early 2023).
		25	Potential change of governance in the Fire and Rescue Service.

**Background Information**

A Corporate Risk is one that:

- requires strong management at a corporate level thus the Council Leadership Team 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.

The prospects of meeting target tolerance scores by the target dates are a reflection of how well mitigation tasks are controlling the risk. The contents of this cell act as an early warning indicator that there may be concerns when the prospect is shown as amber or red. In these cases, further investigation may be required to determine the factors that have caused the risk owner to consider that the target may not be met. It is also an early indication that additional resources and tasks or escalation may be required to ensure that the risk can meet the target tolerance score by the target date. The position is visually displayed for ease in the “Prospects of meeting the target score by the target date” cell as follows:

- Green – the mitigation tasks are on schedule and the risk owner considers that the target score is achievable by the target date
- Amber – one or more of the mitigation tasks are falling behind and there are some concerns that the target score may not be achievable by the target date unless the shortcomings are addressed
- Red – significant mitigation tasks are falling behind and there are serious concerns that the target score will not be achieved by the target date and the shortcomings must be addressed and/or new tasks introduced.

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.....

<b>Report title:</b>	<b>Governance, Control and Risk Management of Treasury Management</b>
<b>Date of meeting:</b>	<b>18 April 2019</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance and Commercial Services</b>
<b>Strategic impact</b>  Treasury management in local authorities is tightly regulated. Specific policy and operational guidance on governance, control and risk management is contained within professional codes of practice, with overarching statutory and regulatory guidance drafted by the Government.	

## Executive summary

The Audit Committee's Terms of Reference state that it is responsible for 'considering the effectiveness of the governance, control and risk management arrangements for Treasury Management and ensuring that they meet best practice.'

The purpose of this report is to provide assurance to the Committee as to the adequacy and effectiveness of these arrangements.

**Recommendation: Audit Committee is requested to consider and agree this report.**

## 1 Introduction

- 1.1 The County Council's treasury management operations form an important part of the overall financial management of the authority. These operations are designed to comply with statutory and regulatory requirements, including appropriate Member scrutiny and reporting.
- 1.2 The Audit Committee is requested to consider and agree this report which provides assurance to the Committee as to the adequacy and effectiveness of the governance, control and risk management arrangements for Treasury Management.

## 2 Evidence

- 2.1 An “Annual Investment and Treasury Strategy 2018-19” was presented to Policy and Resources Committee and then County Council in January/February 2018, to coincide with the County Council’s annual budget proposals. Prior to consideration by Policy and Resources Committee, the Strategy was discussed and approved by the Treasury Management Panel.
- 2.2 The Annual Strategy report provided economic forecasts, the Council’s borrowing strategy, criteria for choosing investment counterparties, monetary limits and deposit periods, and capital and treasury management prudential indicators.
- 2.3 During financial year 2018-19, the County Council met the reporting requirements of the CIPFA Treasury Management Code by receiving:
- annual report following the year-end describing activity (County Council 23 July 2018 (supplementary agenda))
  - a mid-year treasury update report (County Council 10 December 2018)
  - an annual treasury strategy in advance of the 2019-20 financial year (County Council 11 February 2019).

All reports to County Council listed above were considered by the preceding Policy and Resources Committee. To aid transparency these reports were presented as agenda items and reports in their own right, rather than as appendices to other reports.

- 2.4 Following this financial year-end, an “Annual Treasury Management Report 2018-19” will be presented to the Treasury Management Panel in May 2019, Cabinet on 10 June 2019, and the County Council on 22 July 2019 (subject to confirmation of Cabinet and County Council agendas).
- 2.5 The Annual Report reviews treasury activities undertaken in the previous 12 months (April to March) and contains details of performance against key treasury management indicators and budgets. It also provides confirmation that all monies invested during the year was in accordance with the approved investment criteria.
- 2.6 The County Council has integrated the governance requirements of the CIPFA Treasury Management Code and the MHCLG Investment Guidelines into its Treasury Management reports. As a result, a summary of non-treasury investments (including loans to subsidiaries) has also been included to address general concerns raised by both CIPFA and MHCLG, along with a short commentary on the proportionality of these investments in the context of the Council’s capital programme and revenue budgets.
- 2.7 Through 2018-19, the Treasury Management Panel provided scrutiny of treasury activity. Reports to Policy and Resources Committee are amended where appropriate to incorporate comments or views expressed by the Panel or the Committee. For example, the May 2018 outturn report for 2017-18

