

Audit Committee

Date: **Thursday 30 January 2020**
Time: **2pm**
Venue: **Edwards Room, County Hall, Norwich**

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

Membership:

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

Cllr Steffan Aquarone
Cllr Colin Foulger
Cllr Chris Jones
Cllr Haydn Thirtle
Cllr Karen Vincent

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 Minutes

To confirm the minutes of the meeting held on 24 October 2019.

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3 Members to Declare any Interests

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

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

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

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

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

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

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

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

5 Norfolk Audit Services Report for the Quarter ending 31 December 2019 (including the approach to the Annual Review of the Effectiveness of the System of Internal Audit)

Report by the Executive Director of Finance & Commercial Services.

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6 Risk Management.

Report by the Executive Director of Finance and Commercial Services

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9	Internal Audit Strategy, Approach, Strategic Plan 2019-2022 and Internal Audit Plan for 2020-21. Report by the Executive Director of Finance & Commercial Services	Page 73
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11	Norfolk County Council’s Insurance Cover Report by the Executive Director of Finance & Commercial Services	Page 132
12	Work Programme Report by the Executive Director of Finance & Commercial Services	Page 143

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Date Agenda Published: 22 January 2020



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Audit Committee

Minutes of the Meeting held on Thursday 24 October 2019 at 2pm in the Edwards Room, County Hall, Norwich

Present:

Cllr Ian Mackie – Chairman
Cllr Stefan Aquarone
Cllr Chris Jones
Cllr Bev Spratt
Cllr Haydn Thirtle
Cllr Karen Vincent

1 Apologies for Absence

- 1.1 Apologies were received from Cllr Judy Oliver (Cllr Bev Spratt substituted).

2 Minutes

- 2.1 The minutes from the Audit Committee meeting held on 29 July 2019 were agreed as an accurate record and signed by the Chairman.

3 Declaration of Interests

Cllr Karen Vincent declared an other interest as she was a Member of the Norfolk Pension Fund.

Cllr Haydn Thirtle declared an interest in agenda item 8 (Addressing Risks in the Care Market) as he had privately funded his mother's care in a care home for the last 7 years.

4 Items of Urgent Business

- 4.1 There were no items of urgent business.

5 External Auditor's Annual Audit Letter and Audit Certificate 2018-19.

- 5.1 The Committee received the report by the Executive Director of Finance & Commercial Services introducing the External Auditor's Annual Audit Letter and Certificate 2018-19. The documents were required to be provided by Ernst & Young to the Audit Committee of the audited client following completion of audit procedures for the year ended 31 March 2019. The report complemented the External Auditor's Annual Results Report for 2018-19 reported to Audit Committee in July 2019.
- 5.2 In introducing the report, the Executive Director of Finance & Commercial Services stated that the report provided assurance to the Committee and fulfilled the relevant terms of reference by formalising the unqualified audit opinion.

5.3 The Audit Committee placed on record its thanks to the Finance and Audit teams in the excellent result of achieving the Unqualified audit opinion.

5.4 The Committee considered and **noted** the External Auditor's Letter and Certificate for 2018-19.

6 Norfolk Audit Services Report for the Quarter ending 30 September 2019.

6.1 The Committee received the report by the Executive Director of Finance and Commercial Services supporting the remit of the Audit Committee in providing proactive leadership and direction on audit governance and risk management issues. The report updated the Committee on the progress with the delivery of the internal audit work and advised on the overall opinion on the effectiveness of risk management and internal control by setting out the work to support the opinion and other matters of note.

6.2 In response to a question about how the schools audit offer was promoted, the Principal Client Manager informed the Committee that a second reminder letter to those schools who had not had a traded audit in the last 8, 9 and 10 years was sent in June 2019 and a management information (MI) sheet explaining the process was sent to schools in March 2019. Over 30 schools had not booked a traded audit in response to the last reminder letter. As no response had been received, the next letter sent would inform those schools that a traded audit had been booked for them in 2020/21 as per the MI sheet and those schools would be notified to the Executive Director of Children's Services, the Executive Director of Finance & Commercial Services and the Chairman of the Audit Committee. The Chairman of the Audit Committee endorsed this action.

6.3 Norfolk Audit Services carried out an audit at Local Authority maintained schools only. To date no academy schools had contracted Norfolk Audit Services to carry out an audit.

6.4 In response to a question about the capacity of the Internal Audit Team following the resignation of an Auditor in May 2019, the Executive Director for Finance & Commercial Services reassured the Committee that there were no budgetary constraints in recruiting to the post. There was a national difficulty in recruiting auditors and the team was currently exploring other options for recruitment, for example offering the post as an apprenticeship and training locally. An external contractor (BDO) held a contract with the County Council to carry out audits on behalf of Norfolk Audit Services when needed.

6.5 The Principal Client Manager would include a written update as to the key issues found during audits when the overall opinion was either rated Key Issues – red or Key Issues – Amber in the quarterly update report going forward in response to a member request.

6.6 The Norfolk Audit Services Dashboard Audit Plan 2019/20 was not a fixed plan and could change to include newer priorities as they arose.

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

- **Agree** the key messages featured in the quarterly report.

7 Risk Management

- 7.1 The Committee received the report by the Executive Director of Finance & Commercial Services which referenced the corporate risk register as at October 2019, following the latest review conducted during August and early September 2019. Risk management was reported separately to the performance and finance report, but was aligned with and complemented, the performance and financial reporting.
- 7.2 The following points were noted in response to questions from the Committee:
- 7.2.1 Regarding the new risk (RM026 – Legal challenge to procurement exercise), the Head of Procurement had asked that the risk be included on the risk register to help address risks around legal challenges by organisations that had tendered for a contract and been unsuccessful. The Executive Director of Finance & Commercial Services added that there was a need to ensure policies and procedures were in place to allow the authority to refute any challenges to the tendering process. The risk applied to the procurement of goods and services only.
- 7.2.2 Regarding Risk RM006 (The potential risk of failure to deliver our services within the resources available for the period 2018/19 to the end of 2020/21), the Executive Director of Finance & Commercial Services said that, although finances remained a challenge, the recently announced spending review and the proposed increase in council tax would help the Council to meet the target. He added that tasks to mitigate the risk were in place.
- 7.2.3 The public consultation on the budget for 2020/21 was now available and was being carried out in line with statute.
- 7.2.4 Regarding Risk RM023 (Lack of clarity on sustainable long-term funding approach for adult social services at a time of increasing demographic pressures and growing complexity of need), tasks had been planned to mitigate the risk for it to meet its target date of March 2020. The Executive Director of Finance & Commercial Services stated that Members had the ability to flex the budget to decide where local funding was spent and the raising of the council tax precept by 2% would help mitigate the risk.
- 7.2.5 The Risk Manager would provide a written response about whether, or how many, cyber attacks had been successful in the reporting period, together with information about any services which may have suffered any disruption and the recovery timescales. (Risk RM010 (The risk of the loss of key ICT systems including – internet connection; telephony; communications with cloud-provided services; or windows and Solaris hosting platforms)).
- 7.2.6 Regarding Risk RM027 (Risk of failure of new Human Resources and Finance system implementation), at the request of the Chairman of the Corporate Select Committee, the Risk Manager would include in the progress update that the Corporate Select Committee had attended a workshop on the project implementation plan which had been well received.
- 7.3 The Committee considered the report and **RESOLVED** to:

- a) **Agree** that there continued to be an effective governance structure in place to manage corporate risks under the adopted Cabinet system.
- b) **Note** the changes to the corporate risk register for information.
- c) **Note** the refreshed corporate risks.
- d) **Note** the scrutiny options for managing corporate risks.
- e) **Note** the heat map of corporate risks.
- f) **Note** the background information to the report.

8 Addressing Risks in the Norfolk Care Market

- 8.1 The Committee received the report by the Executive Director of Adult Social Services outlining the key risks and governance arrangements in place to ensure the appropriate management of the risks of market failure in the Norfolk Care Market. The risks were managed at a departmental level, overseen by the Executive Director and the report concluded that the current governance arrangements were robust and the mitigation actions were appropriately monitored and reviewed.
- 8.2 The Committee welcomed Lucy Hohnen (Assistant Director Workforce, Markets & Brokerage, Adults Social Services) and Tim Weller (Quality Assurance Business Partner, Adult Social Services) to the meeting, who presented the report and answered questions from the Committee.
- 8.3 In response to questions from the Committee, the following points were noted:
 - 8.3.1 The Assistant Director Workforce, Markets & Brokerage, Adult Social Services reassured the Committee that, under the recent restructuring within Adult Social Services, the department had made market development a strong priority, giving more focus on strengthening assurance which led to a much clearer offer for providers.

A suggestion made about supporting care home staff if they wished to take on a cooperative to run small care homes could be pursued if there was an appetite for it.
 - 8.3.2 The closure of the Austhorpe House Nursing Home was recognised as a loss to the community, but the decision had been made by the providers outside the control of Norfolk County Council. One of the reasons given for the closure was the difficulty in recruiting nursing staff and this was recognised as a national problem. By the time Norfolk County Council had been informed of the potential closure, the provider had already made their decision.
 - 8.3.3 The Quality Assurance Business Partner, Adult Social Services advised that the Care Quality Commission (CQC) was the statutory regulator of health and social care provision in England. The regulator worked closely with the Council under a nationally established Joint Working Protocol (adopted February 2019). The Audit Committee was reassured that the Council's Quality Assurance Team offered support to any commissioned care service found to be failing to meet standards to promote improvement in quality of provision.
 - 8.3.4 It was confirmed that 26% of all registered nurses who worked in care homes were from the EU.

- 8.4 The Chairman thanked the Assistant Director Workforce, Markets & Brokerage, Adults Social Services and the Quality Assurance Business Partner, Adult Social Services for attending.
- 8.5 The Committee considered the report and **RESOLVED** to:
- **Agree** the governance arrangements in place to manage the operational and strategic risks of market failure in the Norfolk Care Market, including from a quality assurance perspective are adequate and effective.
 - **Note** the existing and emerging key risk areas highlighted at the June 2019 risk workshop on the Norfolk Care Market.
- 9 Norfolk Audit Services – Report for the second half of the year Internal Audit Plan 2019-20.**
- 9.1 The Committee received the report by the Executive Director of Finance and Commercial Services detailing the revised Audit Plan (titled ‘The 2nd Half of the Year Internal Audit Plan 2019-20) for approval by the Committee.
- 9.2 The Committee considered the report and **RESOLVED** to **approve**:
- The 2nd Half of the Year Internal Audit Plan 2019-20.
- 10 Counter-Fraud, Bribery and Corruption Progress Report.**
- 10.1 The Committee received the report by the Executive Director of Finance and Commercial Services providing an update in respect of the ongoing counter fraud activity undertaken by Norfolk Audit Services during the current financial year.
- 10.2 The following points were noted in response to questions from the Committee:
- 10.2.1 Processes had been established and adopted which had made it safer for anyone to blow the whistle on an unsafe practice in the workplace. Leaflets had been introduced signposting a safe route for individuals, together with details of who they could contact.
- 10.2.2 The Counter-Fraud, Bribery and Corruption Annual Report would include headline statistics about whistleblowing, although it was recognised that these details needed to remain anonymous in order to protect the individuals concerned. The statistics would also include workers contracted to Norfolk County Council such as temporary agency staff, etc.
- 10.2.3 The Committee congratulated the Investigative Auditor for the work he had carried out since he joined the County Council and asked if the 90% of work carried out focusing on counter-fraud was a fair reflection of the division of work undertaken. The Investigative Auditor confirmed this and highlighted that there had been no instances reported relating to the Bribery Act during the reporting period.
- 10.2.4 The Fraud, Bribery and Corruption e-learning for office-based staff would be live by the end of 2019. The e-learning would be mandatory for all new staff, then would be undertaken on a three-yearly programme after that.

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

- **Agree** that the content of the Anti-Fraud, Bribery and Corruption and Whistleblowing progress report (Appendix A), the key messages, that the progress is satisfactory and arrangements were effective.

11 Work Programme

11.1 The Committee received the report by the Executive Director of Finance and Commercial Services setting out the work programme.

11.2 In response to a question about the recent letters sent by the school admissions team to bereaved families about ensuring their child was enrolled at a school, the Chairman advised that the Leader had formally responded to the parents concerned and an investigation carried out by the Chief Internal Auditor. An action plan following the investigation had been produced and the Audit Committee would receive an update at a future meeting.

11.3 The Committee considered and **noted** the report.

The meeting ended at 3.15 pm

Chairman



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Audit Committee

Item No. 5

Decision Making Report title:	Norfolk Audit Services Report for the Quarter ending 31 December 2019 (including the approach to the Annual Review of the Effectiveness of the System of Internal Audit)
Date of meeting:	30 January 2020
Responsible Cabinet Member:	Not applicable
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services
Is this a key decision?	No
<p>Executive Summary</p> <p>The Section 151 Officer has a duty to ensure there is proper stewardship of public funds and that relevant regulations are complied with.</p> <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 Constitution.</p> <p>The Council has an approved Business Plan, 'Together for Norfolk' setting out a clear set of priorities. Internal Audit's work will contribute to these new priorities through the activity set out in supporting Service Plans.</p> <p>Recommendation</p> <ul style="list-style-type: none"> • To consider and agree the key messages featured in this quarterly report, that the work and assurance meet their requirements and advise if further information is required • Confirm the continuation of a self-review approach of Public Sector Internal Auditing Standards (PSIAS) until the next external quality assessment in 2022. 	

1. Background and Purpose

- 1.1 The Council must undertake sufficient internal audit coverage to comply with the Accounts and Audit Regulations (England) 2015. The allocation of audit time was based on a risk assessment and this is continuously reviewed throughout the year.
- 1.2 This report supports the remit of the Audit Committee in providing proactive leadership and direction on audit governance and risk management issues. The purpose of this report is to update the Audit Committee on the progress with the delivery of the internal audit work and to advise on the overall opinion on the effectiveness of risk management and internal control. The report sets out the work to support the opinion and any matters of note.

2. Proposals

2.1 The Audit Committee are recommended to consider and agree:

- the key messages below
- that the work and assurance meet their requirements and advise if further information is required
- Self-review against the PSIAS is proposed until the next external review is due.

2.2 The key messages are that: -

- This quarterly NAS report confirms that the overall opinion on internal controls and risk management remains acceptable.

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

Quarter 3 final reports are shown at Appendix A. The Audit Plan's coverage of categories of risk are illustrated in a chart at Appendix B along with our NAS Performance Dashboard. Technical notes are at Appendix C for reference

The NAS Performance Dashboard chart 4 in Appendix B shows the opinions we have provided so far in 2019/20 for the 13 finalised reports for opinion audit work. Chart 6 shows the opinions provided for the 11 finalised traded school audits.

- Overall, the delivery of the audits for the 2019-20 Audit Plan is on track to enable us to provide an overall annual opinion on internal controls. Targets have also now been set for the full year (reports drafted – 9, reports finalised - 15 and WIP - 7) for 2019/20 opinion work.
- The progress with resolving the three corporate High Priority findings is acceptable.
- There is satisfactory progress of the Audit Authority work for the France Channel England Interreg Programme.
- The required grant certifications for the third quarter for 2019/20 have been completed. In total 23 grants certifications have been completed in quarters 1-3 in 2019/20.
- The completion of traded school audits has progressed in quarter 3. Eleven traded school audits have now been completed to final report stage in quarters 1-3 in 2019-20. Two others are at draft report stage and are in the process of being finalised. In total 32 traded audits will be completed this year.
- Quarter 3 final reports are shown at **Appendix A**. The Audit Plan's coverage of categories of risk are illustrated in a chart at **Appendix B** along with our NAS Performance Dashboard. Technical notes are at **Appendix C** for reference.

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

3. Impact of the Proposal

- 3.1 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. The responsibilities for Internal Audit are set out in the Financial Regulations which are part of the Council's Constitution. Internal Audit follows appropriate standards (the PSIAS).
- 3.2 A sound internal audit function helps ensure that there is an independent examination, evaluation and reporting of an opinion on the adequacy and effectiveness of internal control and risk management as a contribution to the proper, economic, efficient and effective use of resources and the delivery of the County Council's Strategic Ambitions and core role as set out in the County Council's Business plan, 'Together for Norfolk'.
- 3.3 The internal audit plan will be delivered within the agreed NAS resources and budget. Individual audit topics may change in year which will result in the higher risk areas being included in the plan to inform the annual audit opinion.
- 3.4 As a result of the delivery of the internal audit plan and audit topic coverage, the Committee, Executive Directors, Senior Officers and Managers will have assurance through our audit conclusions and findings that internal controls, governance and risk management arrangements are working effectively or there are plans in place to strengthen controls.

4. Evidence and Reasons for Decision

- 4.1. Not applicable.

5. Alternative Options

- 5.1. There are no alternative options.

6. Financial Implications

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

7. Resource Implications

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

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

7.3. **IT:**
There are no IT implications

8. Other Implications

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

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

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

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

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

8.6. **Any other implications**
There are no other implications

9. Risk Implications/Assessment

9.1. Not applicable

10. Select Committee comments

10.1. Not applicable

11. Recommendation

11.1. See Action Required in the Executive Summary above.

12. Background Papers

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

Officer Contact

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

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Norfolk Audit Services

Final Reports Issued in the Quarter ending 31 December 2019

NOTE: This report is for audits completed to the 31 December 2019. Any audits completed up to the January Audit Committee will be reported verbally at the meeting.

Final Reports: - Quarter 3 2019-20

2019/20 Audit Plan: -

Opinion Work

1. Capital Schools Programme – Acceptable
2. Refurbishment of the Lower Ground Floor and Basement – Acceptable
3. IT System Access – Acceptable
4. IT Asset Inventory and Disposal – Acceptable

No further details have been provided for the above final reports as these all have an overall opinion of 'acceptable'.

5. **Contract Management and Monitoring in the Non-Maintained Independent Sector** (Key Issues – Red)

Audit objective: - To provide assurance that the contract management of providers in the independent and non-maintained sector is appropriate and effective and is being carried out in accordance Children's Services Quality Assurance Framework for this sector and in line with the relevant aspects of the NAO's Good Practice Contract Management Framework, December 2016

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

- a) The Quality Assurance Framework should be reviewed and updated.
- b) Providers should have fully signed contracts in place.
- c) Reports presented to and the role of the Information to the Independent Schools Management Group (ISMG) should be reviewed.
- d) Annual data returns from providers should be checked to supporting evidence.

The two final reports below were detailed in the last quarter's report and for completeness, a summary informing the reasons for the amber and red overall opinions are detailed below.

6. **Transforming Care Programme** (Key Issues – Red)

Audit Objective: - To provide assurance that the local protocol for admissions and discharges is being adhered to and that the transition from an inpatient setting to a community one is planned to ensure a successful outcome.

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

- a) A formal finance protocol should be finalised between the County Council and the CCGs for the responsibility of the cost of the health and social care costs when inpatients are discharged into a community setting.
- b) Data quality on the LAS, Controcc and other documents used should be improved by providing conclusions on the reasons for delays in admissions and discharges.
- c) Policies and procedures should be developed for the admissions and discharge processes as well as the process for the creation of a financial recharge to the CCGs.
- d) The 'Risk of Admissions Register' (RoAR) should be updated and cover provided for the NHS Commissioner who manages the RoAR.
- e) Consent should be given by individuals to be on the RoAR.

7. Governance of Communities and Environmental Grants (Key Issues – Amber)

Audit objectives: -

- a) To provide assurance that the grant funded projects have clear agreed milestones which are achieved and reported to the funding body and the County Council.
- b) To ensure there are effective and proportionate governance arrangements for projects and full reporting to the appropriate committee.
- c) To ensure financial risk is assessed prior to funding applications and during the project, once funding has been agreed, including the effect of expenditure claims deemed as ineligible.
- d) To ensure there is a clear and agreed prioritisation process is in place for creating a list of projects which are then selected for funding applications. NCC match funding and financial risk to the County Council should determine the prioritisation.

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

- a) Risk registers should be in place for all projects and regularly reviewed.
- b) Clear expectations should be set by Communities and Environmental Services (CES) as to what governance and controls are required to be in place in respect of all CES projects. Up to date project management guidance should also be put in place.
- c) For two non-HLF grant projects reviewed, the reporting for these grant projects within CES should be clearly defined. Processes should be put in place to alert Senior Management Teams or the Environmental Senior Officers Group to any non-reporting of grant projects.

Management letters

1. Thematic Audit – Recruitment Checks – no overall assurance opinion provided. No significant issues were found.
2. Repton Property Development Ltd – the audit's main focus was on reviewing the adequacy and effectiveness of the governance arrangements in place, using the Corporate Governance Guidance and Principles for Unlisted Companies in the UK, in which there are detailed eight corporate governance principles applicable to all unlisted companies.

The main findings were that controls needed strengthening for two of the eight principles and nine improvements were recommended.