was amended to include graphs and ratios suggested at the previous January Policy and Resources Committee meeting. There are no outstanding actions or recommendations from meetings of the Panel during 2018-19.

- 2.8 The Panel received training in January 2019 in the form of a presentation from Link Asset Services, the Council's external treasury advisors. This covered the general economic and treasury environment, and a commentary on the Council's treasury activities.
- 2.9 In addition to the specific treasury management reports, throughout 2018-19 Policy and Resources Committee received regular treasury management summaries within regular Finance Monitoring reports. These short reports provided key treasury management information such as the levels of cash balances and details of new borrowing.
- 2.10 The County Council's external auditor (Ernst & Young) performs audit tests in order to inform their annual audit of the Council's Statement of Accounts. For example, they seek independent verification of material investment and debt balances.
- 2.11 Transaction testing of key controls is supplemented by a triennial full internal audit review, supplemented by further work if significant changes to systems or processes are identified. A full triennial internal audit review was undertaken as part of the 2016-17 annual audit plan, with a final report issued on 23 August 2017. No adverse findings were identified as part of the audit.

### **3 Financial Implications**

- 3.1 The expenditure and income relating to treasury management activities falls within the parameters of the Annual Budget agreed by the Council.

### **4 Issues, risks and innovation**

#### **4.1. Changes to Codes of Practice**

Non-treasury investments are classed as capital expenditure and approved and monitored as part of the capital programme. In December 2017, CIPFA issued a revised Treasury Management Code of Practice and a revised Prudential Code. These revisions have particularly focussed on non-treasury investments including the purchase of property with a view to generating income, or projects where cash balances are invested for policy purposes.

Although full implementation of the new Code was not required until 2019-20, a list of non-treasury investments was added to the 2017-18 outturn report and this information has been incorporated as a standing item in Treasury Management papers.

The new Code has also made some relatively minor amendments to recommended Prudential Indicators, which have been incorporated into the 2019-20 Treasury Management Strategy.

#### 4.2. Risk management

The Council's Financial Regulation and Procedures have specific sections dedicated to Treasury Management (sections 4.7 and C7 respectively). They set out the key controls and specific responsibilities of the Statutory Finance Officer (Executive Director of Finance and Commercial Services) and the other Chief Officers. The regulations and procedures are reviewed and updated annually.

The Finance Management Team is responsible for maintaining a departmental risk register. There are currently no "High" risks identified relating to Treasury Management activities.

### 5 Background

- 5.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice for Treasury Management in the Public Services (the Code) defines treasury management activities as:

*"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

- 5.2 Treasury management in local authorities is tightly regulated. Specific policy and operational guidance is contained in professional codes of practice, with overarching statutory and regulatory guidance drafted by the Government.
- 5.3 This framework of regulation and codes of practice provides the basis for the governance and reporting of treasury management activities in local authorities.
- 5.4 Statutory and regulatory guidance is provided by the Local Government Act 2003 and the Government's Investment Guidelines 2010 (Revised). Codes of best practice include the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice and the Prudential Code. The Council adheres to all these in the way it manages its treasury services.
- 5.5 CIPFA's Code of Practice for Treasury Management in the Public Services (the Code) recommends the adoption of four key clauses as part of financial regulations and procedures. CIPFA's latest version of the Code was released in December 2017. The specific clauses and policy statements remain unchanged from the 2011 Code, and in turn the 2009 Code which the County Council adopted in February 2010 as part of its financial regulations

and procedures. These recommended clauses are incorporated in Section 4.7 of the Council's Financial Regulations.