Other Work

1. Sheringham Primary National Teaching School – DfE Emergency Funding through the Strategic School Improvement Fund- Grant Funding Assurance Work (This was a limited assurance engagement in respect of the School's Annual Report of Expenditure)

School Traded Audits

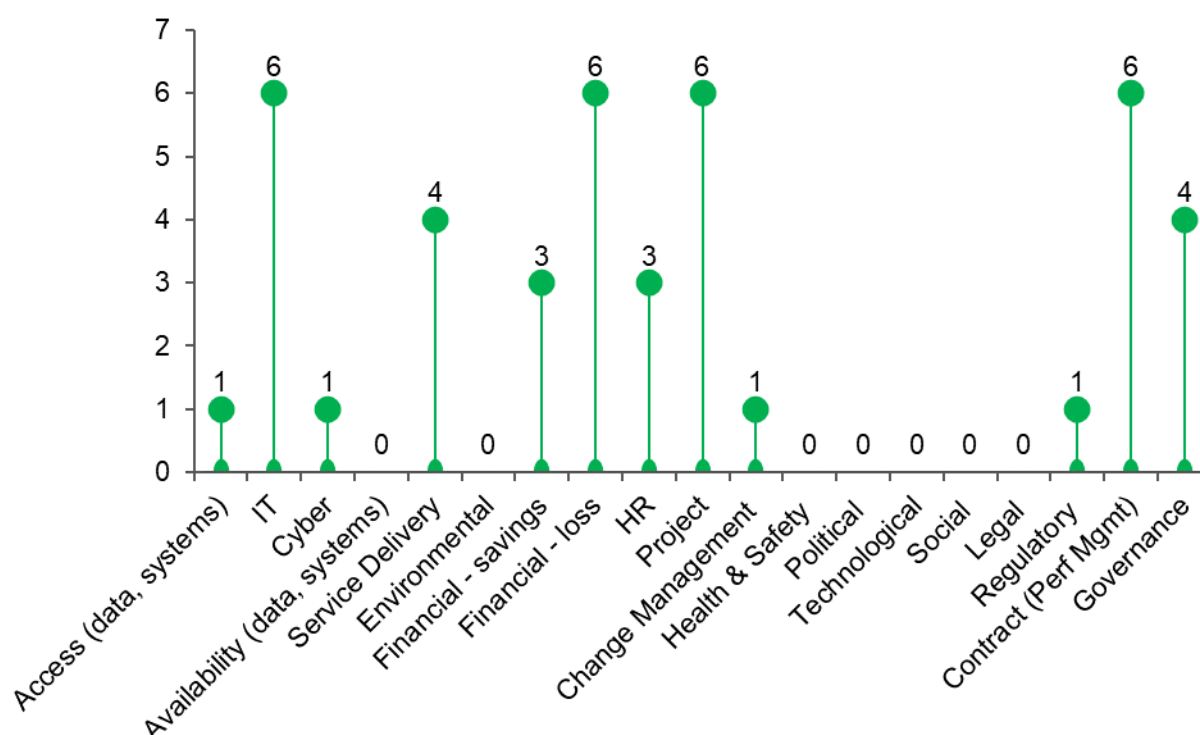
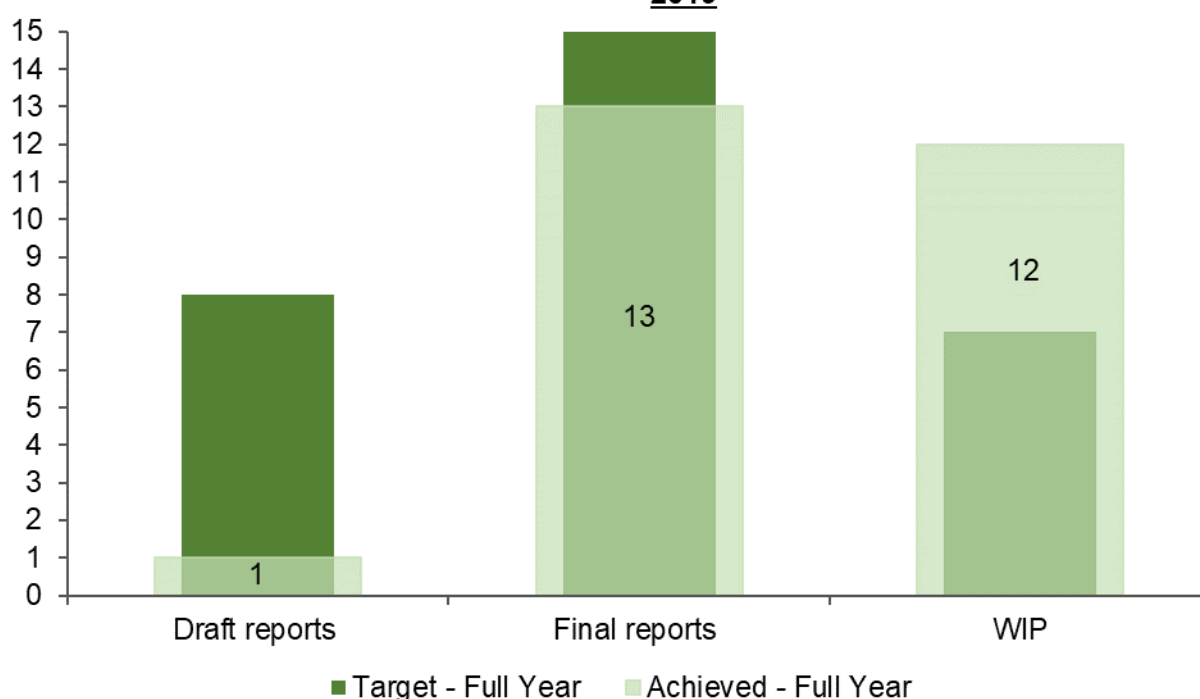
1. Garboldisham Primary School – Key Issues – Amber
2. Frettenham Primary (Harnser Federation) – Acceptable
3. Hunstanton Primary School – Acceptable
4. Avenue Junior School - Acceptable
5. Recreation Road Infant School – Key Issues – Amber
6. Windmill Federation – Key Issues - Amber

Grants Certified

2. Norse (P/e 30 September 2019)
3. Family Focus (P/e 31 December 2019)
4. EU SAIL (P/e 30 September 2019)
5. EU Endure (P/e 30 September 2019)

Norfolk Pension Fund

1. Deferred Benefits – Acceptable
2. Asset Transition Process - Acceptable

NAS Dashboard**1. Audit Plan 2019/20 - coverage by risk category****2. Progress with the status of 2019/20 opinion work as at 31 December 2019**

Note: Four audits have not commenced yet.

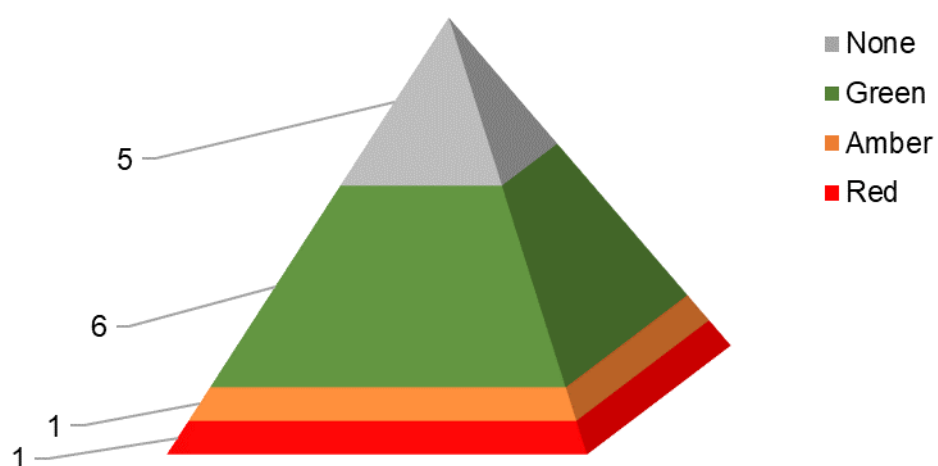
The Audit Plan approved in January 2019 contained 35 audits. Seven more were subsequently added as the new audit year commenced. At the second half of the year refresh, ten audits were not required and were removed, and three new audits were added. A further ten audits have subsequently been removed at the planning stage and a further six audits added to make a final total of 31 audits for the year as at 31 December 2019.

3. Progress with the status of School traded audits completed and grants certified as at 31 December 2019



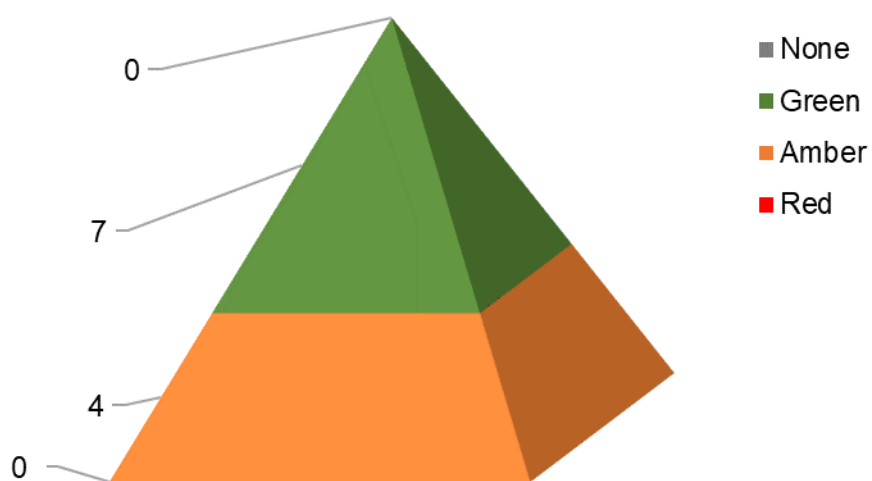
Note: 32 full traded audits are scheduled for 2019/20.

4. Opinions provided in opinion audit work finalised reports by number and type as at 31 December 2019



Note: None refers to Management Letters where no overall assurance opinion is provided.

5. Opinions provided in Full Traded School final audit reports by number and type as at 31 December 2019



Note: Two of the 13 traded audits completed are still being finalised and are not included in the above chart.

Technical Notes

Work to support the opinion

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

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

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

Audits of Note

No audits of note were completed during the period.

Corporate High Priority Findings

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

Whistleblowing, investigations and Anti-Fraud and Corruption

See separate reports elsewhere on this agenda for detail.

France (Channel) England (FCE) Update

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

Audit Committee

Item 6

Decision making report title:	Risk Management
Date of meeting:	30th January 2020
Responsible Cabinet Member:	N/A
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services
Is this a key decision?	No

Executive Summary

The Committee's Terms of reference include to:

- Provide proactive leadership and direction on risk management governance issues and champion risk management throughout the council
- Consider the effectiveness of the system of risk management arrangements
- Consider an annual report and quarterly reports with respect to risk management including, an opinion on the adequacy and effectiveness of the Council's risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary
- Receive assurances that action is being taken on risks identified by both internal and external auditors and other inspectors.

This report references the corporate risk register as it stands in January 2020, following the latest review conducted during December 2019.

The corporate risk register was last reported to Cabinet in January 2020 as part of the Risk Management report. The corporate risks (including one escalated risk from departmental level) have been reported to Cabinet, and a summary of significant changes to corporate risks since they were last reported to this Committee has been included in **Appendix A** for information purposes. The latest corporate risk heat map is included in **Appendix B**, showing the corporate risk spectrum and movements since the last report to this Committee in October 2019. Full details of current corporate risks are included in **Appendix C**.

Recommendations

To note;

- a. The key changes to the corporate risk register (**Appendix A**),
- b. The corporate risk heat map (**Appendix B**)
- c. The latest corporate risks (**Appendix C**);
- d. The scrutiny options for managing corporate risks, (**Appendix D**);
- e. The background information to the report (**Appendix E**).

1. Background and Purpose

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

2. Proposals

- 2.1. The key corporate risk messages are as follows:
 - That corporate risk management continues to be sound and effective, working to best practice.
 - The review of the corporate risks has taken place with risk reviewers, owners, and Corporate Board as a group, before being presented to Cabinet. All aspects of the corporate risks including the risk title, scoring, mitigations, progress, and target dates have been reviewed, and updated as necessary. There are some target dates that have been amended to a later date to reflect the current assessment of the timeframe required to achieve the target score by.
 - The Risk Management Policy and accompanying procedures have been updated to reflect the Cabinet model of governance. The refreshed Risk Management Policy and procedures are being promoted around the Council through training sessions delivered by the Risk Management Officer and referred to support responses to ad hoc. queries.

- The corporate risks have been reviewed to ensure that they continue to align with the Council's business plan Together for Norfolk. Key changes to the latest corporate risk register since last report in September 2019 are shown at **Appendix A**, and corporate risk score movement is shown at **Appendix B** on the heat map. The corporate risks are presented at **Appendix C**.
- The Institute of Internal Auditors (IIA) recently published an [OnRisk 2020 report](#), outlining key corporate level risks likely to affect organisations in 2020 and beyond. In mapping this across to the Council's corporate risks, there is a very strong correlation between the risks identified in the IIA report, and the corporate risks that we are already managing.

3. Impact of the Proposal

- 3.1. Risk management plays a key role in managing performance and is a requirement in the Accounts and Audit Regulations 2015. Sound risk management helps ensure that objectives are fulfilled, that resources and assets are protected and used effectively and efficiently. The responsibilities for risk management are set out in the Financial Regulations, which are part of the Council's Constitution.

4. Evidence and Reasons for Decision

- 4.1. Not applicable as no decision is being taken.

5. Alternative Options

- 5.1. There are no alternatives identified.

6. Financial Implications

- 6.1. There are financial implications to consider, which are set out within the risks at **Appendix C**. Whilst all corporate risks will have varying degrees of financial implication associated with them, the key finance based risks are RM002, RM006, RM023, and RM031.

7. Resource Implications

- 7.1. **Staff:** There are no specific staffing resource implications to consider within this report, other than reported as part of risk **RM029 - NCC may not have the employees (or a sufficient number of employees) with critical skills that**

will be required for the organisation to operate effectively in the next 2-5 years and longer term.

- 7.2. **Property:** There are no major property risk implications to consider within this report.
- 7.3. **IT:** There are no specific major IT risk implications to consider within this report other than as part of **RM010 - The risk of the loss of key ICT systems including: internet connection; telephony; communications with cloud-provided services; or the Windows and Solaris hosting platforms.**

8. Other Implications

8.1. Legal Implications

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

8.2. Human Rights implications

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

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

None applicable.

8.4. Health and Safety implications (where appropriate)

There are no specific health and safety implications to consider within this report other than as part of risk **RM028 - Risk of any failure to monitor and manage health and safety standards of third-party providers of services.** Health, safety and wellbeing is reported as part of the Health, Safety and Wellbeing report.

8.5. Sustainability implications (where appropriate)

There are no specific sustainability implications to consider within this report. Any sustainability risks identified as part of the Council's recently launched [Environmental Policy](#) (page 58) will be recorded and reported appropriately.

8.6. Any other implications

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

9. Risk Implications/Assessment

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

10. Select Committee comments

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

11. Recommendations

- 11.1. **To note;**
- a. The key changes to the corporate risk register (**Appendix A**),
 - b. The corporate risk heat map (**Appendix B**)
 - c. The latest corporate risks (**Appendix C**);
 - d. The scrutiny options for managing corporate risks, (**Appendix D**);
 - e. The background information to the report (**Appendix E**).

12. Background Papers

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

Officer Contact

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Key Changes to Corporate Risks

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

Risk Number	Risk Score Change	Risk title Change	Risk Description Change	Mitigations Change	Risk Owner Change	New Corporate Risk
RM001						
RM002						
RM003	✓					
RM004						
RM006					✓	
RM007		✓			✓	
RM010	✓					
RM013						
RM016						
RM022						
RM023	✓					
RM024						
RM026						
RM027						
RM028	✓					
RM029						
RM030						
RM031						✓

Risk Score Changes

There are four risks to report score changes for;

1. RM003 - Potential for failure to comply with information compliance and information security requirements

Following re-assessment of the current impact score (increased from 3 to 4), the overall current score has been increased from 9 to 12.

2. 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 current score has been lowered from 6 to 3 to reflect the steady progress mitigating the risks of IMT failure, and in running exercises to rehearse what would need to happen in the event of a failure. It also reflects the progress made with the new data centre which is now operational.

3. RM023 - Failure to respond to changes to demography, funding, and government policy, with particular regard to Adults Services

Following re-assessment of the current likelihood score (increased from 4 to 5), the overall current score has been increased from 20 to 25.

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

The current score has been lowered from 20 to 15 (likelihood lowered from 4 to 3) to reflect departments improving their monitoring of service providers including health and safety.

Amended Risk Titles

RM007

From: **Risk of poor data quality leading to poor decisions being made affecting outcomes for Norfolk citizens.**

To: **Risk of inadequate data quality resulting from poor data governance, leading to poor decisions being made affecting outcomes for Norfolk citizens.**

This further clarifies the cause and effect of the risk, highlighting the data governance element of this risk.

Risk Level Changes

There is one risk which is to be managed at department rather than at corporate level;

RM025 - Potential change of governance in the Fire and Rescue Service

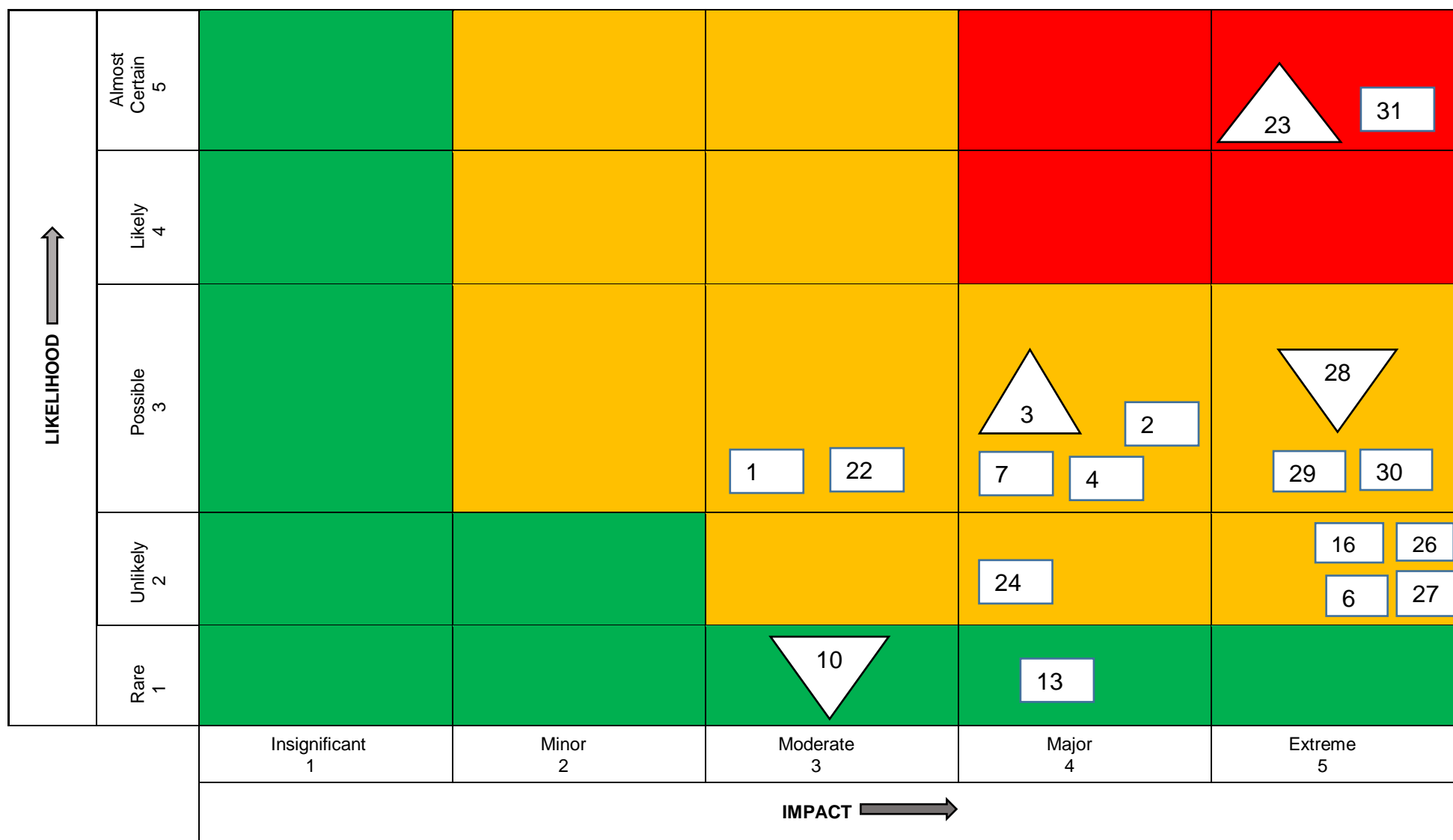
This reflects the reduced likelihood of a change of governance in the Fire and Rescue Service.

There is one risk which has been escalated from departmental to corporate level;

RM031 – NCC Funded Children’s Services Overspend

Given the current risk likelihood, and potential financial impact levels elsewhere within the Council, this risk has been escalated via Corporate Board from departmental to corporate level, as it meets the corporate risk criteria.

Corporate Strategic Risks - Heat Map

**Key**

= Risk score increase



= no score change



= risk score decrease

No.	Risk description	No.	Risk Description
1	Realising infrastructure funding requirements to achieve the infrastructure ambition of the Business Plan.	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.
2	The potential risk of failure to manage significant reductions in local and national income streams.	16	Failure to adequately prepare for and respond to a major disruption to Norfolk County Council services.
3	Potential for failure to comply with information compliance and information security requirements.	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').
4	The potential risk of failure to deliver effective and robust contract management for commissioned services.	23	Lack of clarity on sustainable long-term funding approach for adult social services at a time of increasing demographic pressures and growing complexity of need.
6	The potential risk of failure to deliver our services within the resources available for the period 2018/19 to the end of 2020/21.	24	Failure to construct and deliver the Great Yarmouth 3rd River Crossing (3RC) within agreed budget (£121m), and to agreed timescales (construction to be completed early 2023).
7	Risk of inadequate data quality resulting from poor data governance, leading to poor decisions being made affecting outcomes for Norfolk citizens.	26	Legal challenge to procurement exercise.
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.	27	Risk of failure of new Human Resources and Finance system implementation.
		28	Risk of failure to monitor and manage health and safety standards of third party providers of services.
		29	NCC may not have the employees (or a sufficient number of employees) with critical skills that will be required for the organisation to operate effectively in the next 2-5 years and longer term.
		30	Realisation of Children's Services Transformation change and expected benefits.
		31	NCC Funded Children's Services Overspend

Risk Number	RM001					Date of update		13th January 2020		
Risk Name	Realising infrastructure funding requirements to achieve the infrastructure ambition of the Business Plan									
Portfolio lead	Cllr. Martin Wilby					Risk Owner		Tom McCabe		
Risk Description					Date entered on risk register			03 June 2019		
1) Not securing sufficient funding to deliver all the required infrastructure for existing needs and planned growth leading to: • Congestion, delay and unreliable journey times on the transport network • A lack of the essential facilities that create attractive conditions for business activity and investment, and sustainable communities, including good connectivity, public transport, walking and cycling routes, open space and green infrastructure, and funding for the infrastructure necessary to enable the county council to perform its statutory responsibilities, eg education. Overall risk treatment: Treat										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	3	3	9	3	2	6	Mar-20	Amber
Tasks to mitigate the risk										
1.1) Work with other county council officers and partners including government, local enterprise partnerships and district councils to compile evidence and the case for investment into infrastructure in order to achieve success through bidding rounds for capital investment. 1.2) Identify and secure funding including Pooled Business Rates (PBR) to develop projects to a point where successful bids can be made for funding through compiling evidence and cases for investment. 1.3) Engage with providers of national infrastructure – Highways England for strategic (trunk) roads and Network Rail for rail delivery – to ensure timely delivery of infrastructure projects, and work with partners on advocacy and lobbying with government to secure future investment into the networks. 1.4) Review Planning Obligations Standards annually to ensure the county council is able to seek and secure the maximum possible contribution from developers. 1.5) Continue to build the relationship with strategic partners including elected representatives, government departments, local enterprise partnerships, regional bodies such as Transport East (the emerging Sub-National Transport Body) and other local authorities to maximise opportunity and work together in the most effective joined-up manner. 1.6) Periodically review timescales for S106, and other, funding contributions to ensure they are spent before the end date and take action as required. Periodic reviews for transport contributions and an annual review process for library and education contributions.										
Progress update										

Progress update

Overall: Assessing likely impacts of, and reviewing likely necessary mitigation for, potential new government following general election announcement; there being central government pledged funds wrapped up in several major infrastructure schemes.