- 5.6 Complementary to the CIPFA Treasury Management Code, the Government's Investment Guidelines requires the full Council to approve an Annual Investment Strategy.
- 5.7 In December 2008, following the collapse of Icelandic banks in October 2008, Cabinet approved the establishment of a cross-party Member Panel with specific responsibilities for Treasury Management. The Panel's responsibilities include:
- Consider and comment on the draft Annual Investment and Treasury Strategy prior to its submission to Cabinet and full Council.
  - Receive detailed reports on the Council's treasury management activity, including reports on any proposed changes to the criteria for "high" credit rated institutions in which investments are made and the lending limits assigned to different counterparties.
  - Receive presentations and reports from the Council's external Treasury Management advisers.
  - Consider the draft Treasury Management Annual Report and Mid-Year Monitoring Report prior to their submission to Cabinet and full Council.
- 5.8 In addition, the Audit Committee's Terms of Reference state that it is responsible for 'considering the effectiveness of the governance, control and risk management arrangements for Treasury Management and ensuring that they meet best practice.'

## Officer Contact

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

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# Audit Committee

Item No.

<b>Report title:</b>	<b>Counter Fraud, Bribery and Corruption Audit Committee Annual Report</b>
<b>Date of meeting:</b>	<b>18 April 2019</b>
<b>Responsible Chief Officer:</b>	<b>Chief Legal Officer.</b>
<b>Strategic impact</b>  It is the role of the Audit Committee to have oversight of the anti-fraud and corruption arrangements of the Council including the strategy, policies and any associated guidance.	

## Executive summary

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

At **Appendix A** is an annual report in respect of the counter fraud activity undertaken by NAS during the reporting period 1 April 2018 – 31 March 2019.

The purpose of the annual report is to provide an annual summary against the criteria set out in the NCC Anti-Fraud, Bribery and Corruption Operational Strategy (v2017) (The Strategy), based upon the work undertaken during the reporting period in accordance with the agreed activity plan.

### Key messages:

Overall there has been satisfactory progress with the activity plan for the 2018-19 year to support the Council's strategy for this topic. There are fourteen green rated items in the plan, three untested at this stage and six Amber rated items.

There have been a moderate number of cases requiring investigation and satisfactory outcomes have been achieved for all of those that required a formal investigation. There are no trends at present.

The scope of the potential losses to fraud/error is calculated at £53,100. All options for recovery are being progressed in respect of losses accrued. Further details can be found in section five of the report.

### Recommendation:

Committee Members are asked to consider the key messages and agree the content of the Anti-Fraud, Bribery and Corruption Audit Committee Annual Report (**Appendix A**)

## 1. Introduction

### **Anti-Fraud, Bribery and Corruption Annual Report**

#### 1.1. See Appendix A

### **Officer Contact**

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

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**Anti-Fraud, Bribery and Corruption****APPENDIX A****NAS Anti-Fraud, Bribery  
and Corruption Annual  
Report 2018-19****Date****March 2019**



## **1. Executive Summary**

Overall there has been satisfactory progress with the activity plan for the 2018-19 year to support the Council's strategy for this topic. There are fourteen green rated items in the plan, three untested at this stage and six amber rated items.

There have been a moderate number of cases requiring investigation and satisfactory outcomes have been achieved for all of those that required a formal investigation.

The scope of the identified potential losses to fraud/error is calculated at £53,100. All options for recovery are being progressed in respect of losses accrued. Further details can be found in section 5 of this report.

## **2. Introduction**

The purpose of this annual report is to provide an annual summary against the item set out in the NCC Anti-Fraud, Bribery and Corruption Operational Strategy v2017) (The Strategy), based upon the work undertaken during the reporting period, and in accordance with the agreed activity plan.

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

The Strategy sets out the Council's anti-crime goals and information on our response to the document: 'Fighting Fraud and Corruption Locally, The local government counter fraud and corruption strategy 2016 – 2019' (FFCL). Twenty-three actions were planned to enable the Council to meet the anti-crime goals with the intention of embedding a counter-fraud culture within NCC.

Due to prioritising ongoing investigation work and as allowed for in the agreed strategy, some of the planned activities have been carried forward to subsequent plans on a risk assessed basis. An update of the activity plan is scheduled for the first quarter of the 2019 – 2020 financial year.

## **3. Assessment**

The aim of the Strategy is to ensure that a robust counter fraud, bribery and corruption provision is embedded throughout the Council. We have undertaken an annual assessment of performance against the items as set out in the Strategy.

For each of the items, a rating has been provided using the RAG system along with any narrative to support the rating:

**Where a RED rating is provided:** There is little or no evidence that the item have been met.

**Where an AMBER rating is provided:** There is some evidence of activities towards meeting the item, however this may still be in progress or improvements are required to improve the provision.

**Where a GREEN rating is provided:** There is sufficient evidence to support and justify the rating.

**Where no rating is provided:** The item is untested

Section 5 of this report provides a summary of the assessment findings that did not achieve a green rating, along with a plan of the actions necessary to achieve a green rating in the future. There are no items that have been rated as red.

Where areas have not been tested due to the infancy of the program, this has been noted in the full assessment report at **Appendix 1**, along with any areas currently in progress.

#### 4. Staff Survey

In 2018 a staff survey was conducted designed to gain information from staff as to their views and knowledge of the Council's anti-fraud provision. Over two hundred staff responded. From the survey results;

- Good levels of responses were received from those who had been employed with the Council under 5 years, 10 – 15 years and more than 15 years. Employees who with 5 – 10 years of service were the lowest responders
- 89.5% of respondents felt confident about reporting any suspected fraudulent activity
- The Council's policy on reporting suspected instances of fraud is via the Chief Internal Auditor or Chief Legal Officer, however, most respondents (67.92%) would report suspected fraudulent behaviour to their line manager in the first instance. This indicates that further awareness is required in this area
- 53.3% of respondents indicated that they have received some form of counter fraud training whilst employed by the Council. Counter fraud training is not yet compulsory for Council employees at certain grades and roles
- 67.62% were aware of the employment protection for workers who report suspicions of Fraud, Bribery or Corruption under the Council's Whistleblowing Policy

- Only 4.76% of respondents did not feel confident that the Council investigates allegations of Fraud, Bribery or Corruption effectively.

The results of the survey will feed into future pro-active workplans to promote the anti-fraud provision at the Council.

## 5. Summary of Findings for the Strategy

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

Item	RAG Score	Action	By When/Who
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.	<b>AMBER</b>	To complete a wider risk assessment in the areas of anti-fraud measures across the Council	<b>IA – October 2019</b>

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

Item	RAG Score	Action	By When/Who
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,	<b>AMBER</b>	Update NAS Anti-Fraud Activity Plan	<b>IA – June 2019</b>

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.			
<b>12.</b> 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.	<b>AMBER</b>	Action: As a result, an audit on 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.	<b>Steering Group – September 2019</b>
<b>13.</b> 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.	<b>AMBER</b>	Action: Continue to roll out the eLearning program to departments.	<b>IA - Ongoing</b>
<b>16.</b> There are proportionate processes in place for the prevention, detection and deterrence of fraudulent activity in 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	<b>AMBER</b>	Audit in progress	<b>NAS – May 2019</b>

fraud risk reviews undertaken.			
<b>19.</b> 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	<b>AMBER</b>	Work is ongoing by IMT to complete outstanding actions and is being monitored by Norfolk Audit Service.	<b>IMT - Ongoing</b>

Full details of the key activities undertaken in the strategic anti-fraud areas of Govern, Acknowledge, Prevent, Pursue, are provided in **Appendix 1** of this report.

## 6. Reactive Investigation Update

The below table provides a summary of the cases investigated during the financial year.

There have been a moderate number of cases requiring investigation and satisfactory outcomes have been achieved for all of those that required a formal investigation. There are no identifiable trends at this time.