1.1) Maintain up-to-date project pipeline of future schemes and develop evidence and business cases for priority projects. Compiling evidence to respond to DfT following their request for further information on Norwich Western Link, Long Stratton Bypass, West Winch Housing Access Road and A47/A14 Pullover Junction King's Lynn (submitted as Transport East priorities for Large Local Major Projects and Major Road Network alongside Long Stratton Bypass, which has been given funding to develop its business case to the next stage). Successful in securing Business Rates Pool funding to develop schemes as part of preparing schemes for next round of funding opportunities including successor to Growth Deal. Finalising Strategic Outline Business Case for Transforming Cities funding for submission in November.

1.2) 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; West Winch Housing Access Relief Road.

1.3) Continuing work to secure investment into the strategic road network including A47 dualling and investment into the rail network. Continuing to work Great Eastern Main Line (Norwich to London): Network Rail have produced a draft study setting out infrastructure constraints for Norwich in 90 services. Local authorities commissioned study on wider economic benefits. Continuing to work on Ely Task Force: Network Rail is producing a business case for infrastructure improvements required to unlock a range of additional passenger and freight services. Continuing to support East West Rail Consortium: Eastern Section prospectus published.

1.4) Review of Planning Obligations Standards completed, new standards adopted by Cabinet in September 2019.

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

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

Risk Number	RM002		Date of update		13th January 2020					
Risk Name	The potential risk of failure to manage significant reductions in local and national income streams									
Portfolio lead	Cllr. Andrew Jamieson			Risk Owner	Simon George					
Risk Description			Date entered on risk register		31 May 2019					
<p>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.</p> <p>Overall risk treatment: Treat</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	3	4	12	2	4	8	Mar-20	Amber
Tasks to mitigate the risk										
<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 Corporate Board and members.</p> <p>Regular finance monitoring reports to Cabinet.</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>										
Progress update										

Progress update

Government's 2018-19 local government finance settlement reflected in the 2019/20 budget and Medium Term Financial Strategy. County Council on 11.02.19 approved the 2019/20 budget and future medium Term Financial Strategy taking into account the Final Local Government Finance settlement for 2019/20.

The council's external auditors gave an unqualified audit opinion on the 2018-19 Statement of Accounts and were satisfied that the County Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31.03.2019.

The commitment to additional funding for the NHS (<https://www.gov.uk/government/news/prime-minister-sets-out-5-year-nhs-funding-plan>) inevitably means less funding will be available for other government priorities. However, the plan sets out a commitment that the Government will ensure that adult social care doesn't impose additional pressure on the NHS. As such the implications for the Council of the Government's various funding commitments across the public sector will not become fully clear until after the December 2019 General election. Cabinet on 7.10.19 considered the latest budget position following the September 2019 Spending Round announcement and agreed to consult on the level of council tax and Adult Social Care precept for 2020/21.

Risk Number	RM003				Date of update		13th January 2020			
Risk Name	Potential for failure to comply with information compliance and information security requirements.									
Portfolio lead	Cllr. Andrew Proctor				Risk Owner		Helen Edwards			
Risk Description				Date entered on risk register				05 June 2019		
There is a risk of failing to comply with statutory and/(or) national/local codes of practices in relation to Information Compliance, coupled with a risk of loss of sensitive data. 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. Overall risk treatment: Treat										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	3	4	12	1	4	4	Sep-20	Green
Tasks to mitigate the risk										
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. Continue CS data project to retain / destroy data appropriately. 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) Ensure that the mandated eLearning Data Protection 2 year refresher data continues to be sent to CLG on a monthly basis for review and action. 5) 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. 6) NCC is NHS Information Governance Toolkit compliant to Level 2 7) Embedding and enhancing Cyber Security techniques and Protocols through recommendations from the Cyber Security Audit - i.e data loss, ransomware and system outages etc. in line with National Cyber Security Centre best practice. 8) Embedding of GDPR 9) Undertake a six month review to reduce demand and increase capacity										
Progress update										

Progress update

The Chief Legal Officer has responsibility as SIRO and DPO.

GDPR programme of work has been implemented with all but low risk areas. Programme of work is now continuing for the low risk areas. There is an increased volume of Subject Access Requests (SARs). A six monthly review is in place to reduce demand and increase capacity.

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. Work is underway to promote and prevent potential data security breaches followed by departmental checking and reporting of compliance.

Cyber security action plan has been developed and is currently being actioned.

Norfolk County Council is NHS IG Toolkit accredited to Level 2 by NHS Digital in lines with NHS partners within Norfolk and Waveney STP.

There are different aspects to this risk, which when considered together, make up the current risk score.

Risk Number	RM004					Date of update		13th January 2020		
Risk Name	The potential risk of failure to deliver effective and robust contract management for commissioned services.									
Portfolio lead	Cllr. Andrew Jamieson					Risk Owner	Simon George			
Risk Description					Date entered on risk register			02 June 2019		
Ineffective contract management leads to wasted expenditure, poor quality, unanticipated supplier default or contractual or legal disputes. The council spends some £700m on contracted goods and services each year. Overall risk treatment: Treat										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	3	4	12	2	3	6	Sep-20	Amber
Tasks to mitigate the risk										
1) By October 2019 implement a proactive system to identify early signs of potential supplier financial failure and respond appropriately. Next steps: - Develop robust process to respond to CreditSafe alerts by end June 2019 - Develop robust process to spot other early warning signs eg late filing of accounts, media monitoring by end September 2019 2) Continue to report the pipeline of expiring contracts to Corporate Board every six months. Continue to discuss the pipeline of expiring contracts with CES DMT every quarter. Next steps: - Start to discuss the pipeline of expiring contracts with other departmental management teams or individual senior managers on a quarterly basis from quarter 3 of 2019 3) Through the contract compliance and optimisation workstream of the Smarter Workstream priority under the Norfolk Futures programme, implement measures to ensure that staff who have contract management as part of their job have the relevant skills and support to manage contracts effectively. Next steps: a) Review roles and responsibilities around contract management for major contracts and categories by end of August 2019 b) Develop deliverables and obligations matrices for major contracts and categories by end of September 2019 c) Develop KPIs for contract management by end August 2019 4) Develop a standard specification for service transition that can be used as the basis for new sourcing exercises and used to manage transitions effectively by end June 2019 5) From 2017 internal audit to conduct an audit of 2 contracts each year from the list of top 50 contracts by value 6) Internal audit to undertake audits of the contract management control environment in the three service directorates in second half of the financial year.										
Progress update										

Progress update

- 1) Process developed with finance to respond to CreditSafe alerts
- 2) Pipeline discussion planned with CES, Children's Services and Adult Social Care in December 2019
- 3) Contract compliance and optimisation workstream plan was approved at Corporate Board in December 2019
- 4) Transition/handover checklist developed and in use.

Risk Number	RM006					Date of update		13th January 2020		
Risk Name	The potential risk of failure to deliver our services within the resources available for the period 2018/19 to the end of 2020/21.									
Portfolio lead	Cllr. Andrew Proctor					Risk Owner		Tom McCabe		
Risk Description					Date entered on risk register			13 June 2019		
The failure to deliver agreed savings or to deliver our services within the resources available, resulting in the risk of legal challenge and overspends, requiring the need for in year spending decisions during the life of the plan, to the detriment of local communities and vulnerable service users.										
Overall risk treatment: Treat										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	5	10	2	5	10	1	5	5	Mar-21	Green
Tasks to mitigate the risk										
1) Clear robust framework, 'Together for Norfolk - Business Plan' in place which drives the delivery of the overall vision and priority outcomes. The delivery of a council-wide strategy which seeks to shift focus to early help and prevention, and to managing demand. 2) Delivery against the strategic service and financial planning, by translating the vision and priorities into achieved, delivered targets. 3) A robust annual process to provide evidence for Members to make decisions about spending priorities. 4) Regular and robust in-year financial monitoring to track delivery of savings and manage in-year pressures. 5) Sound engagement and consultation with stakeholders and the public around service delivery. 6) A performance management and risk system which ensures resources are used to best effect, and that the Council delivers against its objectives and targets.										
Progress update										
Regular budget and performance monitoring reports to Cabinet now set out how the Council is delivering against the 2019/20 budgets and priorities set for each of our services. The Council has a robust and established process, including regular reporting to members, which is closely linked to the wider Council Strategy, in order to support the development of future year budget plans taking account of the latest available information about Government funding levels and other pressures. This process includes reviewing service budgets and taking into account financial performance and issues arising in the current financial year as detailed in the budget monitoring reports.										

Risk Number	RM007		Date of update		13th January 2020					
Risk Name	Risk of inadequate data quality resulting from poor data governance, leading to poor decisions being made affecting outcomes for Norfolk citizens									
Portfolio lead	Cllr. Andrew Proctor			Risk Owner	Helen Edwards					
Risk Description			Date entered on risk register		05 June 2019					
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.										
Overall risk treatment: Treat										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	3	4	12	2	3	6	Mar-21	Amber
Tasks to mitigate the risk										
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) Develop and link in to department risks on the management of departmental data.										
Progress update										

Progress update

The ICG has clear terms of reference and a work plan to cover its responsibilities. 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.

The Risk Management Officer will consult with departments to ensure risks associated with the management of their data are considered.

Bringing Liquid Logic into service provided an opportunity to understand where issues lie. Additional understanding gained from new Liquid Logic reports being written relying on accurate data.

Risk Number	RM010					Date of update		13th January 2020		
Risk Name	The risk of the loss of key ICT systems including: - internet connection; - telephony; - communications with cloud-provided services; or - the Windows and Solaris hosting platforms.									
Portfolio lead	Cllr. Tom Fitzpatrick					Risk Owner		Simon George		
Risk Description					Date entered on risk register			01 July 2019		
Loss of core / key ICT systems, communications or utilities for a significant period - as a result of a cyber attack, loss of power, physical failure, fire or flood, or supplier failure - would result in a failure to deliver IT based services leading to disruption to critical service delivery, a loss of reputation, and additional costs. Overall risk treatment: Treat.										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	3	6	1	3	3	1	3	3	Sep-20	Met
Tasks to mitigate the risk										
1) Full power down completed periodically 2) Replace ageing Local Area Network (LAN) equipment 3) Ensure access to services if county hall lost by reconfiguring Core Infrastructure Services (DHCP, DNS, Active directory) 4) Implement Cloud-based business systems with resilient links for key areas 5) Replace voice services (contact center / desk phones) with cloud based Microsoft Teams 6) Review and Implement suitable arrangements to protect against possible cyber / ransomware attacks including 7) We will be running a number of Cyber Attack exercises with senior stakeholders to reduce the risk of taking the wrong action in the event of a cyber attack 8) We will hold a number of Business Continuity exercises to understand and reduce the impact of risk scenarios 9) Implement new data centre to reduce the risk of power failure, loss of data connectivity and reduce ICT hardware failures										
Progress update										
1) Full power down completed as required by Property programme plans 2) New Local Area Network equipment has been procured and we are now implementing with County Hall to be completed by Jan 2020 3) Access services have been migrated to the new DR site so work can continue if County Hall unavailable 4) We implement Cloud-based business systems with resilient links for key areas as they are procured, guidance is being refreshed regularly. 5) Contact services have been migrated to a cloud based system, Telephony resilience will be improved as part of the Microsoft Teams (Formerly Skype for Business project) which recommences in Feb 2020. 6) We are still working through the cyber audit actions which are more complex than first thought. Target date for completion is now June 2020. 7) The Cyber Attack exercise with senior stakeholders to reduce the risk of taking the wrong action in the event of a cyber attack. We will be delivering an 'EXECSIM' exercise with the corporate board to ensure we are fully prepared in the event of a Cyber Attack for communications and approach at a										

Progress update

senior level (Jan 2020). We are scheduling a National Cyber Security Centre (NCSC) 'Exercise in a box' session for IMT to test our approach during a cyber attack and we will follow this up with a NCSC 'Exercise in a box' exercise for the business leads, resilience team and IMT to jointly rehearse a cyber attack.

8) We have already held a Business Continuity exercise to understand and reduce the impact of risk scenarios and this will be re-run within 12 months to further reduce the risk. Currently planned large scale "remote access" exercise and "Exercise Steel" to complete test of DR facilities and loss of County Hall.

9) The new data centre is now live.

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

We are currently running an increased short term risk to data cables and connectivity being damaged due to basement building work - We are working closely with the corporate property team to highlight areas of concern.

Risk Number	RM013					Date of update		13th January 2020		
Risk Name	The potential risk of failure of the governance protocols for entities controlled by the Council, either their internal governance or the Council's governance as owner. The failure of entities controlled by the Council to follow relevant guidance or share the Council's ambitions.									
Portfolio lead	Cllr. Greg Peck					Risk Owner		Simon George		
Risk Description					Date entered on risk register			02 July 2019		
The failure of governance leading to controlled entities: Non Compliance with relevant laws (Companies Act or other) Incurring Significant Losses or losing asset value Taking reputational damage from service failures Being mis-aligned with the goals of the Council The financial implications are described in the Council's Annual Statement of Accounts 2019-20. Overall risk treatment: Treat										
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. The Council needs to ensure that it has given clear direction of it's policy, ambitions and expectations of the controlled entities. The NORSE Group objectives are for Business Growth and Diversification of business to spread risks. Risks need to be recorded on the Group's risk register.</p> <p>2) The NORSE board includes a Council Member and is currently chaired by the Executive Director of Strategy and Governance for the Council. There is a shareholder committee comprised of six Members. The shareholder committee should meet quarterly and monitor the performance of NORSE. A member of the shareholder board, the shareholder representative, should also attend the NORSE board.</p> <p>3) The Council holds control of the Group of Companies by way of its shareholding, restrictions in the NORSE articles of association and the voting rights of the Directors. The mission, vision and value statements of the individual NORSE companies should be reviewed regularly and included in the annual business plan approved by the Board. NORSE should have its own Memorandum and Articles of Association outlining its powers and procedures, as well as an overarching agreement with the Council which outlines the controls that the Council exercises over NORSE and the actions which require prior approval of the Council.</p> <p>4) To ensure that governance procedures are being discharged appropriately to Independence Matters. The Executive Director for Finance and Commercial Services' representative attends as shareholder representative for Independence Matters.</p> <p>5) Approve the Outline Business Case for Repton Property Developments Ltd.</p> <p>6) Shareholder representation required from the Executive Director of Finance and Commercial Services on both the Norse, and Repton Boards.</p>										
Progress update										

Progress update

- 1) There are regular Board meetings, share holder meetings and reporting as required. For NORSE, risks are recorded on the NORSE group risk register.
- 2) The Norse Group follows the guidance issued by the Institute of Directors for Unlisted Companies where appropriate for a wholly owned LA company. The shareholder committee meets quarterly and monitors the performance of Norse. A member of the shareholder board, the shareholder representative, also attends the Norse board.
- 3) The Council has reviewed its framework of controls to ensure it is meeting its Teckal requirements in terms of governance and control, and a series of actions has been agreed by the then Policy and Resources Committee. The Executive Director of Finance and Commercial Services is responsible for reviewing the ongoing viability of wholly owned entities and regularly reporting the performance of their activities, with a view to ensuring that the County Council's interests are being protected.
All County Council subsidiary limited company Directors have been approved in accordance with the Constitution. The new Chairman of Norse has initiated change with one Director looking after NCS and NPS, with a view to maximising returns back to NCC.
A further strengthening of the Board is proposed with the appointment of two independent Non-Executive Directors with one vote each. As with Repton the appointments would be made through a transparent process of advertisement, interview and appointment.
- 4) The ED of F&CS directs external governance. An external company is undertaking a review of Norse Group's financial performance, discharging the Executive Director for Finance and Commercial Services' responsibility as per the Constitution.
- 5) The Outline Business Case for Repton Property Developments Ltd has been approved.
- 6) There is Shareholder representation from the Executive Director of Finance and Commercial Services on both the Norse, and Repton Boards.

This risk is scored at a likelihood of 1 due to the strong governance in place and an impact score of 4 given the size of the controlled companies.

Risk Number		RM016				Date of update		13th January 2020		
Risk Name		Failure to adequately prepare for and respond to a major disruption to Norfolk County Council services.								
Portfolio Lead		Cllr Andrew Proctor				Risk Owner		Tom McCabe		
Risk Description					Date entered on risk register			22 June 2019		
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). Overall risk treatment: Treat										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	5	10	2	5	10	2	4	8	Mar-20	Amber
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) 81% 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.					
2) To develop the Professional Development Centre (PDC) Norwich, which was agreed as a key corporate Work Area Recovery (WAR) site by Corporate Board.					January 2019 - live exercise with ASSD during powerdown at CH. February 2019 - Exercise Horseshoe to test the IMT access and Disaster Recovery site. Actions as a result of Exercise Horseshoe are being completed, this annual exercise Exercise Steel, is now being scheduled for next year. Follow up exercises are being scheduled for example the CSC exercise to check telephony took place successfully on the 19th July. Work with ASSD and CS is being completed and will be tested once finalised.					

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 been launched, 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 - our target for the end of the year is 80%, currently we are on 84%. Resilience representatives and the Resilience team are focusing and providing support on this. Good progress has been made on our e-learning package which is now being reviewed by colleagues across the organisation, it was agreed on the 21st November and will be launched January 2020.</p>
<p>4) Implement the Business Continuity Framework</p>	<p>4) Resilience Management Board receive an update of where NCC are in implementing the BC Framework. 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 were completed in 2018, with departments receiving a report listing departmental strengths and weaknesses in relation to Resilience. The next survey and reports will be completed early 2020.</p>
<p>5) Gain assurance that ICT could be recovered in line with timescales detailed within the BIAs.</p>	<p>5) IMT and Resilience have now completed this piece of work. Systems have been given a timescale for when they would be recovered within in the event of a large scale ICT incident. Resilience representatives have been asked to review and provide feedback. The system recovery timescales will be of use in projects and during testing after work such as the datacentre move. IMT are working on an out of hours rota so these timescales could be achieved in the event of a major incident occurring on a Friday evening.</p>

Risk Number	RM022					Date of update		13th January 2020		
Risk Name	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').									
Portfolio lead	Cllr. Graham Plant					Risk Owner		Tom McCabe		
Risk Description					Date entered on risk register			01 July 2019		
Four important implications to the Council: 1) The Council's EU funded programmes supporting the local economy. 2) The legal base – substantial change needed structured around No Deal scenario and likelihood of No Deal. 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. Overall risk treatment: Treat										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	3	3	9	2	3	6	Jan-20	Amber
Tasks to mitigate the risk										
NCC 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). 1) Regular meetings are taking place with the Ministry for Housing, Communities and Local Government (MHCLG) and the Department for Business, Energy and Industrial Strategy (BEIS) regarding a managed exit from EU funded programmes to ensure NCC's liabilities are met. We have agreed the principles and framework for regional investment post Brexit to ensure the level of current funding is protected, including asking for funds to be devolved locally, so that the economic benefit of the funding is secured. 3) Human Resources to support managers and staff who may be affected by this issue. 4) Understand the risks and implications of Brexit to service delivery, wider community and business continuity. This includes managing particular risks around the supply of food and fuel, to enable us to support vulnerable people. We have jointly commissioned work with the LEP and Suffolk County Council to understand the business impact of Brexit within the New Anglia area and particular sectors likely to be affected, such as agriculture (potential for post-Brexit tariffs making export of some products unviable). Also, signposting to information from Government on preparations businesses should make is available at www.newanglia.co.uk .										
Progress update										

Progress update

1) The Treasury Guarantee provides assurance that funding is assured in the event of a deal for projects committed by 31 December 2020. The Internal Project Board is aware of NCC liabilities; nplaw have drafted a Deed of Guarantee seeking written assurance from MHCLG that they will meet our liabilities in order to close the Programme. MHCLG have raised the issue with Ministers, as well as our MA status after we leave the EU. This will now fall under the detailed work around payment mechanisms following the confirmation of extended programme completion.

The Green Paper regarding the Shared Prosperity Fund has still not yet been published and is not expected until after the election and the Brexit situation has been clarified: We continue to work with New Anglia and other relevant partners and will report the proposals and our response to members when it has been published.

2) MHCLG have advised they will issue a new set of planning assumptions around a no deal Brexit in due course. NCC Brexit Silver Group meetings and liaison with Resilience Reps started well ahead of 31/10/19. Reps were asked to look at reasonable worst case planning assumptions in Operation Yellowhammer. Work we had done prior to the original leave date meant that we had covered these potential impacts already.

NCC Brexit risk register completed identifies all Brexit risks & mitigations & is available on Sharepoint. We are monitoring the situation as the latest leave date approaches (31/01/2020) and will stand up our response once more information is available.

3) Potential loss of staff for NCC and our service providers

was looked at in Feb '19 & is under constant review. Signposting to HM Govt websites was undertaken and correspondence sent to service providers. Most recent update:

- Keeping HR Direct up to date with developments to advise staff
- Refreshing employee information on peoplenet
- Undertook exercise to refresh employee data on nationality status
- Provided information to key stakeholders within social care on the pilot
- Surveyed Heads of Services/Departments regarding impacts

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

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

The NCC website now offers information for businesses and individuals, including our EU No Deal Exit Strategy <https://www.norfolk.gov.uk/what-we-do-and-how-we-work/preparing-for-brexit>.

Risk Number	RM023		Date of update		13th January 2020					
Risk Name	Failure to respond to changes to demography, funding, and government policy, with particular regard to Adults Services.									
Portfolio lead	Cllr. Bill Borrett		Risk Owner	James Bullion						
Risk Description		Date entered on risk register			18 August 2017					
<p>Whilst acknowledging the pressures on adult social services, and providing some one-off additional funding, the Government has yet to set out a direction of travel for long-term funding. At the same time, the pressures of demography and complexity of need continue to increase. This makes effective strategic planning highly challenging and there is a risk that short-term reductions in support services have to be made to keep within budget; these changes are likely to be counter to the long-term Promoting Independence strategy.</p> <p>Overall risk treatment: Treat</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
5	5	25	5	5	25	2	4	8	Dec-20	Amber
Tasks to mitigate the risk										
<p>1) Implementation of Promoting Independence Strategy. This strategy is shaped by the Care Act with its call to action across public services to prevent, reduce and delay the demand for social care. The strategy aims to ensure that demand is understood and managed, and there is a sustainable model for the future.</p> <p>2) As part of the strategy, a shift of spend towards targeted prevention, reablement services, enablement, and strengthened interim care.</p> <p>3) Implementation of Better Care Fund plans which promote integration with the NHS and protect, sustain and improve the social care system.</p> <p>4) Judicious use of one-off winter funding, as announced by Government.</p> <p>5) Close tracking of government policies, demography trends and forecasts.</p> <p>6) A new set of NCC corporate priorities which aims to address longer-term demand management in children's and adult services.</p>										
Progress update										

Progress update

- 1) Demand and demography modelling continues, alongside detailed and regular monitoring of budgets and activity. Promoting Independence Programme reviewed to reflect priorities for the department, and to focus on areas where demand management is most required.
- 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. Programme of organisational development to support recruitment, retention and quality of practice.
- 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. Formal contribution to the Norfolk and Waveney NHS 10-year plan.
- 6) Collaboration with children's services to develop a preparing for adult life service to strengthen transition experience for young people, and to improve service and budget planning.

Risk Number	RM024		Date of update		13th January 2020					
Risk Name	Failure to construct and deliver the Great Yarmouth 3rd River Crossing (3RC) within agreed budget (£121m), and to agreed timescales (construction to be completed early 2023)									
Portfolio lead	Cllr. Martin Wilby		Risk Owner		Tom McCabe					
Risk Description			Date entered on risk register		14 June 2019					
<p>There is a risk that the 3RC project will not be delivered within budget and to the agreed timescales. Cause: delays during statutory processes put timescales at risk and/or contractor prices increase project costs. Event: The 3RC is completed at a later date and/or greater cost than the agreed budget, placing additional pressure on the NCC contribution. Effect: Failure to construct and deliver the 3RC within budget would result in the shortfall having to be met from other sources. This would impact on other NCC programmes.</p> <p>Overall risk treatment: Treat, with a focus on maintaining or reducing project costs and timescales.</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	4	8	2	4	8	2	3	6	Jan-23	Amber
Tasks to mitigate the risk										
<p>The project was agreed by Full Council (December 2016) as a key priority infrastructure project to be delivered as soon as possible. Since then, March 2017, an outline business case has been submitted to DfT setting out project costs of 120m and a start of work in October 2020. 80% of this project cost has been confirmed by DfT, but this will be a fixed contribution with NCC taking any risk of increased costs. Mitigation measures are: 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.</p>										
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 - report now finalised (dated 14 August 2019) and findings were rated green. 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. The Commercial Manager will continue to assess the project forecast on a quarterly basis, with monthly interim reporting also provided to the board. No issues highlighted to date and budget is considered sufficient - this work was previously used to update the business case submitted to and accepted by DfT. A further budget review was completed following appointment of the contractor (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 Development Consent Order (DCO) processes. Following the award of the contract, from January 2019, the programme is now focussed on delivering the DCO. Development Consent Order submitted to the Planning Inspectorate (PINS) by end of April 19 as per agreed timescales. The start of DCO examination was 24 September 2019, with a finish date not later than 24 March 2020, but potential to be completed late Feb 2020. 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.

Risk Number	RM026					Date of update		13th January 2020		
Risk Name	Legal challenge to procurement exercise									
Portfolio lead	Cllr. Andrew Jamieson					Risk Owner		Simon George		
Risk Description					Date entered on risk register				04 June 2019	
That alleged breach of procurement law may result in a court challenge to a procurement exercise that could lead to delay, legal costs, loss of savings, reputational damage and potentially significant compensation										
Overall risk treatment: Treat										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	5	10	2	5	10	1	5	5	Sep-20	Green
Tasks to mitigate the risk										
Review processes and practice in light of recent caselaw, in particular Amey Highways Ltd v West Sussex County Council [2019] EWHC 1291 (TCC) and Lancashire Care NHS Foundation Trust & Anor v Lancashire County Council [2018] EWHC 200 (TCC).										
1) At team meeting w/c 10 June 2019, remind procurement staff of need to escalate any proposal to run a procurement exercise in an unreasonably short timescale										
2) Take pipeline to corporate board every six months and to directorate management teams quarterly to minimise risk of rushed procurement exercises.										
3) Seek corporate board sign-off for new approach with consistently adequate timelines,fewer evaluators and greater control over choice of evaluator.										
4) Review scale of procurement exercises, avoid unnecessarily large exercises that increase risk and complexity and the scale of any damages claim.										
5) Make incremental change to instructions to evaluators and approach to scoring and documenting rationale, and test on tender NCCT41801 in w/c 3 June 2019.										
6) Review standard scoring grid and test 'offline' on tender NCCT41830 w/c 10 June 2019										
7) Review template provisional award letter w/c 17 June.										
8) Develop standard report to decision-maker w/c 17 June.										
9) Make more significant changes to instructions to evaluators and pilot new approach on a future tender.										
10) Pilot new scoring grid in a future tender.										
11) Institute formal annual review of sourcing processes in light of developments in case law. Review each December; add to senior staff objectives.										
Progress update										

Progress update

- 1) Reminder given at team meeting
- 2) Pipeline report going to CES, Children's Services and Adult Social Care in December
- 3) Corporate board has signed off the new approach
- 4) Ongoing as need to consider each procurement on a case by case basis.
- 5) Evaluator guidance was updated immediately. More significant changes have also now been implemented - see 9).
- 6) Scoring grid was updated as planned
- 7) Template provisional award letter has been reviewed and updated
- 8) Existing reports have been reviewed and new report is being developed.
- 9) Evaluator guidance updated and in use as standard. Feedback from evaluators is positive. A new mechanism for capturing feedback on tenders is being trialled.
- 10) Scoring grid has now been updated and is in use as standard.
- 11) Ongoing. Added to senior staff objectives.

Risk Number	RM027					Date of update		13th January 2020		
Risk Name	Risk of failure of new Human Resources and Finance system implementation									
Portfolio lead	Cllr. Tom FitzPatrick					Risk Owner		Fiona McDiarmid		
Risk Description					Date entered on risk register			16 August 2019		
Risk that there is a significant impact to HR and finance services through potential lack of delivery of the new HR & finance system.										
Overall risk treatment: Treat										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	5	10	2	5	10	2	2	4	Sep-21	Green
Tasks to mitigate the risk										
1) Thorough business case to assess Current issues, and solutions available, approved by Cabinet. 2) Third party assurance of plans and timescales 3) Rigorous procurement process - procurement to begin on 31st October 2019. 4) Benefits focus, including senior role with responsibility for benefits realisation 5) Rapid recruitment of programme team to avoid delay 6) Strong governance of time and budget										
Progress update										
1) Cabinet approved the business case in May 2019. 2) On-going visibiliity of the plans via Assurance and Compliance Group, also the Corporate Select Committee had attended a workshop on the project implementation plan which had been well received. 3) Procurement started 31st October for the release of the ITT (invitation for tender), which was issued on 29 October (as planned). 4) Eight benefit themes applied to the project from the outset, programme board are responsible for delivering against these benefits. 5) Recruitment for phase one has successfully brought on to the team all required staff; planning for phase two roles ongoing. 6) Governance managed by project board and programme board for project plans and budget.										

Risk Number	RM028					Date of update		13th January 2020		
Risk Name	Risk of any failure to monitor and manage health and safety standards of third party providers of services									
Portfolio lead	Cllr. Andrew Proctor					Risk Owner		Fiona McDiarmid		
Risk Description					Date entered on risk register			29 July 2019		
The potential for the Council not proactively monitoring and managing 3rd party providers to ensure the standards of health and safety. There is a risk of prosecution for health and safety failings, reputational damage and a failure to deliver services. Overall risk treatment: Treat										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	5	20	3	5	15	1	5	5	Mar-21	Green
Tasks to mitigate the risk										
1) HSW team to undertake remote monitoring of high risk areas e.g accomodation providers										
2) Departments to investigate specific concerns raised by the surveys										
3) Departments to review their approach to contract management and implement sustainable improvements in monitoring with the support of Health and Safety Team (HSW)										
Progress update										
1) Monitoring undertaken by HSW Q3 2017/18 Report taken to the former CLT with findings Q4 2017/18 - actions 2 & 3 agreed at the former CLT.										
2) Departments have reviewed their approach to contract management and integrated responsibilities into roles in revised structures. Structures will be in place by the end of 2019.										
3) Departments have improved monitoring of service providers including Health and Safety. Monitoring undertaken on a risk basis.										

Risk Number	RM029		Date of update		13th January 2020					
Risk Name	NCC may not have the employees (or a sufficient number of employees) with critical skills that will be required for the organisation to operate effectively in the next 2-5 years and longer term									
Portfolio lead	Cllr. Andrew Proctor		Risk Owner	Fiona McDiarmid						
Risk Description			Date entered on risk register		29 July 2019					
<p>There is a risk that a range of critical new/future skills are not available within NCC in the medium to longer term. The lack of these skills will create problems for, or reduce the effectiveness of service delivery. An inability or failure to consider/identify these until they are needed will not allow sufficient time to develop or recruit these skills. This is exacerbated by: 1.The demographics of the workforce 2.The need for changing skills and behaviours in order to implement new ways of working including specialist professional and technical skills (in particular IT, engineering, change & transformation; analytical; professional best practice etc) associated with the introduction or requirement to undertake new activities and operate or use new technology or systems - the lack of which reduces the effective operation of NCC . 3.NCC's new delivery model, including greater reliance on other employers/sectors to deliver services on our behalf 4.Significant changes in social trends and attitudes, such as the use of new technology and attitudes to the public sector, which may impact upon our 'employer brand' and therefore recruitment and retention 5.Skills shortages in key areas including social work and teaching 6.Improvements to the UK and local economy which may impact upon the Council's ability to recruit and retain staff. 7.Government policy (for example exit payment proposals) and changes to the Council's redundancy compensation policy, which could impact upon retention, particularly of those at more senior levels and/or older workers. 8. Brexit uncertainty impacting in some sectors.</p> <p>Overall risk treatment: Treat</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	15	3	5	15	2	5	10	Mar-21	Green
Tasks to mitigate the risk										
<ul style="list-style-type: none">• Identification of what new critical skills are required in services – As each directorate makes their changes to make savings / manage demand• Identification of pathways to enable staff to learn, develop and qualify into shortage areas – As each directorate makes their changes to make savings / manage demand• Challenge ourselves, is there another way this can be delivered?• Explore further integration with other organisations to fill the gaps in our workforce - ongoing• Develop talent pipelines working with schools, colleges and universities• Undertake market rate exercises as appropriate and review employment packages• Explore / develop the use of apprenticeships; this will help grow talent and act as a retention tool• Work with 14 – 19 providers and HEIs to ensure that the GCSE, A level and Degree subjects meets the needs of future workforce requirements										
Progress update										
The Council is implementing the mitigations set out for this risk. Further progress updates will follow.										

Risk Number		RM030				Date of update		13th January 2020		
Risk Name		Realisation of Children's Services Transformation change and expected benefits								
Portfolio lead		Cllr. John Fisher				Risk Owner		Sara Tough		
Risk Description					Date entered on risk register			08 August 2019		
<p>There is a risk that Children's Services do not experience the expected benefits from the transformation programme. Outcomes for children and their families are not improved, need is not met earlier and the increasing demand for specialist support and intervention is not managed. Statutory duties will not be fully met and the financial position of the department will be unsustainable over time.</p> <p>Overall risk treatment: Treat</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	5	20	3	5	15	1	5	5	Mar-23	Amber
Tasks to mitigate the risk										
<p>1) A demand management and prevention strategy and associated business cases have been completed and a 5 year transformation programme has been established covering social care and education</p> <p>2) Significant investment has been provided to delivery transformation including £12-15 million for demand management and prevention in social care and £120m for capital investment in Specialist Resource Bases and Specialist Schools</p> <p>3) A single senior transformation lead, operational business leads and a transformation team have been appointed / aligned to direct, oversee and manage the change</p> <p>4) Scrutiny structures are in place through the Norfolk Futures governance processes to track and monitor the trajectories of the programme benefits, risks and issues</p> <p>5) Services from corporate departments are aligned to provide support to transformation change e.g. HR, Comms, IT, Finance etc</p> <p>6) Interdependencies with other enabling transformation programmes e.g. smarter working will be aligned to help maximise realisation of benefits.</p>										
Progress update										
<p>1) Leads and transformation team in place. Roles involved in transformation will increase and decrease in line with programme demand</p> <p>2) SEND transformation workstreams are established, project manadates agreed and the capital programme for the first build is underway. Current profile of £12-15m investment is flat at £2m per year rather than front loaded.</p> <p>3) SEND consultation stages / work with IMPOWER completed and design stage underway for Specialist Resource Bases (SRBs)</p> <p>4) Governance structures and reporting processes in place and being actively used through stocktake meetings and trajectory reports.</p> <p>5) High level of engagement from corporate departments. Finance and HR use business partner model to embed expertise directly in department. Resource requirements are being managed in line with demand.</p> <p>6) Business transformation "interlocks" are being used to manage interdependencies between programmes in Children's Service and the Business Transformation Programme. Other change programme are managed as required e.g. the alignment of the roll-out of new mobile devices and apps to enable greater mobile working.</p>										

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Risk Number	RM031				Date of update		13th January 2020			
Risk Name	NCC Funded Children's Services Overspend									
Portfolio lead	Cllr. John Fisher				Risk Owner		Sara Tough			
Risk Description					Date entered on risk register		01 September 2019			
There is a risk that the NCC Funded Children's Services budget results in a significant overspend that will need to be funded from other parts of Norfolk County Council Overall Risk Treatment: Treat										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
5	5	25	5	5	25	4	5	20	Dec-20	Green
Tasks to mitigate the risk										
Improved monitoring systems identified and revised CSLT tier 2, 3 & 4 structure proposed. Transformation programme that is targeting improvement to operating model, ways of working, and placement & sufficiency to ensure that intervention is happening at the right time, with the right children and families supported, with the right types of support, intervention & placements. This will result in improved value for money through ensuring that money is spent in the right places, at the right times with the investment in children and families resulting in lower, long-term costs. In turn, this will enable the most expensive areas of NCC funded spend (placement costs and staffing costs) to be well controlled and to remain within budget. Cohorts will be regularly analysed to ensure that all are targeted appropriately. The Functioning Family Therapy service has been launched. Family Group Conferencing is being reintroduced. Recognition of underlying budget pressures within recent NCC budgets and within the MTFS, including for front-line placement and support costs (children looked after, children with disabilities and care leavers), operational staffing, and home to school transport for children with SEND.										
Progress update										
Improved monitoring systems in place and becoming embedded: LAC tracker, Permanance Planning Meetings, DCS Quarterly Performance meetings, Cohort Analysis tool. Multiple Transformation projects under-way, including Fostering Recruitment, with further projects in development, including Enhanced Fostering, The new intervention support operating model design work is complete and signed off, and preparation is under-way for implementation. Children Looked After numbers have been in steady, sustained decline for a 6 month period, which will result in reduced overall placement costs.Newly appointed Heads of Social Work for LAC and LC recently in post and Head of Locality for Corporate Parenting being recruited to in next 4 weeks.										

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)	DMT to work through the risk management issues identified at the committee meeting and develop an action plan for improvement and report back to the committee
4	Refer to committee task and finish group	Member-led task and finish group to work through the risk management issues identified at the committee meeting and develop an action plan for improvement and report back to committee
5	Refer to Corporate Board	Identify key actions for risk management improvement and refer to Corporate Board for action
6	Refer to Cabinet	Identify key actions for risk management improvement that have whole Council 'Corporate risk' implications and refer them to Cabinet for action.

Background Information

A Corporate Risk is one that:

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

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 7

Decision making report title:	Norfolk County Council - External Audit Plan 2019-20
Date of meeting:	30 January 2020
Responsible Cabinet Member:	Not applicable
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services
Is this a key decision?	No

Introduction

The Audit Committee consider the work of the Council's External Auditors in accordance with their terms of reference (part F), which are part of the [Council's Constitution, Appendix 2 \(page 56\)](#).

Executive Summary

The Council's External Auditors will attend the meeting to verbally update members on their approach to the Annual Audit of the Council for 2019-20 and to answer any questions.

Recommendations

- **To consider the External Auditor's Audit Plan approach for the Council for 2019-20, including their assessment of the Audit Risks and Value for Money Risks and the reporting timetable**
- **that the scale fee for the Council is £98,361**
- **whether there are other matters which you consider may influence their work.**

1. Background and Purpose

- 1.1. One of the Audit Committee's roles is to consider reports of external audit and other inspection agencies; to ensure there are effective relationships between external audit and internal audit; and consider the scope and fees of the external auditors for audit, inspection and other work. The External Auditors (EY) have requested to brief members at

this meeting ahead of issuing their draft Audit Plan for the Council for 2019-20.

2. Proposals

- 2.1. The Annual Audit Plan sets out how EY intend to carry out their responsibilities as auditor.

2019/20 Draft Audit Plan for Norfolk County Council:

Strategy:

- Substantive approach

Significant risks:

- Management override (Capitalisation of revenue and MIRs adjustments)
- VFM – Financial sustainability over the medium term

Other risks:

- PPE valuation (IR)
- Accounting for school transfers (IR)
- Pensions liability (IR)
- New accounting standards – preparations for IFRS16. Impact on consolidation adjustments for Norse (IR)

Timeline:

- Scope & Strategy with early VFM planning.
- Interim.
- Execution.

3. Impact of the Proposal

- 3.1. There are no specific matters which are considered to influence their work. The audit of the annual accounts is a statutory requirement.

4. Evidence and Reasons for Decision

- 4.1. Not applicable

5. Alternative Options

- 5.1. Not applicable

6. Financial Implications

- 6.1. The [scale fee for the audit](#) is set by the PSAA. The fee for 2019-20 is £98,361. There are no other specific financial implications. The cost of the audit is part of the Council's budget.

7. Resource Implications

- 7.1. **Staff:** None

- 7.2. **Property:** None

- 7.3. **IT:** None

8. Other Implications

- 8.1. **Legal Implications** – The audit of the Annual Statement of Accounts is a statutory requirement.

- 8.2. **Human Rights implications** – Not applicable

- 8.3. **Equality Impact Assessment (EqIA)** – Not applicable

- 8.4. **Health and Safety implications** – Not applicable

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

- 8.6. **Any other implications** – None

9. Risk Implications/Assessment

- 9.1. Apart from those listed in the report, there are no other implications to consider. A representative from EY will attend the meeting and answer members' questions.

10. Select Committee comments

- 10.1. None

11. Recommendations

- 11.1. Please see Executive summary above.

12. Background Papers

- 12.1. The Council's Financial Statements cover several reporting entities making up the Council's group accounts. Each entity has an audit plan for the financial year and these are provided by different auditors. Hethel Innovation Limited, Great Yarmouth Development Co. Ltd and Norfolk Energy Futures Ltd are not incorporated in the group accounts based on immateriality.

Entity	Auditor
Norfolk County Council	EY
Norfolk Pension Fund	EY
Norse Group	PwC
Independence Matters	EY

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 8

Decision making report title:	Norfolk Pension Fund - External Audit Plan 2019-20
Date of meeting:	30 January 2020
Responsible Cabinet Member:	Not applicable
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services
Is this a key decision?	No
<p>Introduction</p> <p>The Audit Committee consider the work of the Council's External Auditors in accordance with their terms of reference (part F), which are part of the Council's Constitution, Appendix 2 (page 56).</p> <p>Executive Summary</p> <p>The Council's External Auditors will attend the meeting to verbally update members on their approach to the Annual Audit of the Norfolk Pension Fund for 2019-20 and to answer any questions.</p> <p>Recommendations</p> <ul style="list-style-type: none"> • To consider the External Auditor's Audit Plan approach for the Norfolk Pension Fund for 2019-20, including their assessment of the Audit Risks and the reporting timetable • that the scale fee for the Norfolk Pension Fund is £20,866 • whether there are other matters which you consider may influence their work. 	

1. Background and Purpose

- 1.1. One of the Audit Committee's roles is to consider reports of external audit and other inspection agencies; to ensure there are effective relationships between external audit and internal audit; and consider the scope and fees of the external auditors for audit, inspection and other work. The External Auditors (EY) have requested to brief members at

this meeting ahead of issuing their draft Audit Plan for the Norfolk Pension Fund for 2019-20.

2. Proposals

- 2.1. The Annual Audit Plan sets out how EY intend to carry out their responsibilities as auditor.

2019/20 Draft Audit Plan for the Norfolk Pension Fund:

Strategy:

- Substantive approach

Significant risks:

- Management override
- Investment income and asset valuations - Investment Journals

Other risks:

- Valuation of Complex Investments (Unquoted Investments)

Timeline:

- Scope & Strategy.
- Interim
- Execution.

3. Impact of the Proposal

- 3.1. There are no specific matters which are considered to influence their work. The audit of the annual accounts is a statutory requirement.

4. Evidence and Reasons for Decision

- 4.1. Not applicable

5. Alternative Options

- 5.1. Not applicable

6. Financial Implications

- 6.1. The [scale fee for the audit](#) is set by the PSAA. The fee for 2019-20 is £20,866. There are no other specific financial implications. The cost of the audit is part of the Council's budget.

7. Resource Implications

- 7.1. **Staff:** None

- 7.2. **Property:** None

- 7.3. **IT:** None

8. Other Implications

- 8.1. **Legal Implications** – The audit of the Annual Statement of Accounts is a statutory requirement.

- 8.2. **Human Rights implications** – Not applicable

- 8.3. **Equality Impact Assessment (EqIA)** – Not applicable

- 8.4. **Health and Safety implications** – Not applicable

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

- 8.6. **Any other implications** – None

9. Risk Implications/Assessment

- 9.1. Apart from those listed in the report, there are no other implications to consider. A representative from EY will attend the meeting and answer members' questions.

10. Select Committee comments

10.1. None

11. Recommendations

11.1. Please see Executive summary above.

12. Background Papers

12.1. The Council's Financial Statements cover several reporting entities making up the Council's group accounts. Each entity has an audit plan for the financial year and these are provided by different auditors. Hethel Innovation Limited, Great Yarmouth Development Co. Ltd and Norfolk Energy Futures Ltd are not incorporated in the group accounts based on immateriality.

Entity	Auditor
Norfolk County Council	EY
Norfolk Pension Fund	EY
Norse Group	PwC
Independence Matters	EY

Officer Contact

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Audit Committee

Item No 9

Decision making Report title:	Internal Audit Strategy, Our Approach and the Audit Plan 2020/21
Date of meeting:	30 January 2020
Responsible Cabinet Member	N/A
Responsible Chief Officer:	Executive Director, Finance and Commercial Services
Is this a key decision	No

Executive summary

The Audit Committee are responsible for monitoring the adequacy and effectiveness of the systems of risk management and internal control, including internal audit, as set out in its [Terms of Reference](#), part 12, which is part of the Council's [Constitution](#) Appendix 2, page 56.

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

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

This report sets out the:

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

The total days available to deliver all the services provided by NAS is 2,023. Of these days 825 days are delivered to external clients (FCE, schools, grants, EIFCA and the Norfolk Pension Fund).

Of the remaining 1,198 days available: -

- 705 days (765 (revised days) in 2019/20) are available to deliver the audit opinion work. This is deemed sufficient to provide an opinion on the

- adequacy and effectiveness of the Council's framework of internal control.
- To deliver the risk management and investigative auditor roles, 335 days are available; and
- the remaining days are available to deliver the other services provided by NAS.

The detailed Audit Plan shows that 810 days are planned for audit opinion work; therefore, the Audit Plan is intentionally over-subscribed by 105 days.