The scope of the potential losses to fraud/error is calculated at £53,100. All option for recovery are being progressed in respect of losses accrued

The “**Fraud Detected**” column represents cases that resulted in either a sanction/redress or other corrective action to mitigate the risk of reoccurrence:

Cases ongoing from 2017/2018	Total referrals received 2018/2019	Cases closed – Fraud/error Detected	Cases closed – No Further action	Total cases on-going
1	16	9	2	6

From the referrals received:

- 9 Cases related to external fraudulent activity on income accounts.
- 3 cases related to Norfolk Schools.
- 2 cases related to other internal matters.
- 3 cases related to members of the public.

## Contact

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## 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

Updates and progress reports in respect of Anti-Fraud matters have been provided to the Practice Director, 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: 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.

An assessment against the Public Sector Internal Audit Standards Advisory Board (IASAB) briefing paper: The Internal Role in Counter Fraud and the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption is planned in addition to provide further assurance on this topic.

The results of the assessment will be provided to the Audit Committee.

**Action:** To complete a wider risk assessment in the areas of anti-fraud measures across the Council

To be completed by: Investigative auditor.

By: October 2019

**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**

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**

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)



- Production of the 2018 NCC Counter Fraud Survey.

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 Department for Communities and Local Government (DCLG), the Local Government Association, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Police.**

**RATING: 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 are 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.**

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 however there are no identified trends at this time.

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

Counter fraud staff can demonstrate attendance at conferences and meetings and training courses held in connection with the LGA, DCLG CIPFA and the IIA where updates and advice guidance are 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

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 2016 – Fighting Fraud and Corruption Locally' (FFCL).

The Activity Plan requires updating and refreshing in 2019 and therefore this item is rated as amber.

Action: Update NAS Anti-Fraud Activity Plan

**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: 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.

**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**

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

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

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

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:** As a result, 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: IN PROGRESS

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 further 200 staff members have completed the eLearning since last reporting

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 eLearning continues to be rolled out to key staff 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

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 can 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: Untested during the period.

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 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: IN PROGRESS

An audit is currently in progress covering the areas of this item.

**17.** There are proportionate processes in place for the prevention, detection and deterrence of fraudulent activity in 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: Untested during the period.

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 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: Untested during the period.

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.

**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: AMBER

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.

Regular updates and awareness communication are issued and published around NCC 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.

From the Cyber Security audit work undertaken, recommended actions remain outstanding at the time of reporting and therefore this item is rated Amber.

**Action:** Work is ongoing by IMT to complete outstanding actions and is being monitored by Norfolk Audit Service.

**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

As the NCC 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 NCC'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 initiate a new FraudHub for detecting fraud.
- Researching internal capability for technology-based 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

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.



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 NCC 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.....

<b>Report title:</b>	<b>Yearly Update of the Audit Committee</b>
<b>Date of meeting:</b>	<b>18<sup>th</sup> April 2019</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance and Commercial Services</b>
<b>Strategic impact</b>  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.	

## Executive summary

This report, which summarises the work of the Audit Committee from the 1 April 2018 to 31 March 2019, confirms that during 2018-19 its function has been consistent with best practice, demonstrates the impact of its work and explains how it adds value. Its work is reported to full Council. The Committee has demonstrated its effectiveness through:

- considering and approving the Annual Statement of Accounts and Annual Governance Statement 2017-18, at its July 2018 meeting; and
- over the year has added value through considering and if appropriate challenging;
  - the External Auditor's reports
  - internal audit and strategic risk management reports, performance and effectiveness
  - the Council's progress with managing corporate high priority findings
  - plans and action to prevent, detect and investigate any fraud, bribery or corruption

## Recommendation:

The Audit Committee are asked to consider and agree that the arrangements are satisfactory and note that the Committee has terms of reference that are consistent with guidance and best practice

## 1. Proposal (or options)

- 1.1 The proposal is shown at the Executive summary above.

## 2. Evidence

- 2.1 The last such report was presented at the Audit Committee meeting in July 2018. This report covers the period 1 April 2018 to 31 March 2019. This report also confirms that the Committee's Terms of Reference, purpose and core functions are consistent with best practice, demonstrates the impact of its work and how it adds value.
- 2.2 The Committee's work adds value by:
- Supporting the Council's objectives in achieving a reputation for good governance, sound internal control and good value for money; and
  - Reducing the potential cost burden and operational disruption when risks, internal control weaknesses, frauds or corruption are avoided or mitigated.
- 2.3 Reports have been received from the Executive Director of Finance and Commercial Services, the then Chief Legal Officer and the External Auditors. Other reports were commissioned by the Committee covering a wide range of topics, listed at **Appendix A**. The list comprises all reports received by the Committee during 2018-19, for information.
- 2.4 The Committee has received and considered the reports of the External Auditor. Those include their plans and reporting on their audit of the annual accounts. There have been no additional (public interest) reports during the year.
- 2.5 The Committee has considered and agreed reports on the work of the Internal Audit Team (Norfolk Audit Services). Those reports included the plans and reporting on their audits/work and opinions during the year, progress with Corporate High Priority Findings and Anti-Fraud Activity.
- 2.6 A Self-Assessment in early 2018 using CIPFA's 'A Good Practice Self Evaluation Tool for the Audit Committee', written for the Education sector but relevant to Local Government, indicated the Audit Committee met those good practice principles. This tool, containing 95 questions, offered a fresh and comprehensive benchmark. Since then CIPFA has published Audit Committees – Practical Guidance for Local Authorities and Police (2018 Edition), which was issued to Committee members in August 2018. The guidance includes 'Self-assessment of good practice' and 'Evaluating the effectiveness of the Audit Committee' tools. These tools deployed in the first quarter of 2019-20 and the results will be reported to the Committee.

- 2.7 The Committee promotes the principles of good governance and their application to decision making. It has challenged, scrutinised, championed its functions and provided oversight in accordance with its Terms of Reference. Examples of where the Committee has added such value during the period are that:
- Norse Care Report, April 2018
  - LiquidLogic/ Social Care System Replacement Implementation Report, April and July 2018
  - Norfolk Pension Fund Governance Arrangements 2017-18, July 2018
  - Great Yarmouth Third River Crossing – Progress Update, July 2018
  - Governance, Control and Risk Management of Treasury Management, July 2018
  - Norfolk County Council's Insurance Cover, January 2019
- 2.8 The Committee has continued to champion and encourage sound risk management in the Council, including how it is reported to members, and to provide member challenge and review for the Corporate Risk Register. The Committee has encouraged discussion of risk at the service committees and the Policy and Resources Committee.
- 2.9 The Committee helps the Council to implement the values of good governance, including effective arrangements for countering fraud and corruption risks. The Committee has received updates on work to counter fraud and corruption and supports the promotion of the Council's zero tolerance to fraud and corruption. The Committee has recommended that fraud awareness online training is mandated for staff.
- 2.10 The Committee is keen to ensure that business resilience, business continuity and emergency planning, including ICT, are well managed.
- 2.11 The Committee has considered reports on the governance of the Norfolk Pension Fund to inform its consideration where they are included in the Council's Annual Statement of Accounts.
- 2.12 The Committee considered the effectiveness of the governance, control and risk management for Treasury Management.
- 2.13 The Committee continues to develop its role and impact through on-going member training and the development of the Committee's work programme.

### **3. Financial Implications**

- 3.1 The Committee's work covers the Council's and Pension Fund's Revenue and Capital Expenditure and their Assets & Liabilities.

## **4. Issues, risks and innovation**

### **4.1. Transition from a Committee to an Executive Leader and Cabinet system of Governance**

4.2. At the January 2019 meeting the Committee asked for a report about how the Audit Committee would fit into the new system of governance.