Recommendation:

The Audit Committee is recommended to consider and approve:

- The Internal Audit Strategy, the approach to developing the Audit Plan for 2020/21 and the Audit Plan for 2020/21, supported by the 'Days Available to Deliver NAS Services 2020/21' (**Appendix A**) and the 'Detailed Audit Plan for the First Half of the Year for 2020/21' (**Appendix B**), and that this work will deliver the assurances required
- That the arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards (2017) and the Local Authority Guidance Note of 2013, including safeguards in place to limit impairments to independence and objectivity for the roles of the Chief Internal Auditor (described at paragraph 5.7 of this report), and any other relevant statements of best practice.

1. Proposal (or options)

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

2. Evidence

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

3. Background

Accounts and Audit Regulations (England) 2015

- 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.'
- 3.2 Also, the Council 'must, each financial year (a) conduct a review of the effectiveness of the system of internal control' and '(b) prepare an annual governance statement.'
- 3.3 In addition, the Council 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance', described below.

UK Public Sector Internal Audit Standards

- 3.4 CIPFA, in collaboration with the Chartered Institute of Internal Auditors (CIIA) has produced the [UK Public Sector Internal Audit Standards \(PSIAS\)](#) which came into force on 1 April 2013 and latest revised version is dated, 1 April 2017. CIPFA, in collaboration with the CIIA, also published in April 2013 the [Local Authority Guidance Note \(LAGN\)](#) for the Standards, which remain current. CIPFA have also published guidance on the '[Role of the Head of Internal Audit](#)'.

Crime and Disorder

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

4. Our Internal Audit Strategy

Our vision and mission

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

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

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

Code of Ethics

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

Our Critical Success Factors

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

Focus on the Council's highest risks

- 4.6 Our planning process is risk focused. Conversations with Executive Directors, Assistant Directors and key senior managers incorporate discussions on where the current risks are within the Directorate's departments and what NAS can do to provide assurance. Corporate and Departmental risk registers were reviewed to support this.
- 4.7 This year, some emphasis was placed on the Council's Together for Norfolk outcomes framework, identifying risks associated with the planned activities to deliver our outcomes framework. This enhanced risk identification and was used to inform the Council's audit plan and has enabled us to provide assurance on some of the Council's corporate and departmental risks.

Efficient and effective audit processes which conform with UKPSIAS

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

Adequately skilled and knowledgeable staff

- 4.10 For the Council's audit work, NAS comprises two Principal Client Managers, one Client Manager, two Trainee Internal Audit Managers (Apprenticeships) three Senior Auditors and two Auditors, one Audit Assistant and one Trainee Auditor (Apprenticeship). NAS is led by the CIA. Staff work a variety of work patterns and hours. In addition, the wider NAS Team includes a qualified Risk Management Officer and Investigative Auditor as well as the France Channel England Interreg VA Programme Audit Authority team. We also use the services of an outside contractor for our audits, particularly for complex and specialist areas.
- 4.11 We are fully committed to supporting our three members of staff within the Apprenticeship scheme. Historically 'growing our own team' has proved to be very successful in terms of enhancing team skills, qualifications and knowledge. Having three trainee posts supports succession planning for the future and assists with staff retention.
- 4.12 The Auditors and Senior Auditors are mainly AAT qualified, or studying for this qualification. Our Trainee Auditor is completing the Internal Audit Practitioner Apprenticeship level 4 qualification. One of our Trainee Audit Managers is completing the ACCA Professional Accountant Apprenticeship Level 7 qualification and the other is completing the Chartered Institute of Internal Auditors (CIIA) Internal Audit Professional Apprenticeship Level 7 qualification.
- 4.13 Our Client Manager and one of the Principal Client Managers are both ACCA qualified and Fellow members of the ACCA. Our other Principal Client Manager is a certified and chartered Internal Auditor and has the Qualification in Internal Audit Leadership, all obtained through the CIIA, and is a Chartered Member of the CIIA. The Assistant Director of Finance (Audit), who fulfils the Chief Audit Executive role, is CIPFA qualified and a member of

County Chief Internal Auditor Group Network (CCAN) and Home Counties Chief Internal Auditor Group (HCCIAG).

- 4.14 All staff are required to undertake continuing professional development (CPD) in accordance with professional body and NAS requirements.

Maintaining the role of trusted advisor

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

Actions for 2020/21

- 4.16 Our priorities are as follows:

- Work towards providing assurance on the Council's corporate and departmental risks.
- Continue to embed smart ways of working with the team to deliver reports on time and within budget.
- Support our three Apprenticeship roles and develop other team members as identified within their personal development plans.
- Continue to introduce the use of data analytics in our auditing.
- Identify what Council initiatives and projects are being implemented and how we can contribute.
- Promote the role and raise the profile of internal audit within the Council as a trusted advisor.

5. Our approach to developing the Audit Plan for 2020/21

The requirements

- 5.1 In accordance with UK PSIAS the Chief Audit Executive, the Council's Assistant Director of Finance (Audit), must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the Council's goals.
- 5.2 In developing our risk-based plan, we must consult with senior management and obtain an understanding of the Council's strategies, key business objectives, associated risks and risk management processes and the plan must be reviewed and adjusted as necessary, in response to changes in the business, risks, operations, programmes, systems, and controls. Our approach to this is detailed below.
- 5.3 Our audit plan must incorporate or be linked to a strategic or high-level statement of how our service will be delivered and developed in accordance with our Terms of Reference (this is our Internal Audit Strategy as detailed in **Appendix C**) and how it links to the Council's objectives and priorities (this is shown in our detailed Audit Plan for the first half of the year for 2020/21 in **Appendix D**).

- 5.4 In addition, the internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach.
- 5.5 The risk-based plan must also consider the requirement to produce an annual internal audit opinion and report that can be used by the Council to inform its [Annual Governance Statement](#) (AGS) and must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. We detail below in 5.7 – 5.12, how each opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control is derived.
- 5.6 As Section 151 Officer, the Executive Director of Finance and Commercial Services has a duty to consider the adequacy of the internal audit coverage. Our audit plan is discussed with the Executive Director of Finance and Commercial Services.

Risk Management

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

Governance

- 5.8 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The Council has its own [Code of Corporate Governance](#) based on the International Framework: Good Governance in the Public Sector, produced by CIPFA and the International Federation of Accountants (IFAC).
- 5.9 The Council's Annual Governance Statement provides an overall self-assessment of the Council's corporate governance arrangements and how it adheres to the governance standards set out in the Code. Evidence relating to the principles of the Code is reviewed and analysed to assess the robustness of the Council's governance arrangements.
- 5.10 The AGS includes an appraisal of the key controls in place to manage the Council's principal governance risks and the effectiveness of systems and processes governing decision making and financial control.

- 5.11 Our role is to collate all the assurances from the Executive Directors and other staff members and any other information as required for the AGS and to draft the AGS for management approval before signature by the Leader of the Council. The scope of some of the audit opinion work we undertake contributes to the assurances given for the opinion in the AGS.

Internal Control

- 5.12 Our audit opinion work is designed to enable us to provide the required opinion on the adequacy and effectiveness of the Council's framework of control.

Strategies and Plans

- 5.13 Each Service Committee has produced a three-year plan, setting out their areas of responsibility. These plans were approved by Service Committees in March 2018.
- 5.14 Across the Council, teams and departments have developed 'Plans on a Page'. Within NAS, a 'Plan of a Page' is in place for NAS, risk management and Anti- Fraud.

Risk management processes

- 5.15 We reviewed the Council's risk management system at a high level to determine if we could rely on the risk assessments performed, resulting in the corporate and department risk registers in place, or whether we needed to complete our own risk assessments for planning purposes. We concluded that we could rely on the risk assessments based on our own professional knowledge of what an adequate and effective risk management system looks like and the information detailed below in 5.16 – 5.20 below.
- 5.16 The Council has a corporate risk register in place and departmental risk registers are in place for all departments.
- 5.17 Service risk registers are in place within each department.
- 5.18 The Council's Risk Management Policy and accompanying procedures were refreshed in September 2019 to reflect the movement from a Committee system to a Cabinet system.
- 5.19 The annual report for Risk Management 2018/19 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.'
- 5.20 The annual report further states that 'Sound' is taken to mean that adequate governance, reporting, and assurance structures are in place to manage the risks to the Council's objectives. This was determined from the results of the Benchmarking Club, looking at evidence-based performance results against other councils.'

Audit universe

- 5.21 We want to complete risk-based internal auditing where we can and have a risk focused audit plan. Therefore, for the 2020/21 audit plan, we have

identified a number of risk categories which we believe could hamper the achievement of the Council's strategy, and each department's or service's plans. These represent our risk audit universe for audit planning purposes along with the corporate and departmental risk registers. The risk universe is supplemented by audit universe of business areas and processes.

Senior management consultation

- 5.22 We have met with Executive Directors and Assistant Directors and other senior and key managers to determine the topics for the 2020/21 audit plan. We have discussed relevant risks as per corporate and departmental risk registers as well as considered NCC's outcomes framework and departmental service plans.
- 5.23 We also discussed any key issues facing the department or service and where the risks were significant, these areas were included in the audit plan.
- 5.24 We also considered concerns from Members and Executive Directors, inspection and committee reports, the Audit Report from the External Auditors, matters discussed with other Heads of Internal Audit, as well as applying our own professional judgement, audit knowledge and experience in devising an appropriate audit plan. The audit plan is also discussed with the Chairman and Vice Chairman of the Audit Committee.

Other factors to consider

- 5.25 To respond to changes in the business, risks, operations, programmes, systems and controls, the audit plan is split into two halves, an audit plan for the first half of the year and then a refreshed version for the second half of the year. This ensures the Audit Plan for 2020/21 remains current and relevant. Further consultation with senior management takes place when the Audit Plan for the second half of the year is considered. Contingency days allow for us to deal with urgent requests.

6. The Audit Plan for 2020/21

Days available

- 6.1 The total days available to deliver all the services provided by NAS is 2,023. Of these days 825 days are delivered to external clients.
- 6.2 Of the remaining 1,198 days available to deliver the services to internal clients, 705 days (765 (revised days) in 2018/19) are available to deliver the audit opinion work, as shown in the table below, and it is proposed that 45 of these days will be delivered by our external contractor.
- 6.3 To deliver the risk management and investigative auditor roles, 335 days are available, and the remaining days are available to deliver the other services provided by NAS, also detailed in the table below. **Appendix C** shows a comparison with 2018/19 and the proposed split of days across the two halves of the Audit Plan.

Audit opinion days

- 6.4 The detailed Audit Plan for the first half of the year for 2020/21 is shown in Appendix D. This shows that the days available for audit opinion work is 705. This is deemed sufficient to provide an opinion on the adequacy and effectiveness of the Council's framework of internal control. The days planned for audit opinion work is 810, resulting in an overscription of 105 days
- 6.5 Audits have been allocated to either the first or second half of the year. The second half of the year has a larger proportion of audit work allocated to it than the first half of the year. This is because less staffing resources are available in the first half of the year, due to the summer holidays and term time working, and to allow some time to complete audits still in progress from 2019/20.
- 6.6 Our audit opinion work produces draft and final reports, which include recommendations for improvements in internal controls and an action plan.
- 6.7 Our audit findings are categorised into high, medium and low priority. Action plans are agreed with management to mitigate risks for all findings. We assign overall opinions to our audit work of 'Acceptable – green rated' or 'Key issues to be addressed – red or amber rated'. We also assess the corporate and departmental significance of the audit.

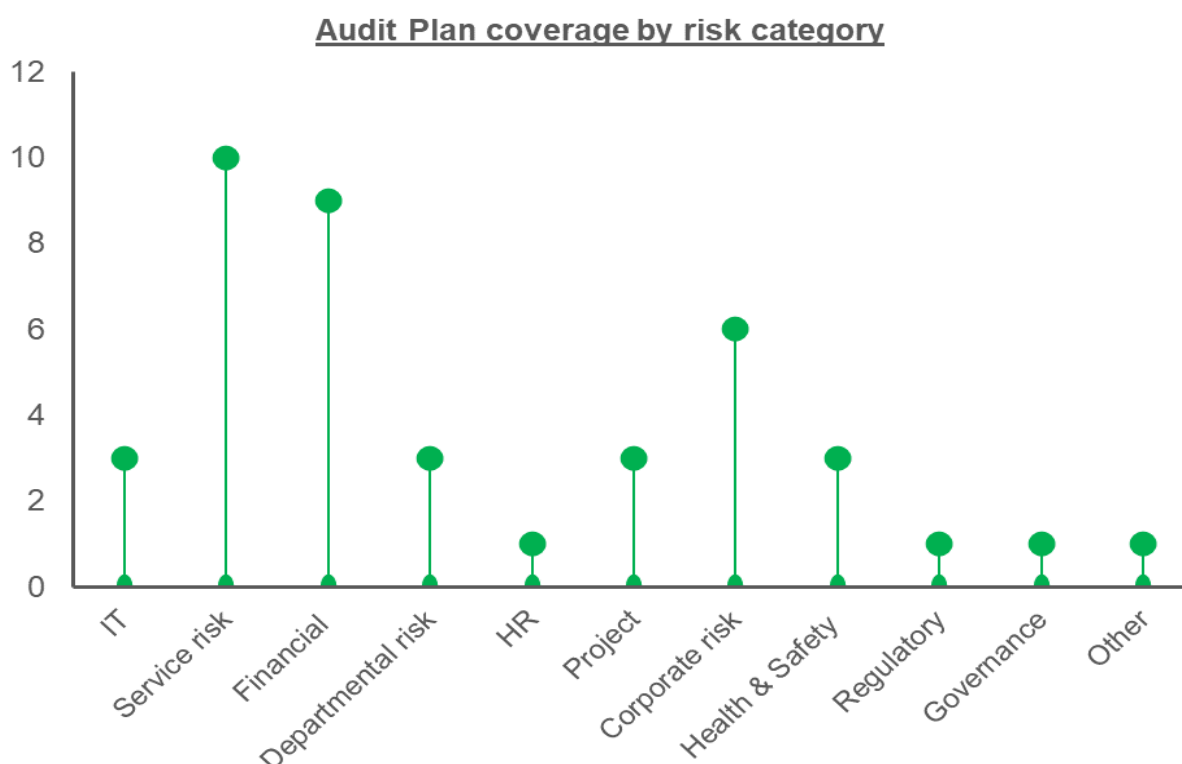
The key content of the Audit Plan, 2020/21

- 6.8 This year's Audit Plan has been aligned where possible to the Council's strategic plan 'Together for Norfolk' priorities and outcomes framework as demonstrated in the table below: -

Together for Norfolk reference	Audit Assurance Topic and Corporate Risk Register Number
Growing Economy	Scottow Enterprise Park Repton Housing Development Company (RM007) Auctions Tenancy Selection – County Farms
Thriving People	Transformation Programme (SEND and Social Care) (RM030) SEND Capital Programme (RM030) Foster Care's Monies Transition of 16-17-year olds to independence Financial Assessments Payments to Clients Post Project Review of Social Care Centre for Excellence (SCCE) E-brokerage Shared Care Protocols Emerging Integrated Care Systems – governance

	arrangements Transforming Care Programme – Follow UP
Strong Communities	Castle Keep Project Third River Crossing (RM024) NCC Environmental Policy Digital Transformation Norfolk Local Full Fibre Network

6.9 The chart below shows the Audit Plan coverage by risk category.



6.10 Further detail supporting each of these audit assurance topics can be seen at Appendix D of this report.

France Channel England (FCE)

6.11 The Audit Authority works to its own Audit Strategy, which will be formally refreshed in March 2020 and will be endorsed by the FCE Consultative Audit Group. The Audit Strategy ensures that the Audit Authority fulfils the expectations and meets the requirements laid out in EU Regulations. The strategy has three main strands: audit of the systems, audit of the expenditure and audit of the accounts. The Audit Authority summarises the audit results in its Annual Control Report, which is submitted to the EC alongside the programme's annual accounts.

6.12 The work of the Audit Authority relates to the prior accounting year, similar to the work of external auditors, as it aims to support the opinion on the accounts.

- 6.13 In 2018/19, the programme reported expenditure of 13 million €, with 2 million € relating to expenditure by the Council (NCC) in the delivery of the programme implementation and audit.
- 6.14 Expenditure is expected to continue to rise for the 2019/20 accounting year ending on 30 June 2020, as many projects are in their implementation phase and new projects continue to be selected. 14 million € of expenditure has already been declared for the current accounting year and from management information available, we anticipate the total expenditure declared to be around 23.5 million € for 2019/20.
- 6.15 The days available for FCE work is 392.

NAS budget

- 6.16 The net budget for delivering all the services provided by NAS remains at circa £520K for 2020/21. Projected income is estimated to be circa £175K.

7. Performance

Targets

- 7.1 We issue draft reports within ten days following the feedback meeting and final reports within seven days following receipt of the action plan from clients.
- 7.2 All audits have a budgeted number of days assigned to them which is compared to actual days. A budgeted and actual cost of each audit is also determined. Feedback from clients is also sought.
- 7.3 The productivity percentage for the whole of the NAS Team for 2020/21 has been calculated to be 65%. This is lower than last year as we have the three apprenticeships roles which accounts for 120 days of professional training which impacts on our overall productivity. We also have plans to invest in 'non-professional training' for other team members to enhance existing skills (40 days). We believe that investing in our staff this way supports a stronger and more qualified team going forward.
- 7.4 The NAS Management Team monitor the above targets at their meetings.
- 7.5 Our planned audit opinion days of 810 includes days to complete audits in progress at the end of the 2019/20. Our target is to complete 100% of audits in progress from 2019/20 during the first half of the year.
- 7.6 The target for draft and final reports for audits which commence in the first quarter of the year are 100% for both. For those that commence in the second quarter, it is 80% for draft reports and 60% for final reports.
- 7.7 The targets detailed in 7.6 and 7.7 are reported to the Audit Committee in our quarterly reports.

PSIAS

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

8. Financial Implications

- 8.1 The expenditure falls within the parameters of the Annual Budget agreed by the Council. Our work provides assurance on the systems and internal controls that manage £1.405 billion of Gross Revenue expenditure, £145 million Capital programme and £977 million of assets.
- 8.2 The costings for NAS remains unchanged, subject to any savings that the Committee may agree in year, no further savings are proposed for 2020/21. The overall resourcing levels remain unchanged. We will actively maintain traded services and pursue new opportunities when they arise.
- 8.3 There is a contribution to the fixed costs from the FCE Programme Technical Assistance. All costs incurred in delivering the audit authority function are recovered from the European Commission, such that the resources can be back filled, where necessary.

9. Issues, risks and innovation

Issues

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

Risk implications

- 9.2 If appropriate systems are not in place or are not effective there is a risk of:
- The Council failing to achieve its corporate objectives
 - The Audit Committee not complying with best practice and thereby not functioning in an efficient and effective manner; and
 - Not meeting statutory requirements to provide adequate and effective systems of internal audit.
 - The CIA may not be able to provide an opinion due to insufficient audit work being completed.
- 9.3 The correlation of the audit topics to corporate risks is shown in the 'Detailed Audit Plan for 2020/21', **Appendix D**.

Resource implications

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

Legal Implications

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

Innovation

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

10. Background papers

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

Officer Contact

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

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

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Tel No: 01603 222784

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

Appendix A

Other Services

The table below details the other services we deliver within NAS.

Service	Description	Days
Provision of the Risk Management Strategy including servicing of Committees in respect of risk management	Our Risk Management Officer proactively supports Directorates in identifying and managing their corporate and departmental risks	155
Provision to undertake investigations where requested to do so by Chief Officers or the Audit Committee Chairman.	To deliver professional and objective evidence-based reports to assist with effective and efficient disciplinary or criminal proceedings. Our staffing strategy includes an investigative auditor role.	180
Delivery of the Anti-Fraud and Corruption Strategy including preliminary assessments and investigations and managing the Council's Whistleblowing Policy and Procedures.	We review, with the Chief Legal Officer, the Anti-Fraud and Corruption Strategy on an annual basis, update it as necessary and present it to the Audit Committee. A performance report with respect to Anti-Fraud and Corruption is made to the Audit Committee half-yearly. We provide advice in respect of allegations and undertake preliminary assessments into fraud, support disciplinary review action groups and undertake investigations. We undertake preliminary assessments into whistleblowing disclosures and commission / undertake investigations and maintain the log of disclosures.	
Reporting to the Audit Committee, quarterly and annually.	Production and delivery of reports to a professional standard. Attendance at all meetings by the appropriate officers.	35
Delivery of the Annual Governance Statement to the Audit Committee.	Delivery of the Annual Governance Statement ensuring adequate and timely consultation with appropriate senior officers and members.	8
Provision of assurance to the Executive Director of Finance and Commercial Services, the Section 151 Officer, with	Consideration of all aspects of governance, internal control and risk management throughout the authority or joint committee and	20

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

Delivery to External Clients

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

Service	Description	Days
Provision of an Internal Audit Service to Schools – traded audits and health checks.	<p>The strategy for auditing schools from April 2012 was agreed with the Audit Committee and incorporated into the 2017-18 audit plan.</p> <p>We offer a full audit or a health check to maintained schools.</p> <p>During 2019/20 we will continue to target the 44 schools who last had an audit or health check in 2008, 2009 and 2010 and have not had a finance review from Children's Services. Of these 44 schools, only ten have booked an audit since reminder letters were sent out in September 2018. The target numbers and days will remain at 25 and 76 respectively for 2019/20 (in 2018/19, 22 audits have either been completed or are booked for January – March 2019).</p>	123
Provision of advice and assistance to the Eastern Inshore Fisheries and Conservation Authority.	<p>Provision of advice and assistance with respect to the Annual Governance Statement and other internal control issues.</p> <p>We provide this service on a full cost recovery basis which enables us to absorb the cost of some of our senior management and other overheads.</p>	5
Undertaking grant certification work particularly with respect to EU grants completed quarterly, half yearly or annually.	<p>We provide this service on the required charges basis or at full cost recovery, which enables us to absorb the cost of all or some of our senior management and other overheads.</p> <p>Grant certifications include five EU grants, increasing to six in 2019/20, five LGA grants, one external client and five other UK government grants, plus the 16-19 EFSA grant funding work for schools for the S151 Officer.</p>	230
Provision of the Audit Authority for the France	We provide these services on a full cost recovery basis.	392

Channel England programme		
Provision of an Internal Audit Service to the Norfolk Pension Fund.	<p>We provide an internal audit service to the Norfolk Pension Fund on a risk assessed basis.</p> <p>We provide these services on a full cost recovery basis which enables us to absorb the cost of some of our senior management and other overheads.</p>	75

Days available to deliver NAS services 2020/21

Element	Total Days proposed 2020/21	% of NCC plan (excludes external clients)	Proposed Days Q1 & Q2	Proposed Days Q3/Q4	Revised Total Days 2019/20	% of NCC plan (excludes external clients)
Reporting to the Audit Committee quarterly and annually	35	3%	25	25	35	3%
Facilitation of the delivery of the Annual Governance Statement to the Audit Committee and the Joint Committees. Corporate risk RM013	8	1%	8	0	8	1%
Provision of assurance to the Executive Director of Finance and Commercial Services (Section 151 Officer) with respect to the systems of governance/internal control and risk management throughout the authority.	20	2%	10	10	20	2%
Undertaking audit work to support the internal audit opinion	705	58%	300	413	754	57%
Provision of advice and assistance with respect to Internal Control to Executive Directors and other Senior Officers	95	8%	40	40	95	7%
Delivery of the Anti Fraud and Corruption strategy, including preliminary assessments and investigations	180	15%	90	90	191	15%
servicing of Committees in respect of risk management	155	13%	77	78	191	15%
*Provision of chargeable Internal Audit Service to Schools	123		61.5	61.5	101	
*Provision of an Internal Audit Service to Norfolk Pension Fund	75		37.5	37.5	67	
*Provision of advice and assistance to the Eastern Sea Fisheries Joint Committee/EIFCA	5		5	0	5	
*Undertaking Grant Certification work particularly with respect to EU grants (some days non chargeable)	230		115	115	226	
*Delivering the Audit Authority Function to the FCE programme	392		196	196	395	
Gross Total	2,023	100%	965	1,066	2,088	100%
*Less Delivered to external Clients	825		415	410	795	
Total Days to be Delivered	1,198	100%	550	656	1,293	100%

Available productive days as per resource model

2023

Audit Opinion Days Planned

810

Over-subscription of audit opinion days

105

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose	Together for Norfolk Ref.	Q1&2 Audit Days	Q3 & 4 Audit days
Community and Environmental Services						
Castle Keep Project Build	Project risk	20	Assurance on the controls in place to manage the building works to ensure that the work is delivered as expected, on time and in budget.	Strong Communities	20	
Third River Crossing Part 1	Project risk RM024	20	Review and challenge of the 'Total of the Prices' as part of the contractor's tender submission.	Strong Communities	15	
Third River Crossing Part 2	Project risk RM024	10	Assurance on the operation of the controls in place to manage the building works to ensure that the work is delivered as expected, on time and in budget.	Strong Communities		15
NCC Environmental Policy	Departmental risk	15	Assurance that the newly agreed environmental policy is well governed, managed and monitored to deliver the expected deliverables.	Strong Communities		15
Highways Asset Management Strategy	Service risk	5	Assurance over the annual self assessment assurance process - DfT Incentive Fund.	Growing Economy	5	
Scottow Enterprise Park (SEP)	Service risk	20	Assurance that effective governance arrangements are in place to manage and monitor the SEP, and that the purpose of the SEP is being delivered.	Growing Economy		20
Total Community & Environment Services		90			40	50
Adult Social Services						
All departments						
Post Project Review of Social Care Centre for Excellence (SCCE)	Service risk	15	Post Project Review - assurance that the SCCE is working well now it is within ASS.	Thriving People		15
E-brokerage	Service risk	15	Assurance that the new e-brokerage system and associated protocol is being used in practice for commissioning providers.	Thriving People	15	
Shared Care Protocols	Service risk	15	Assurance that the shared care protocols for mental health are working in practice.	Thriving People		15
Follow up of Transforming Care Programme audit recommendations	Service risk	10	Follow Up of previous recommendations (2018/19).	Thriving People	10	
Emerging Integrated Care Systems - governance arrangements	Service risk	20	Assurance on the governance arrangements in place	Thriving People	20	
Total Adult Services		75			45	30

Children's Services						
Education						
Thematic Audit - Ethics	Governance risk	30	Assurance that appropriate ethics arrangements are in place at schools.	N/a		30
Thematic Audit - Risk Assessments	Health and Safety risk	25	Assurance that risk assessments are being completed as required.	N/a		25
All departments						
Transformation Programme (SEND and Social Care)	Corporate Risk RM030	20	Assurance on the controls in place to ensure that the transformation programme is well governed, managed and monitored to deliver the expected benefits and savings.	Thriving People		20
SEND Capital Programme	Corporate Risk RM030	20	Assurance on the controls to deliver the capital programme on time and to budget.	Thriving People		20
Foster Carers' Monies	Service risk	15	Assurance that the monies provided to Foster Carer is spent on foster children.	Thriving People	15	
Transition of 16-17 year olds to independence	Service risk	15	Assurance on the process that 16-17 year olds follow to achieve independence, including the sufficiency and adequacy of accommodation for this group of people.	Thriving People		15
Assurance Sources within Children's Services	Service risk	15	An exercise to map the third and second line of defence sources of assurance received by Children's Services to their risks and processes.	Thriving People	15	
Total Children's Services		125			15	110
Strategy and Governance						
Health and Safety						
Driving for Work	Health and safety risk	25	Assurance that employees and managers are complying with the requirements of this policy and that managers are monitoring compliance.	N/a	25	
DSE Assessments	Health and Safety risk	25	Assurance that employees are complying with the requirements of this policy and that managers are monitoring compliance.	N/a		25
Information Management						
IM Audit	Corporate risk RM003	20	Topic to be agreed on a risk assessed basis.	N/a	20	
IM Audit	Corporate risk RM003	20	Topic to be agreed on a risk assessed basis.	N/a		20
Human Resources & Organisational Development						
Use of temporary and casual staff	HR risk	30	Assurance that departments are complying with the policy for the use of temporary and casual staff.	N/a		30
Total Strategy and Governance		120			45	75
Work to Support AGS						
Hethel Engineering	Corporate risk RM013	15	Assurance that adequate governance controls were in place during 2019-20.		15	
Total for Work to Support AGS		15			15	0

Finance						
Financial Assessments	Financial risk	20	Assurance that the controls to assess the financial status of potential clients are appropriate and operating in practice.	Thriving People	20	
Payments to Clients	Financial risk	30	Assurance that the controls to manage payments to clients are appropriate and working in practice	Thriving People		30
Risk Management	Other	15	Assurance that the the County Council's risk management system is adequate	N/a	15	
Financial Management Code	Financial risk	15	Assurance over the preparedness for the new Financial Managemnt Code	N/a		15
Treasury Management	Financial risk	15	Assurance that the controls to manage the County Council's financial investmenst are appropriate and operating in practice taking into account the Treasury Management Code	N/a		15
Corporate Property Team						
Auctions	Financial risk	15	Assurance that the controls to manage the auction process are appropriate and working in practice.	Growing Economy	15	
Procurement (NPS & Norse)	Financial risk	20	Assurance that the controls in place for procurement are appropriate and working in practice, including the checks completed on bidders and the oversight of NPS and Norse by County Council of their procurement activities.	N/a		20
Repton Housing Development Company	Corporate risk RM007	20	Assurance that controls in place to govern and manage the build and sale of houses are working in practice.	Growing Economy		20
Project Qube (system for collecting and paying rents, rates and service chgs as a landlord and a tenant)	Financial risk	15	Assurance that the controls established for the Project Qube system are appropriate and working in practice.	N/a		15
Tenancy Selection - County Farms	Financial risk	15	Assurance that the controls for the new tenancy selection process are appropriate and working in practice.	Growing Economy	15	
Procurement						
Public Services (Social Value) Act 2012 & Processing Agreements	Regulatory risk (Data Protection)	15	Assurance that processing agreements are in place between us as the Data Controller and those we contract with who are Data Processors. Assurance that we have complied with the requirements of the Public Services (Social Value) Act to consider and consult regarding social value when procuring contracts above the relevant Public Contract Regulation threshold.	N/a	15	
VFM - Facilities Management Contracts (Norse)	Financial risk	20	Assurance that value for money has been achieved for Facilities Management contracts.	N/a		20

Information Management Technology						
Data Centres	Departmental Risk - RM14140	15	Assurance on the controls in place to manage and operate the two data centres including environment control, fire protection, access and physical security.	N/a	15	
ICT Disaster Recovery	Departmental risk - RM14142 / Corporate risk RM010 and RM016	15	Assurance on the controls in place to recover systems and to continue to communicate and share information internally and externally in the event of a disaster, taking into account the new systems coming onboard (intranet, internet, email, secure email, telephony, mobile services, remote access, wireless, Contact Centre).	N/a		15
Digital Norfolk Transformation Programme (Smarter Working, LAN / Wifi)	General IT risk	20	Assurance on the controls in place to ensure that the transformation programme is well governed, managed and monitored to deliver the expected benefits and savings.	Strong Communities		20
Service Performance	General IT risk	15	Assurance on the controls in place to ensure the service desks are delivering within expected SLAs and that these are being effectively managed and monitored.	N/a		15
Local Full Fibre Network Programme (LLFN)	General IT risk	15	Assurance on the adequacy and effectiveness of the controls in place to deliver the local full fibre network programme as bid for and comply with the requirements of the LLFN Challenge Fund.	Strong Communities	15	
Total Finance		295			110	185
Days to complete 2019/20 audits		70			70	
Follow Up Days		20			10	10
Total Opinion Days to be delivered in 2019/20		810			350	460

Grants		230			115	115
Pensions		75			25	50
Schools		123			56	67

Audit Areas which may appear in the 2nd Half of the Year Audit Plan						
Fire and Rescue Service	Service risk		Topic to be agreed. Likely to provide assurance over anticipated inspection areas	Strong Communities		
Contract Management	Corporate risk RM004		Assurance that the contract management arrangements in place with Norse - Highways are in place and working effectively	N/a		
Follow Up of LGA Peer Review topics	Governance risk		Assurance that the actions of the LGA review have been fully implemented.	N/a		
Follow Up of Info Gov Mgmt Fwk Review topics (quality of data)	Corporate risk RM007		Topic to be agreed on a risk assessed basis	N/a		
Government's Prompt Payment Policy and Payment Terms	Finance risk		Assurance that the County Council is complying with the Government's Prompt Payment Policy.	N/a		
Community Information and Learning - online compliance requirements	Service risk		Assurance over online compliance requirements	N/a		
Procurement - Modern Slavery	N/a		Assurance that we are preparing to comply with the requirements of this Act.	N/a		
Insurance	Financial risk		Assurance that effective governance arrangements are in place	N/a		

Audit Committee

Item No 10.

Report title:	Counter Fraud, Bribery and Corruption Progress Report
Date of meeting:	30 January 2020
Responsible Cabinet Member	Not applicable
Responsible Director:	Helen Edwards, Chief Legal Officer
Is this a key decision?	No
<p>Executive Summary</p> <p>The Norfolk Audit Service (NAS) Anti-Fraud, Bribery and Corruption Strategy was approved by the Audit Committee on 21 September 2017. Appendix A of this report provides an update in respect of the ongoing counter fraud activity undertaken by NAS during the current financial year.</p> <p>Appendix B provides a copy of the recent CIPFA Counter Fraud tracker (CFacT) for the Audit Committee's information.</p> <p>Key messages are that:</p> <ul style="list-style-type: none"> • Bespoke Anti-Fraud training sessions took place in October 2019 in collaboration with the DWP for team members working in financial exchequer services (FES). The sessions provided insight into the anti-fraud work undertaken by the DWP a provided opportunity for collaboration with fighting fraud in the care sector. • Work to implement mandatory eLearning relating to Fraud, Bribery and Corruption for office-based staff is complete. The current offering has been updated and internal policies drafted in respect of the training. The program is with training and development teams and will be launched in line with the wider mandatory training program for all staff. Approximately 500 staff had already completed the eLearning during early piloting. • FraudHub continues to have a positive impact in respect of its capabilities for person tracing and background checks. In the last quarter FraudHub has assisted with identifying and recovering £27,891 of debt in adult social care payments. • Work is ongoing to enhance counter fraud measures in the area of council tax single person discount (across Norfolk Local Authorities) by employing enhanced data matching techniques. An update on progress will be available as part of the end of year report. <p>Action Required:</p> <p>To;</p> <ul style="list-style-type: none"> • Consider and agree that the content of the Anti-Fraud, Bribery and Corruption and Whistleblowing Progress Report (Appendix A), the key messages, that the progress is satisfactory, and arrangements are effective. 	

1. **Background and Purpose**

One of the roles of the Audit Committee is to have oversight of the effectiveness of the anti-fraud and corruption and whistleblowing arrangements of the Council including the strategy, policies and any associated guidance.

2. **Proposals**

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

The report at **Appendix A** provides an update in respect of the pro-active and reactive anti-fraud, bribery and corruption activity undertaken during the current financial year (2019/20), including Whistleblowing. **Appendix B** provides a copy of the recent CIPFA Counter Fraud tracker (CFacT) for the Audit Committee's information.

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

The NAS Anti-Fraud, Bribery and Corruption Strategy and activity plan sets out and provides information on NCC's response to the document 'Fighting Fraud and Corruption Locally (FFCL), The local government counter fraud and corruption strategy 2016 – 2019'.

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

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

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

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

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

3. **Impact of the Proposal**

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

4. **Evidence and Reasons for Decision**

Not applicable

5. **Alternative Options**

Not applicable

6. **Financial Implications**

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

7. **Any other implications**

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

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

10. **Select Committee Comments:** None

11. **Recommendation**

- 11.1 See Action Required at Executive summary

Background Papers: None

Officer Contact

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

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

APPENDIX A

**NAS Anti-Fraud, Bribery
and Corruption Audit
Committee Progress Report
(Including Whistleblowing)**

**For presentation
at the Audit
Committee
meeting on:**

30 January 2020

1. Introduction

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

This report provides an update in respect of the pro-active and reactive anti-fraud, bribery and corruption activity undertaken during the period 1 October 2019 – 31 December 2019.

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

1. Key messages

- Bespoke Anti-Fraud training sessions took place in October 2019 in collaboration with the DWP for team members working in financial exchequer services (FES). The sessions provided insight into the anti-fraud work undertaken by the DWP and provided opportunity for collaboration with fighting fraud in the care sector.
- Work to implement mandatory eLearning relating to Fraud, Bribery and Corruption for office-based staff is complete. The current offering has been updated and internal policies drafted in respect of the training. The program is with training and development teams and will be launched in line with the wider mandatory training program for all staff. Approximately 500 staff had already completed the eLearning during early piloting.
- FraudHub continues to have a positive impact in respect of its capabilities for person tracing and background checks. In the last quarter FraudHub has assisted with identifying and recovering £ 27,891 of debt in adult social care payments.
- Work is ongoing to enhance counter fraud measures in the area of council tax single person discount (across Norfolk Local Authorities) by employing enhanced data matching techniques. An update on progress will be available as part of the end of year report.

Further details of all the activity undertaken during the period can be found in section 2 below.

2. Proactive Work Summary

The table below provides a summary of activities completed/commenced during the reporting period. These follow the draft plan of activity.

	Activity
	<p>The NAS Anti-Fraud, Bribery and Corruption activity plan was updated for the period 1 April 2019 – 31 March 2020.</p> <p>A number of activities have commenced in accordance with the plan:</p>
1.	<p>Collaboration with the Department of Work and Pensions (DWP) fraud teams resulting in the arrangement of Anti-Fraud Workshops for staff working in Financial Exchequer Services:</p> <p>Bespoke Anti-Fraud training sessions took place in October 2019 in collaboration with the DWP for team members working in financial exchequer services (FES). The sessions provided insight into the anti-fraud work undertaken by the DWP a provided opportunity for collaboration with fighting fraud in the care sector.</p> <p>The Investigative Auditor continues to liaise with external organisations including districts to promote collaboration within the anti-fraud remit.</p>
2.	<p>Work to implement mandatory eLearning relating to Fraud, Bribery and Corruption for office-based staff is complete.</p> <p>The current offering has been updated and internal policies drafted in respect of the training.</p> <p>The program is with training and development teams and will be launched in line with the wider mandatory training program for all staff.</p>
3.	<p>Data matching fieldwork involving the Cabinet Office National Fraud Initiative (NFI) is ongoing.</p> <p>The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The NFI exercise takes place bi-annually.</p> <p>Currently, procurement invoices for services are being reviewed.</p> <p>Any significant findings will be reported to the Audit Committee and/or considered for further investigation upon conclusion of the fieldwork.</p>

	Activity
4.	<p>FraudHub continues to have a positive impact in respect of its capabilities for person tracing and background checks.</p> <p>In the last quarter FraudHub has assisted with identifying and recovering £27,891 of debt in adult social care payments. The has included:</p> <ul style="list-style-type: none"> • Undeclared property ownership • Undeclared bank accounts • Unknown capital
5.	<p>The Investigative Auditor has met/liased with the following departments/personnel throughout NCC to discuss fraud, bribery and corruption issues during the period:</p> <ul style="list-style-type: none"> • Np Law • Norfolk Schools • Educator Solutions • Compliments and complaints team <p>The purpose of these meetings was to enhance NCC's counter fraud culture, promote the reporting lines for raising concerns, identify areas for counter fraud activity and assess potential investigations.</p>
6.	<p>NAS continues to support Norfolk Against Scams Partnership (NASP) in cooperation with Norfolk Trading Standards. The work undertaken by NAS includes promoting fraud and scams awareness to Norfolk Schools.</p> <p>NASP is a partnership of organisations committed to taking a stand against scams and aims to make Norfolk a scam free county.</p> <p>Through raising awareness in this area examples can be evidenced of enhanced reporting and circulation of new and emerging scams in Norfolk Schools</p>
7.	<p>The Chartered Institute of Public Finance and Accountancy (CIPFA) has published its fifth Counter Fraud and Corruption tracker (CFaCT).</p> <p>The Investigative Auditor provided annual data for inclusion in tracker to CIPFA to assist with national benchmarking.</p> <p>Some key point to note from the survey:</p> <ul style="list-style-type: none"> • £253 million of fraud has been detected or prevented by Local Authorities in 2018/2019 • Single Person Discount and Council Tax reduction represent the highest recovery areas with 55,855 instances of Council tax fraud identified. • £13.7 million of fraudulent activity identified in the area of adult social

Activity
care. A copy of the report has been provided for the information of the Audit Committee at Appendix B

3. Reactive Investigation Update

The below tables provide a summary of the fraud cases investigated during the current financial year.

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

Cases brought from 2018/2019	Total referrals received 2019/2020 to date	Cases closed - Fraud Detected	Cases closed – No Further action	Total cases on-going
4	7	4	3	4

A summary of any financial loss and/or any recovery action will be provided in the 2019-2020 Anti-Fraud, Bribery and Corruption report.

4. The Effectiveness of the Whistleblowing Policy - Update

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

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

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

- Five new referrals have been made in the current financial year in the areas of residential care, data protection and employment. All cases are being dealt with in accordance with procedures.

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

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

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

Contact

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

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fraud and corruption tracker

Summary Report 2019



**CIPFA COUNTER
FRAUD CENTRE**

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Foreword

A handwritten signature in black ink that reads 'Rob Whiteman'.

Rob Whiteman
Chief Executive, CIPFA

As stewards of public money, it's the responsibility of each and every public sector organisation to take an active role in the fight against corruption, bribery and fraud. The impact of financial crime on the public sector is enormous. The diversion of funding from vital public services undermines public trust, financial sustainability, organisational efficiency and makes the vulnerable people in our communities that much worse off.

The CIPFA Fraud and Corruption Tracker (CFaCT) aims to provide a current national picture of public sector fraud and corruption for local authorities and to help identify counter fraud actions that must be taken. The report's findings provide valuable insights designed to help counter fraud practitioners in local government better understand national trends and emerging risks.

This publication is part of CIPFA's commitment to support the public sector and promote the principles of strong public financial management and good governance. Not only do our findings shed valuable light on the fraudulent activities happening in public organisations across our country, but they also showcase the important role that counter fraud measures play in the larger fight against fraud and corruption.

The findings from the 2019 CFaCT survey should not be understated. Understanding the emerging risks that similar sectors face can help organisations in the broader public sector increase their individual awareness, collaborate more effectively and take tailored action to prevent illegal activity from growing in the public sphere.

By working together, all agencies involved in protecting public resources can improve clarity and efficiency in tackling fraud. Ultimately the improved outcomes that result will benefit all communities.

The survey was supported by:



The CIPFA Counter Fraud Centre

The CIPFA Counter Fraud Centre (CCFC) was launched in 2014. Building on CIPFA's 130-year history of championing excellence in public finance management, we offer a range of products and services to help organisations detect, prevent and recover fraud losses. We support the national counter fraud and anti-corruption strategy for local government, Fighting Fraud and Corruption Locally and were named in the UK Government's 2014 Anti-Corruption Plan and in the 2017–22 Anti-Corruption Strategy as having a key role to play in combating corruption, both within the UK and abroad. Through the annual CFaCT survey, we lead on measuring and monitoring fraud, bribery and corruption activity across local government.



**CIPFA COUNTER
FRAUD CENTRE**

Acknowledgements

CIPFA would like to thank all the organisations that completed the survey along with those that helped by supporting, contributing insights and best practices, including:

- Local Government Association
- Home Office
- The Fighting Fraud and Corruption Locally board



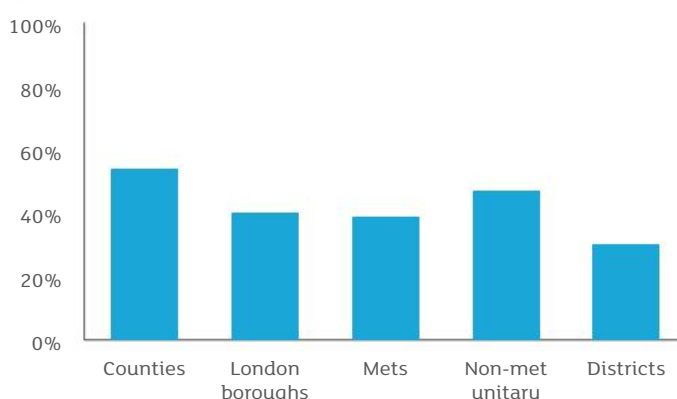
Introduction

CIPFA recognises that each pound lost to fraud represents a loss to the public purse and reduces the ability of the public sector to provide services to people who need them. According to the Annual Fraud Indicator 2017, which provides the latest set of government sanctioned estimates, fraud costs the public sector at least £40.3bn annually, £7.8bn of which is specifically in local government.

Fraud is a widespread cause of concern in the public sector and remains a constant financial threat to local authorities. This is an ongoing issue in the sector and partners such as the Local Government Association (LGA), the National Audit Office and the Home Office actively work towards new ways of finding solutions to the challenges unique to government.

CIPFA conducted its fifth annual CFaCT survey in May 2019, with the aim of creating a national picture of the types of fraud and amount prevented or detected in local authorities. The results were received from local authorities in all UK regions, allowing CIPFA to estimate the total figures for fraud across England, Scotland, Wales and Northern Ireland.