4.3. Policy and Resources Committee received a report on the transition at its meeting on 25 March 2019. That report presented a final working draft Constitution in readiness for Full Council on 15 April 2019 to adopt from 7 May 2019. The Final Working Draft Constitution is available to download via this link:

<https://www.norfolk.gov.uk/-/media/0D4F6AF7797447BF8F03E72AE64DE242>

4.4. Page 48 of the Final Working Draft sets out the proposed Terms of Reference for the Audit Committee, which are unchanged. Appendix 15 of the Constitution sets out the Financial Regulations and on page 183 Section 3 describes the Governance, Risk Management and Internal Control arrangements and the role of the Audit Committee specifically at 3.1.1. Other member-led bodies that also have a role in Governance and internal control include the County Council, the Corporate Select Committee in any review of the Constitution for approval by full Council and with respect to members, the Standards Committee.

4.5. The Terms of Reference for the Cabinet are set out at page 29 and the Corporate Board at page 177.

### **4.6. Risk implications**

4.7. This report has fully considered any relevant issues arising from the Council's policy and strategy for risk management and any issues identified in the corporate and departmental risk registers.

4.8. The Committee fully supports innovative practice within the overall priorities for robust and efficient internal control, risk management and good governance. The Committee receives and considers reports where new practices are proposed.

4.9. There are no implications with respect to:

- Resource
- Legal
- Equality
- Human Rights
- Environmental
- Health and Safety.

## 5. Background

- 5.1. The Council is required under the Accounts and Audit Regulations (England) 2015 to make provision for internal audit in accordance with “proper practices in relation to internal control”. CIPFA, in collaboration with the Chartered Institute of Internal Auditors (CIIA) have produced the UK Public Sector Internal Audit Standards 2017 (the Standards) which originally came into force on 1 April 2013 and replaced the CIPFA Code of Practice. CIPFA, in collaboration with the CIIA, also published in March 2016 the revised Local Authority Guidance Note (LAGN) for the Standards.
- 5.2. The Audit Committee was established in 2005; it
- reports directly to full Council and
  - has seven members.
- 5.3. As part of good practice and in accordance with its Terms of Reference (part I3), this report summarises the work of the Committee for the period ended March 2019. This report also confirms that the Committee’s function is consistent with best practice, demonstrates the impact of its work and how it adds value.
- 5.4. 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.
- 5.5. Internal Audit helps with this by aiming to deter crime, to increase the likelihood of detection through making crime difficult, to increase the risk of detection and prosecution and to reduce the rewards from crime.

### 5.6. Background papers

There are no specific background papers, other than documents referenced in this report.

## Officer Contact

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

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

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## Appendix A

### Audit Committee Reports

Reports received by the Audit Committee during the period to 1 April 2018 to 31 March 2019.

<b>Report Title</b>	<b>Report By</b>	<b>Meeting date</b>
Norse Care Report	Executive Director of Finance and Commercial Services	April 2018
LiquidLogic/ Social Care System Replacement Implementation Report	Executive Director of Adult Social Care	April 2018
Norfolk Audit Services Report for the Half Year- ended 31 March 2018	Executive Director of Finance & Commercial Services	April 2018
Norfolk audit Services Annual Internal Audit Report 2017-18	Executive Director of Finance & Commercial Services	April 2018
External Auditor's Audit Plan 2017-18	Executive Director of Finance & Commercial Services	April 2018
Risk Management	Executive Director of Finance & Commercial Services	April 2018
Risk Management Annual Report 2017-18	Executive Director of Finance & Commercial Services	April 2018
Internal Audit Terms of Reference and Code of Ethics (incorporating the Interreg VA France Channel England Programme Audit Authority)	Executive Director of Finance & Commercial Services	April 2018
Norfolk Pension Fund Governance Arrangements 2017-18	Executive Director of Finance & Commercial Services & Head of Pensions	July 2018
Norfolk County Council and Norfolk Pension Fund Audit Results Reports – Summary for the year ended 31 March 2018	Executive Director of Finance & Commercial Services	July 2018
Annual Statement of Accounts and Annual Governance Statement 2017-18	Executive Director of Finance & Commercial Services	July 2018
Letters of Representation 2017-18	Executive Director of Finance & Commercial Services	July 2018
Counter Fraud, Bribery and Corruption Audit Committee Annual Report	Executive Director of Finance & Commercial Services	July 2018
Deputy Monitoring Officer's Annual Report 2017-18	Chief Legal Officer	July 2018
Risk Management Report	Executive Director of Finance & Commercial Services	July 2018



Great Yarmouth Third River Crossing – Progress Update	Executive Director of Community & Environmental Services	July 2018
Governance, Control and Risk Management of Treasury Management	Executive Director of Finance & Commercial Services	July 2018
LiquidLogic/ Social Care System Replacement Implementation	Executive Director of Adult Social Services	July 2018
Norfolk Audit Services Report for the Quarter ending 30 June 2018	Executive Director of Finance & Commercial Services	July 2018
Yearly Update of the Audit Committee	Executive Director of Finance & Commercial Services	July 2018
Norfolk Audit Services Report for the Quarter ending 30 September 2018	Executive Director of Finance and Commercial Services	September 2018
Risk Management Report	Executive Director of Finance and Commercial Services	September 2018
External Auditor's Annual Audit Letter 2017-18	Executive Director of Finance and Commercial Services	September 2018
Revised Internal Audit Plan 2018-19	Executive Director of Finance and Commercial Services	September 2018
Norfolk Audit Services Report for the Quarter ending 31 December 2018	Executive Director of Finance and Commercial Services	January 2019
External Auditors Plan of Work	Executive Director of Finance and Commercial Services	January 2019
Counter Fraud, Bribery & Corruption (and Whistleblowing) Audit Committee Progress Report	Chief Legal Officer	January 2019
Audit Committee Terms of Reference	Executive Director of Finance and Commercial Services	January 2019
Internal Audit Strategy, Our Approach and the Audit Plan 2019-20	Executive Director of Finance and Commercial Services	January 2019
Internal Audit Terms of Reference and Code of Ethics (incorporating the Interreg VA France Channel England Programme Audit Authority)	Executive Director of Finance and Commercial Services	January 2019
Risk Management	Executive Director of Finance and Commercial Services	January 2019
Norfolk County Council's Insurance Cover	Executive Director of Finance and Commercial Services	January 2019

# Audit Committee

Item No.....

<b>Report title:</b>	<b>Work Programme</b>
<b>Date of meeting:</b>	<b>18 April 2019</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director, Finance and Commercial Services</b>
<b>Strategic impact</b>  <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>In accordance with its Terms of Reference the Committee should consider the programme of work set out below.</p>	

<b>July 2019</b>	
NAS Quarterly Report Quarter ended 30 June 2019	Executive Director, Finance and Commercial Services
Anti-Fraud and Corruption and Whistleblowing Update	Chief Legal Officer
Audit Committee Work Programme	Executive Director, Finance and Commercial Services
Annual Governance Statement 2018-19 for Approval	Executive Director, Finance and Commercial Services
Statement of Accounts 2018-19 for Approval	Executive Director, Finance and Commercial Services
Letter of Representation for Statement of Accounts 2018-19, Audit Results Report 2018-19	Executive Director, Finance and Commercial Services
Risk of Failure in the Care Market Presentation	Executive Director of Adult Social Services
Risk Management Report	Executive Director of Finance and Commercial Services

<b>September 2019</b>	
NAS Quarterly Report Quarter ended 30 September 2019	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 Plan for the second half of 2018-19	Executive Director, Finance and Commercial Services

<b>January 2020</b>	
NAS Quarterly Report Quarter ended 30 September 2019 (including the approach to the Annual Review of the Effectiveness of the System of Internal Audit)	Executive Director of Finance and Commercial Services
Review of NAS Terms of Reference, Code of Ethics and Strategy	Executive Director of Finance and Commercial Services
Internal Audit Strategy, Approach, Strategic Plan 2017-2020 and Internal Audit Plan for 2020-21	Executive Director of Finance and Commercial Services
Audit Committee Terms of Reference	Executive Director of Finance and Commercial Services
Anti-Fraud and Corruption Update	Chief Legal Officer

## Officer Contact

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

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