Response rate



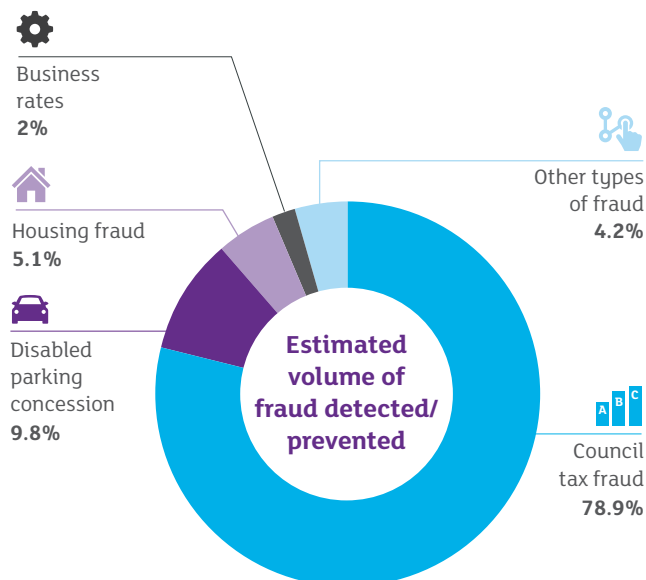
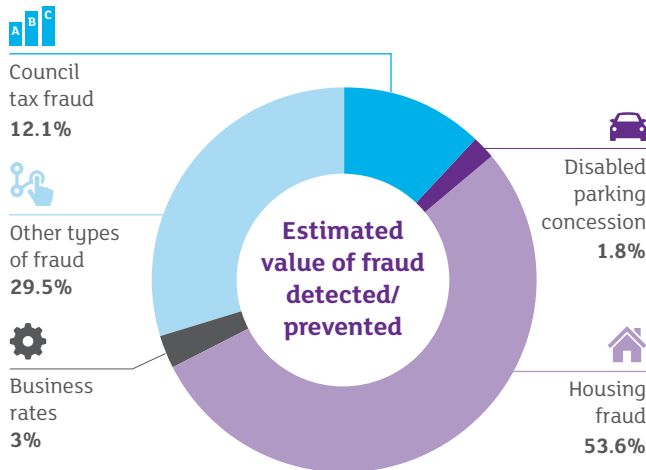
This report highlights the following:

- the types of fraud identified in the 2018/19 CFaCT survey
- the monetary cost of fraud in 2018/19
- the impact of counter fraud and prevention activities to improve the public sector budget
- the emerging risks and threats impacting the fraud and corruption landscape.



Executive summary

For local authorities in the UK, CIPFA has estimated that the total value of fraud detected or prevented in 2018/19 is approximately £253m, averaging roughly £3,600 per fraud case. In 2017/18 there was an estimated value of £302m with a similar average of £3,600 per case detected or prevented.



The decrease in the total value can be largely attributed to the successful work by public authorities in housing, which has seen a year-on-year reduction in the total number of unlawfully sublet properties and false right to buy applications.

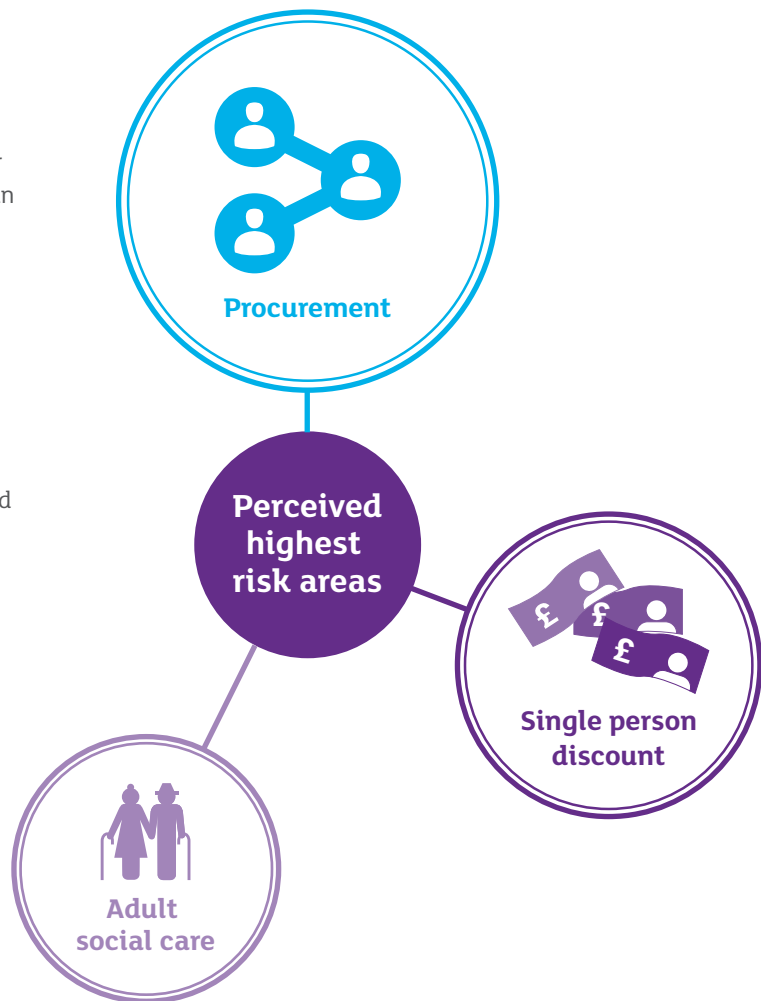
Improvements in the review of allocations and applications by many local authorities have limited the risk of new fraud cases and strengthened overall degrees of prevention. Together with low rates of tenancy turnover associated with the current social housing stock, this prevention strategy has been highly effective.

Councils reported that approximately 71,000 instances of fraud had been detected or prevented in 2018/19, which is lower than the approximate 80,000 reported by CIPFA in 2017/18. Council tax fraud represents 78% of these identified instances of fraud with an estimated value of £30.6m followed by disabled parking concession (Blue Badge scheme) and housing frauds representing 10% and 5% of the total cases of UK public sector fraud, respectively.

The area that has grown the most in the last year is council tax single person discount (SPD) with an estimated increase of £3.6m since 2017/18.

The three highest perceived fraud risk areas for 2018/19 remain unchanged from the previous iteration of this survey: procurement, council tax SPD and adult social care respectively.

Survey results show that nationally, the primary perceived issue that respondents think needs to be addressed to effectively tackle the risk of fraud and corruption is capacity – ie sufficient counter fraud resource. Better data sharing and effective fraud risk management follow as secondary and tertiary areas for improvement. Results from respondents have shown that they expect to increase the number of counter fraud specialist staff by 9% over the next year, a continuation of an upward trend for employing counter fraud specialists in councils.



In the last year, the value of fraud detected and prevented by local authorities in the UK was

£253m



Major fraud areas

For 2018/19, the CFaCT survey has shown that the four main areas of fraud (by volume) that local authorities are tackling are:

- council tax
- disabled parking (Blue Badge)
- housing
- business rates.



Council tax

Council tax has continued to be the largest area of identified fraud over the last three years and is the top fraud risk for districts and unitaries, 43% and 26%, respectively. Although the volume is significantly higher when compared to other fraud risk areas, council tax does not represent the highest cumulative value amongst all surveyed types of fraud, estimated to total £30.6m. This high volume/low value continues to be a leading trend each year.

Table 1: Estimated council tax fraud

	2016/17		2017/18		2018/19	
	Volume	Value	Volume	Value	Volume	Value
SPD	50,136	£19.5m	46,278	£15.8m	44,051	£19.4m
CTR	6,326	£4.8m	8,759	£6.1m	8,973	£7.2m
Other	674	£1.1m	2,857	£4.5m	2,831	£4.0m
Total	57,136	£25.5m	57,894	£26.3m	55,855	£30.6m

The total number of detected and prevented fraud cases for council tax fell in 2018/19 after rising in previous years. However, the average values of frauds, especially for SPD, has risen resulting in an increase in the total value.

55,855

instances of council tax fraud amounted to



£30.6m

in the last year



Disabled parking (Blue Badge)

The survey has identified misuse of the Blue Badge scheme as one of the fraud risk areas that is increasing steadily. Although the number of cases has nearly halved since last year, the national estimated average value per case has increased from £499 to £657 in 2018/19. Although this value does not include cases with a normal cancellation upon death of the individual, the increase is likely to continue with new criteria in guidance released by the Department for Transport and Ministry of Housing, Communities & Local Government (MHCLG).

This guidance states that the Blue Badge scheme now extends to individuals with less 'visible' disabilities, such as dementia or anxiety disorder – one of the biggest changes to the scheme in nearly 50 years. These extended criteria came into effect in August 2019 and coincide with the launch of a new task force to aid local authorities in the prevention and detection of Blue Badge fraud.¹

This indicates that although procurement, council tax SPD and adult social care are identified nationally as the three main fraud risk areas,

Blue Badge fraud is an area of increasing risk and prominence.

Due to the varying nature of cases and local authorities' individual calculation methods, at present there is no standard means of calculating the value of Blue Badge fraud. It is challenging to directly compare the value of fraud cases detected/prevented across all UK authorities.

For example, Greater London authorities place a higher value against the fraud loss in comparison to other local authorities, with an average value of £3,340 per case compared to counties who had an average of £260 per fraud case; this is partially due parking fees being much higher in Greater London.



Fraud from the misuse of the Blue Badge scheme is a fraud area that is steadily increasing.



The average case of Blue Badge fraud has increased from **£499** to **£657**



¹ www.gov.uk/government/news/review-of-blue-badge-fraud-as-scheme-is-extended-to-those-with-hidden-disabilities



Housing and tenancy fraud

In relation to housing fraud, councils record the income lost using different valuations that can range from a notional cost of replacing a property to the average cost for keeping a family in bed and breakfast accommodation for a year. These different approaches make it challenging to formulate clear comparisons. On a national scale, the value of fraud detected or prevented is considered in the two following ways:

- if the cases were pertaining to new-build accommodation
- if the cases were pertaining to temporary accommodation.

Table 2: Estimated housing fraud

Type of fraud	2016/17	2017/18	2018/19
	Volume	Volume	Volume
Right to buy	1,284	1,518	652
Illegal sublet	1,829	1,051	826
Other*	2,825	2,164	2,154
Total	5,938	4,733	3,632

*Other includes tenancy frauds that are neither right to buy nor illegal sublet, and may include succession and false applications.

3,632

instances of housing fraud occurred in the UK last year



In cases regarding new-build accommodations an average of £150k per fraud case is applied, compared to £18k for cases regarding temporary accommodations. This can be further explored by examining the comparison by tier (see Table 2).

There has been a steady downward trend in the number of housing and tenancy related frauds detected/prevented, decreasing by roughly 20% year-on-year. This trend likely indicates successful efforts by local authorities to tackle housing fraud and remove illegally sublet properties from the system.



Business rates

Business rate fraud represents 2% of the total estimated number of fraud cases detected or prevented in 2018/19. This represents a marginal increase from the previous year's figure of 1.7% and is reflected in the fact that councils reported it as the fifth highest fraud risk area on a national scale and third highest specific to districts.

Examples of business rates fraud include fraudulent applications for exemptions, tax

relief and the failure to list properties as being a business address. It often takes a visit from someone in the fraud team to discover the truth.

Even with the increased percentage overall, the estimated loss decreased to £8m from £10m the previous year.

Business rate fraud
represents



2%

of all detected and prevented
cases of fraud in the UK

Other types of fraud

This section of the report examines survey responses related to other notable types of fraud that did not emerge as major types of fraud within the national picture. This section includes the following fraud types, among others²:

- adult social care
- insurance
- procurement
- no recourse to public funds/welfare assistance
- economic and voluntary sector support and debt
- payroll, recruitment, expenses and pension
- mandate fraud and manipulation of data.



Adult social care

Table 3: Estimated adult social care fraud

Type of fraud	2016/17		2017/18		2018/19	
	Volume	Value	Volume	Value	Volume	Value
Personal budget	264	£2.7m	334	£3.2m	234	£9.6m*
Other	182	£2.8m	403	£3.5m	246	£4.1m
Total	446	£5.5m	737	£6.7m	480	£13.7m*
Average value per fraud		£12k		£9k		£29k*

*Please note that this figure is inflated by a small number of authorities and though it is not comparable, it shows the scope of fraud possible in this area.

In 2018/19, there was a reversal of the trend of a steady decline in the average value per fraud of adult social care. In 2018/19 the average value of personal budget fraud increased, primarily as a result of a small number of very high value frauds identified in two councils. Excluding these cases, the decline in the value and volume of personal budget frauds continued. Other fraud also showed a decline in numbers of cases identified but the average value increased.

² An explanation of each fraud can be found in the Glossary on page 23.



Insurance fraud

This year's survey reports an estimated number of 318 insurance fraud cases, valued cumulatively at £12.6m. In comparison to the previous year, both the estimated volume and value of insurance fraud cases in the UK more than doubled.

Respondents who identified insurance fraud also reported two confirmed insider fraud cases with a combined value of £43k.

Local authority insurance fraud cases included in this survey are a mixture of both one-off,

high-value employer liability claims (such as injury at work) and frequent, low-value public liability claims (such as 'slips and trips' or property damage).

Through pro-active risk management, many risks faced by councils are being effectively identified, treated and managed. In turn, these actions have led to more effective controls and better review and management of red flags against high risk claims, contributing to higher levels of fraud prevention or detection.



Procurement fraud

For the third year in a row, procurement fraud is seen as the highest fraud risk area. Services are constantly being procured by councils and fraud can take place at any point in the supply chain, making it difficult to both detect and measure especially once a contract has been awarded. Councils also undertake large value infrastructure and regeneration projects, usually subjected to outsourcing. As councils are responsible for the funding of these large projects, when procurement fraud does occur the sums can be significant.

This year, there was an estimated number of 125 prevented or detected procurement frauds with 12% of cases reported being insider fraud and 5% classified as serious and organised crime. This is a continued decline from 142 estimated fraudulent cases with a value of £5.2m in 2017/18 and 197 cases with a value of £6.2m in 2016/17.

Table 4: Estimated procurement fraud

2016/17		2017/18		2018/19	
Volume	Value	Volume	Value	Volume	Value
197	£6.2m	142	£5.2m	125	£20.3m*

*Please note this figure is attributable to mainly one organisation and though it is not comparable to other respondents, it shows the scope for fraud in this area.

This year, there was an estimated number of

125

prevented or detected procurement frauds.

Over the past 12 months MHCLG has been leading a review into the risks of fraud and corruption in local government procurement as committed to in the UK Government's Anti-Corruption Strategy 2017-2022.



Welfare assistance and no recourse to public funds

In 2018/19, the estimated number of fraud cases related to welfare assistance dropped significantly to 24. In 2017/18 and 2016/17 there were an estimated 109 and 74 cases, respectively. The scope for the volume of cases authorities can receive in this area was demonstrated last year where the average number of cases per authority was over three times the level identified in 2018/19.

2018/19 saw the number of no recourse to public funding cases fall to an estimated 148, down from an estimated 334 cases in the previous year. This decline can possibly be attributed to fewer respondents detecting/preventing fraudulent activity in this area.



Economic and voluntary sector (grant fraud) and debt

The number of grant fraud cases reported by local authorities responding to the survey has reduced to six cases with an average value per fraud loss of approximately £4,000. In the 2016/17 survey, there were 17 actual cases of grant fraud reported, which increased in 2017/18 to 24 cases with an average estimated loss of £14,000 per case.

The number of debt cases reported has increased to 53, and is valued at over £495,000 this year, compared to 38 reported cases in 2017/18 valued at over £150,000. This year, both the number and value of debt fraud cases increased, despite a decline in the survey's response rate. This might indicate that debt fraud likely has a higher scope for fraudulent activity than previously expected.



The number of grant fund fraud cases reported by local authorities has gone down to six.





Payroll, expenses, recruitment and pension

The total value of the fraud loss for these four areas in 2018/19 was an estimated £9.42m. This figure was inflated by one incident of payroll fraud that was prevented by an authority and though it is not comparable on a national basis, it reflects the scope of fraud for this area.

Measuring the cost of these frauds can be quite difficult as they carry implications that include reputational damage, the costs of further recruitment and investigations into the motives behind the fraud. This could indicate that some organisations are less likely to investigate or report investigations in these areas.

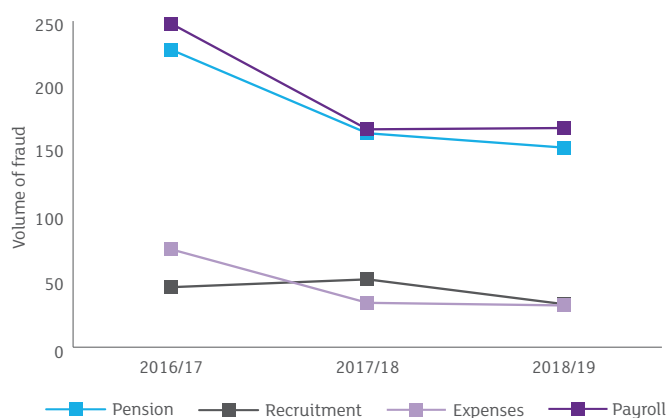
Payroll has had the highest volume and value of fraud out of these four areas (payroll, expenses, recruitment and pension) for every year since 2016/17. Recruitment fraud has the second highest with an estimated average per case of £11,381.

Table 5: Estimated payroll, expenses, recruitment and pension fraud

	2016/17		2017/18		2018/19	
Type	Volume	Value	Volume	Value	Volume	Value
Payroll	248	£1.0m	167	£1.01m	168	£8.77m*
Expenses	75	£0.1m	34	£0.03m	32	£0.04m
Recruitment	46	£0.2m	52	£0.49m	33	£0.38m
Pension	228	£0.8m	164	£0.57m	153	£0.23m
Total	597	£2.1m	417	£2.1m	386	£9.42m*

*Please note this figure is attributable to mainly one organisation and though it is not comparable to other respondents, it shows the scope for fraud in this area.

Changes in fraud volume



Manipulation of data (financial or non-financial) and mandate fraud

CIPFA estimates that across the UK in 2018/19 there were 34 cases of manipulation of data fraud, which is an increase from the estimated cases in 2017/18 following a dip compared to the year before that.

There were 322 estimated cases of mandate fraud in 2018/19 compared to 257 estimated cases detected or prevented in 2017/18.

Serious and organised crime

Organised crime often involves complicated and large-scale fraudulent activities which cross more than one boundary, such as payroll, mandate fraud, insurance claims, business rates and procurement. These activities demand considerable resources to investigate and require organisations to co-operate in order to successfully bring criminals to justice.

The 2018/19 survey identified 24 cases of serious and organised crime, a decrease from the 56 in 2017/18 which had doubled from the year before that. All of this year's cases come from metropolitan, districts, London boroughs and counties. This may indicate that larger and more complex authorities bear a greater risk of being targeted by serious and organised crime. The responses show that councils share a significant amount of data both internally and externally,

with 72% sharing data with the Cabinet Office/ National Fraud Initiative, 52% sharing data with the police and 49% sharing data with their peers (other councils).

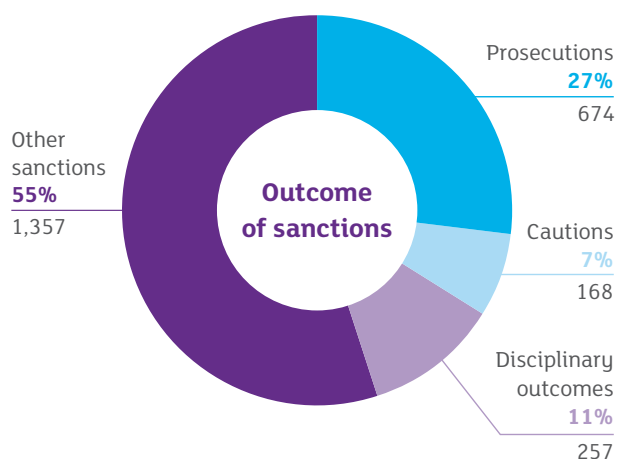
Of the organisations that responded, 35% identified serious and organised crime within their organisation's risk register.



Sanctions

The following shows some of the key findings from sanctions that are being used in CFaCT 2018/19:

- 674 prosecutions were completed in 2018/19. Of these 17 involved insider fraud and 14 of those insider fraud cases were found guilty.
- The number of cautions increased from 9% in 2016/17 to 13% in 2017/18 but reduced to 7% in 2018/19.
- The percentage of other sanctions dropped from 53% in 2016/17 to 46% in 2017/18 but increased to 55% in 2018/19.



Cyber fraud

Results from the CFaCT survey show that 74% of respondents last underwent a cyber/e-fraud risk assessment during or after 2018/19 and 78% state that the IT team/senior information risk owner is responsible for the management of cyber risk in their organisation.

Twenty seven percent of respondents stated that their organisation had been a victim of hacking/distributed denial of service attacks in the last month.

In response to the threat of cybercrime against local government, the LGA has set up a Cyber Security Programme and a stakeholder group, working to address the issues.

The LGA's Cyber Security Programme received three years of funding from the National Cyber Security Programme (NCSP) in 2018 to help councils remain safe from cyber attacks and put appropriate arrangements in place to deal effectively with a cyber incident should it occur, ie both prevention and response.

Whistleblowing

This year, 67% of respondents said they annually reviewed their whistleblowing arrangements in line with BS PAS 1998:2008 Whistleblowing Arrangements Code of Practice. Councils also named other codes of practices with which they are aligning.

Of those questioned, 86% confirmed that staff and the public had access to a helpdesk and 70% said that the helpline conformed to the BS PAS1998:2008.

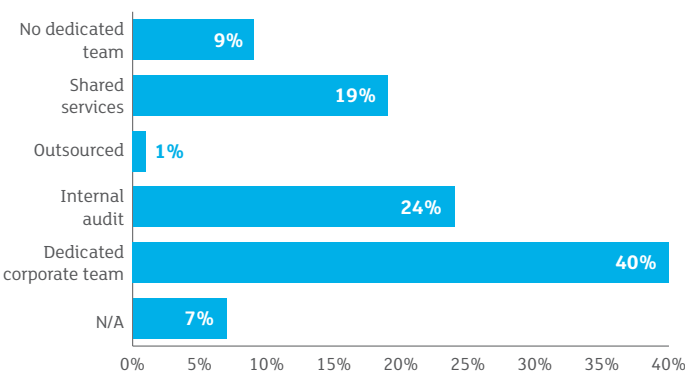
Respondents reported a total of 755 whistleblowing cases logged, made in line with

BS PAS 1998:2008, representing disclosures in all areas – not just with regard to suspected fraudulent behaviour. This is an average of six cases logged per authority, double last year's average of three per authority. Responses showed that the majority of cases were logged by London councils and metropolitan districts.

Counter fraud structure

Fraud teams across local government continue to detect and prevent a significant amount of fraud, although counter fraud resource is the main perceived issue that need to be addressed to tackle fraud. Councils are responding to this perceived need and expect the number of counter fraud specialist staff to grow by around 9% in the next year, followed by a small increase in 2021.

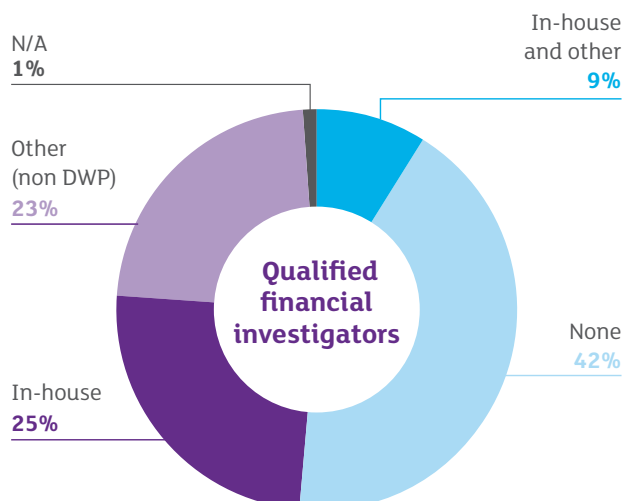
Counter fraud structure breakdown



Adopting a shared services structure is increasingly popular and this year it was reported that 19% of respondents have such a structure compared to 14% last year. Some smaller authorities have likely adopted this approach for its associated resiliency and cost efficiency.

There has been a decrease in authorities that have a dedicated counter fraud team – from 51% in 2017/18 to 40% in 2018/19. However, it is worth noting there may be a potential bias in this figure as those who have a dedicated counter fraud team are more likely and able to return data for the CFaCT survey.

The number of available in-house qualified financial investigators has increased from 31% in 2017/18 to 44% in 2018/19. In addition, the percentage of authorities that have a non-Department of Work and Pensions (DWP) qualified financial investigator increased from 23% in 2017/18 to 25% in 2018/19. However, the number of authorities that don't have a qualified financial investigator available to their organisation has increased from 41% last year to 43%.



Joint working/data sharing

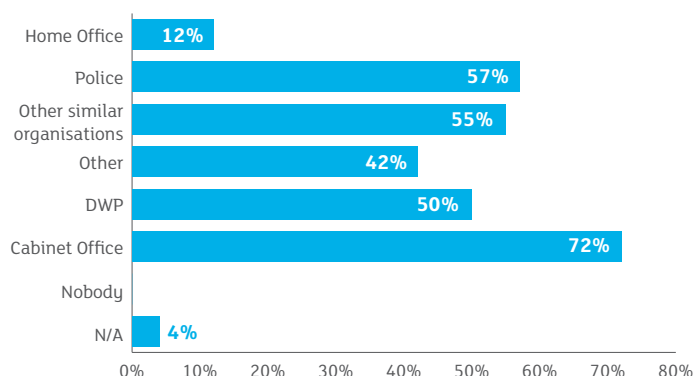
Eighty-nine percent of survey respondents have stated that they share data internally, mainly with housing, council tax and revenue/benefits departments.

Ninety-six percent of local authorities share data externally which is an increase of 2% from 2017/18. This data is mainly shared with Cabinet Office/National Fraud Initiative (72%), police (57%), other authorities/similar organisations (55%) and the DWP (50%).

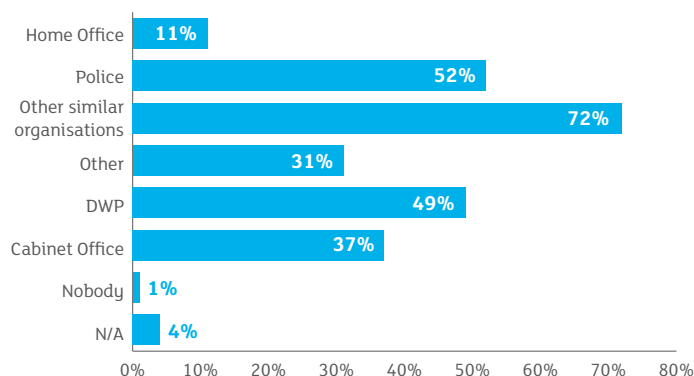
The sort of data that is shared relates to persons of interest, areas of interest and emerging frauds. Some authorities also highlighted that the kind of data they share is for data-matching purposes.

Of the CFaCT respondents, 72% say they work jointly with other similar organisations/peers, 52% work with the police and 49% with the DWP. Further breakdown is shown in the following chart.

Share/exchange data with:



Work jointly with:



Fighting Fraud and Corruption Locally

The Fighting Fraud and Corruption Locally (FFCL) Strategy 2016-2019 was developed by local authorities and counter fraud experts and is currently being reviewed. It is the definitive guide for local authority leaders, chief executives, finance directors and all those with governance responsibilities.



This strategy is available for councils to use freely, so that everyone can benefit from shared good practice, and is aimed at local authority leaders. It provides advice on how to lead and communicate counter fraud and corruption activity for the greatest impact, as well as covering resource management and investment in counter fraud operations.

To measure the effectiveness of its 2016-2019 strategy, the FFCL board includes questions in the CFaCT survey. The questions ask respondents whether they agree or disagree that their organisation is carrying out certain actions, based on FFCL recommendations. The diagram to the left illustrates the results; lines closest to the outside edge indicate strong agreement while those towards the centre indicate disagreement.



The FFCL strategy is the definitive guide for local authority leaders. Everyone can benefit from good practice.



Recommendations

CIPFA recommends

- **The cumulative value of fraud prevented/detected by local authorities has declined year-on-year.** Public sector organisations must remain vigilant and determined in identifying and preventing fraud throughout their procurement processes.
- **This year's findings show that shared services counter fraud structures are becoming more popular amongst authorities.** Effective practices for detecting and preventing fraud should be shared and adopted across the sector. Fraud prevention should be embedded in 'business as usual' across an entire organisation to improve the effectiveness of preventative measures.
- **Although the number of qualified investigators has increased over the past year, the survey shows a decline in the number of authorities with a dedicated counter fraud team.** All staff, across all public sector work functions, should receive fraud awareness training in order to better identify fraud risks, fraud attempts and implement effective controls.
- **According to respondents, a lack of adequate counter fraud resources is the main perceived issue that needs to be addressed to effectively tackle fraud.** All organisations should ensure that they have strong counter fraud leadership at the heart of senior decision-making teams. Fraud teams and practitioners should be supported in presenting business cases to resource their work effectively.
- **The survey shows that the overwhelming majority of authorities share data externally, however vast discrepancies exist among the organisations that receive that shared data.** Public sector organisations should continue to maximise opportunities to share data and to explore innovative use of data, including sharing with law enforcement bodies and third party experts.
- **In the past year, 89% of local authorities shared fraud-related data internally.** Where counter fraud functions are decentralised within an authority, counter fraud leads should ensure effective inter-departmental collaboration (ie between housing, IT (cyber security), revenues, etc). For some authorities, necessary collaboration could be achieved through the formation of a counter-fraud working group.
- **In-line with the FFCL Strategy 2016-2019,** the importance of the fraud team's work should be built into both internal and external communication plans. Publicly highlighting a zero tolerance approach can work to improve the reputation and budget position of authorities.



The importance of the fraud team's work should be built into both internal and external communications plans. ”

Appendix 1: Fraud types and estimated value/volume

The table below shows the types of frauds reported in the survey and the estimated volume and value during 2018/19.

Types of fraud	Fraud cases	% of the total	Value	% of the total value	Average
Council tax	55,855	78.9%	£30.6m	12.1%	£548
Disabled parking concession	6,951	9.8%	£4.6m	1.1%	£657
Housing	3,632	5.1%	£135.6m	53.6%	£37,332
Business rates	1,404	2.0%	£7.7m	3.0%	£5,455
Other fraud	616	0.9%	£6.0m	2.4%	£9,779
Adult social care	480	0.7%	£13.7m*	5.4%*	£28,534*
Schools frauds (excl. transport)	391	0.6%	£0.7m	0.3%	£1,893
Mandate fraud	322	0.5%	£4.7m	1.8%	£14,506
Insurance claims	318	0.5%	£12.6m	5.0%	£39,636
Payroll	168	0.2%	£8.8m*	3.5%*	£52,270*
Pensions	153	0.2%	£0.2m	0.1%	£1,498
No recourse to public funds	148	0.2%	£1.4m	0.6%	£9,483
Procurement	125	0.2%	£20.3m*	8.0%*	£161,565*
Debt	77	0.1%	£0.6m	0.2%	£7,278
Manipulation of data	34	0.1%	na	na	na
Recruitment	33	0.1%	£0.4m	0.2%	£11,381
Expenses	32	0.1%	£0.0m	0.0%	£1,124
School transport	31	0.0%	£4.8m	1.9%	£154,601
Welfare Assistance	24	0.0%	£0.0m	0.0%	£1,824
Children social care	19	0.0%	£0.4m	0.2%	£22,076
Economic and voluntary sector support	14	0.0%	£0.1m	0.0%	£4,005
Investments	2	0.0%	na*	na*	na*

*The figures for investments are not available as only one response was received and thus the amount is not representative of the national average. The other figures in this table are affected by a small number of councils that had high value frauds not indicative of the national average.

Appendix 2: Methodology

This year's results are based on responses from 142 local authorities. An estimated total volume and value of fraud has been calculated for all local authorities in England, Wales, Scotland and Northern Ireland. Missing values are calculated according to the size of the authority and for each type of fraud an appropriate universal measure of size has been selected, such as local authority housing stock for housing frauds.

From the responses, the number of cases per each unit of measurement is calculated and used to estimate the missing values. Then, for each missing authority, the estimated number of cases is multiplied by the average value per case provided by respondents to give an estimated total value. As an illustration, if the number of housing

frauds per house is 0.01 and a missing authority has 1,000 houses in its housing stock, we estimate the number of frauds as 10. If the average value per case is £100,000 then the total estimated value of fraud for that authority is £1m.

Appendix 3: Glossary

Definitions below are taken from CIPFA's CFaCT survey, the Annual Fraud Indicator and other government sources.

Adult social care fraud:

Adult social care fraud can happen in a number of ways but the increase in personal budgets gives a greater opportunity for misuse.

Investigations cover cases where:

- direct payments were not being used to pay for the care of the vulnerable adult
- care workers were claiming money for time they had not worked or were spending the allocated budget inappropriately.

Blue Badge:

The Blue Badge is a Europe-wide scheme allowing holders of the permit to parking concessions which are locally administered and are issued to

those with disabilities so they can park nearer to their destination.

At present, a badge issued to a deceased person is classified as fraudulent, even if it is not being used for fraudulent purposes.

Business rates fraud:

Business rates fraud is not a transparent landscape for the fraud investigator, with legislation making it difficult to separate evasion and avoidance. Business rate fraud may include the fraudulent applications for exemptions and reliefs and unlisted properties, and fraud staff may be used to visit properties in question.

Cautions:

Cautions relate to a verbal warning given in circumstances where there is enough evidence to prosecute, but it is felt that it is not in the public interest to do so in that instance.

Council tax fraud:

Council tax is the tax levied on domestic properties and collected by district and unitary authorities in England and Wales and levying authorities in Scotland.

Council tax fraud is split into three sections:

- Council tax single person discount – where the council tax payer claims for occupiers who don't exist they are the only occupant eligible to pay.
- Council tax reduction support – where the council tax payer fails to declare their income correctly.
- Other types of council tax fraud – eg claims for exemptions or discounts to which the council tax payer has no entitlement.

Debt fraud:

Debt fraud includes fraudulently avoiding a payment of debt to an organisation, excluding council tax discount.

Disciplinary outcomes:

Disciplinary outcomes relate to the number of instances where as a result of an investigation by a fraud team, disciplinary action is undertaken, or where a subject resigns during the disciplinary process.

Economic and voluntary sector (grant fraud):

This type of fraud relates to the false application or payment of grants or financial support to any person and any type of agency or organisation.

Housing fraud:

Fraud within housing takes a number of forms, including sub-letting for profit, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home abandonment, and right to buy.

Insurance fraud:

Insurance fraud includes any insurance claim that is proved to be false, made against the organisation or the organisation's insurers.

Mandate fraud:

Action Fraud defines mandate fraud as "when someone gets you to change a direct debit, standing order or bank transfer mandate, by purporting to be an organisation you make regular payments to, for example a subscription or membership organisation or your business supplier".

Manipulation of data fraud:

The majority of manipulation of data frauds relate to employees changing data in order to indicate better performance than actually occurred and staff removing data from the organisation. It also includes individuals using their position to change and manipulate data fraudulently or in assisting or providing access to a family member or friend.

No recourse to public funds:

No recourse to public funds prevents any person with that restriction from accessing certain public funds. A person who claims public funds despite such a condition is committing a criminal offence.

Organised crime:

The widely used definition of organised crime is one planned, co-ordinated and conducted by people working together on a continuing basis. Their motivation is often, but not always, financial gain.

Payroll fraud:

Payroll fraud covers a wide range of areas such as ghost employees on the payroll, diversion of payments into fraudulent accounts, employees set up to receive higher salaries than they are entitled to by either grade or hours worked and false overtime claims.

Procurement fraud:

The procurement of goods and services often accounts for a significant proportion of an organisation's expenditure and is open to a wide range of potential fraud risks. This is because there are usually multiple individuals involved in a process who often do not work closely together: ie the person who wants something purchased does not always work directly with the people who initiate orders and with those responsible for paying.

This includes any fraud associated with the false procurement of goods and services for an organisation by an internal or external person(s) or organisations in the 'purchase to pay' or post contract procedure, including contract monitoring.

Recruitment fraud:

Recruitment fraud includes applicants providing false CVs, job histories, qualifications, references, immigration status (ie the right to work in the UK) or the use of a false identity to hide criminal convictions or immigration status.

Right to buy:

Right to buy is the scheme that allows tenants that have lived in their properties for a qualifying period the right to purchase the property at a discount. Fraud is committed when an applicant has made false representations regarding the qualifying criteria, such as being resident in the property they are purchasing for a 12 month continuous period prior to application.

Welfare assistance:

Organisations have a limited amount of money available for welfare assistance claims so the criteria for applications are becoming increasingly stringent. Awards are discretionary and may come as either a crisis payment or some form of support payment.

Whistleblowing:

Effective whistleblowing allows staff or the public to raise concerns about a crime, criminal offence, miscarriage of justice or dangers to health and safety in a structured and defined way. It can enable teams to uncover significant frauds that may otherwise have gone undiscovered. Organisations should therefore ensure that whistleblowing processes are reviewed regularly.



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Audit Committee

Item 11

Decision making report title:	Norfolk County Council's Insurance Cover
Date of meeting:	30 January 2020
Responsible Cabinet Member:	Not applicable
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services
Is this a key decision?	No
<p>Executive Summary</p> <p>The Council's Constitution includes in the Audit Committee's Terms of Reference (part 4.4) for risk management to, 'Provide proactive leadership and direction on risk management governance issues and champion risk management throughout the council and ensure that the Full Council is kept sufficiently informed to enable it to approve the Council's risk management Policy and Framework and that proper insurance exists where appropriate.</p> <p>Providing insurance cover is one of the accepted methods of reducing the impact of risks to Norfolk County Council. The payment of a premium to an insurer, thus offsetting the risk, allows the Council to purchase protection against a breach of its duty where the insurer will indemnify the organisation against financial loss.</p> <p>This report provides the Audit Committee with information relating to the current position of the insurance provision for Norfolk County Council. The Insurance function is part of the Finance and Commercial Services Department.</p> <p>The report will provide members with assurance as to how the insurance provision is delivered for the County Council and how claims against the Council are managed by the Insurance Team.</p> <p>Recommendations</p> <p>1. To Consider and agree that proper insurance provision exists where appropriate, as confirmed by external and internal reviews and accept the report.</p>	

1. Background and Purpose

- 1.1. Audit Committee members requested that they might have an annual report containing information about the insurance cover that is in place for Norfolk County Council.
- 1.2. Until 1992 Norfolk County Council was insured with “Ground-up cover”, this is where an insurer takes on the full risk of the cost of any claim settlement. The Council did not carry any deductible and as such premiums were set at a high level as all the risk was held by the insurer. In 1993 it was agreed that on the Liability policy the Council would carry a deductible of £100,000 per claim.
- 1.3. To accommodate this decision, it was necessary to create a fund to cover the element of the self-insurance to the £100,000 level as the Council would be responsible for all claim payments up to that value. Since the mid 1990’s our deductible across liability and motor policies has been increasing to the current £260,000, with Material Damage (Property) at £250,000. The result of the higher levels of deductibles is that insurers can reduce the risk they have to cover and thus reduce the costs of premiums they charge; the fund is then used to cover settlements up to the levels of the deductibles.
- 1.4. Where the insurer takes on the full risk of the claims, under the Ground-up cover scheme, it is the insurer who will take conduct of the claims and make all decisions around the claim in conjunction with the insured. The insurer will investigate, review and decide upon liability, making their recommendations to the insured. Where there is a deductible, the insured will have responsibility and conduct for the claim and is responsible for all decisions made up to the value of that deductible, although in some significant cases the insurer may also be involved in decision making. This process gives the insured much more control and certainty over the settlement of claims.

2. Proposals

- 2.1. This report seeks to provide information and assurances to Members of the committee that there is adequate provision regarding the placement of insurance cover, managing claims and the associated risk mitigation measures throughout the Council and subsidiary companies.

3. Impact of the Proposal

- 3.1. The Council can demonstrate that there is adequate insurance provision in place.

4. Evidence and Reasons for Decision

- 4.1. There are many risks the Organisation faces in delivering the services that it is required to deliver. When risks have been identified there are a number of industry accepted methods for treatment or mitigation of these risks.

- 4.2. There are four main methods to treat and mitigate identified risks used by the industry:
- **Avoid:** Decide not to start or continue with an activity that gives rise to the risk. Stop the activity or find a different way of doing it. The application of this option is often limited, especially in terms of strategic risks.
 - **Reduce:** Take actions to reduce the impact of the activity, e.g. contingency arrangements. Act to reduce the likelihood e.g. alternative systems, increased training, physical improvements to premises etc.
 - **Tolerate:** One example of the value of risk management is recognising that it may be appropriate to place an activity 'at risk' yet continue with it with agreed constraints.
 - **Transfer:** Share the exposure, either totally or in part, with a partner or contractor, or through insurance.
- 4.3. Risk transfer is usually accomplished using an insurance policy, although not exclusively. This is at its most basic, a voluntary agreement between two parties, the insurance company and the policyholder, in this case Norfolk County Council. In such an agreement the insurer takes on strictly defined financial risks from the policyholder. If an event occurs that is covered by the insurance policy, the insurer will make good the agreed financial loss.
- 4.4. For providing this type of cover against loss the insurer charges a fee, or insurance premium, for accepting the risk which is based on the level of perceived risk. In addition, there may be deductibles, reserves, reinsurance and other financial agreements that modify the financial risk the insurer takes on.
- 4.5. Not all identified risks are insurable, non-insurable risks are risks that an insurer is not willing to take on because the future losses cannot be estimated. Examples of non-insurable risks would include criminal prosecution, loss of reputation and risks around political decision making.
- 4.6. Most risks that are identified can be insured against. However, the cost of insurance, the premium charged by the insurer, will reflect the level of risk the insurer believes they are taking on. The premium is very dependent upon the claim's history of the particular organisation and how effective risk mitigation measures are that have already been implemented. The insurer will also look at what additional measures could be or are being implemented to reduce the perceived risks.
- 4.7. The cost of cover or the premiums that are to be charged are also dependent upon the level of deductible that is attached to the policy. The greater the excess generally the lower the cost of the cover will be. The policyholder will then be responsible for funding the full costs of any claim up to the agreed excess, and should the claim exceed the excess, the insurer will be responsible for covering the balance.

4.8.

Insurance provision.

Norfolk County Council holds a number of different insurance policies, some that are a legal requirement, others are held out of necessity to provide adequate protection to the organisation, employees and third parties.

There are four main policy types that Norfolk County Council holds cover on:

- **Employers Liability** – As an employer the Council has insurance against claims from employees for breach of our duties towards them. The insurance will allow the Council to meet the costs of compensation for injury or illness as a result of the actions or inactions of the Council. Currently the limit of indemnity on this policy is £50 million with an excess of £260K
- **Public Liability** – This policy covers members of the public (non-employees) against claims for breach of duty or where the Council is the occupier of a premises that the public have a right of access to. This policy would also cover claims made against the Council for incidents relating to the Highway. Currently the limit of indemnity on this policy is £50 million with an excess of £260K.
- **Property or material damage insurance** – Cover for material damage to the Council's property and contents of such properties as a result of applicable perils. Currently the limit of indemnity on this policy is the individual property valuation assessed by NPS with an excess of £250K.
- **Motor insurance** – Cover for any motor vehicle which is the property of or in the custody of or control of the council. Currently the limit of indemnity on this policy is £50 million with no excess.

4.9.

Some of the additional policies that the Council currently holds are as follows:

- **Airside cover** – Cover for incidents on the airside (live side) at an airport.
- **Terrorism cover** - Policy to cover acts of terrorism against County Hall only.
- **Fidelity Guarantee** – Cover for direct acts of fraud, theft or dishonesty by an employee in the course of their employment.
- **Contract works** - All risks policy to cover loss or damage to contract works undertaken for and on behalf of the Council.
- **Fine Art All Risks cover** – Cover for art and collectables owned or on loan to the council.
- **Travel insurance** – Cover for all authorised trip members worldwide, including specialist medical assistance.
- **Professional Indemnity** – Covers financial loss as a result of acts or omissions in the professional services provided by the Council.

- 4.10. As part of the insurance service provided by the Insurance Team there are a number of small, individual and explicit or bespoke policies that have been purchased to cover very specific risks. Examples would be cover for asbestos surveys and removal, use of drones and hired in plant cover.
- 4.11. Policies cover all the activities that are undertaken by Norfolk County Council. In addition, cover is provided to all Local Authority schools, the Norse Group and all other subsidiary companies, such as Independence Matters, NCC Nurseries and Repton Developments.
- 4.12. Premiums are paid on an annual basis to the insurer to purchase cover for the designated period. In addition to the premium we are required to pay tax on all insurance policies purchased, the current level of Insurance Premium Tax (IPT) is 12%.
- 4.13. Currently all our main policies, Material Damage (Property Damage), Casualty (Employers and Public Liability) and Motor are placed with Zurich Municipal. Smaller or more specialist cover is placed with various other specialist insurers through our broker Aon.
- 4.14. At the time of writing we are undertaking a full insurance programme renewal tender process. This is a competitive process through the Crown Commercial Services procurement system, managed by our own Procurement Team in conjunction with Aon our broker. Cover is being tendered on the main lines of business, Property, Casualty, Motor, Crime and Travel on a 3+1+1 years basis from the insurance market, with an inception date of 1 April 2020.
- 4.15. The premiums charged by the successful insurers will be competitive market rates for the risks related to the activities of the Council. Those rates are then passed on to the individual areas through the annual premium calculations. If an individual area was to look to the market for an individual premium it would find that the rates would be much higher because the risks are more concentrated within a smaller portfolio. The insurer is more comfortable when spreading the risk over a number of areas/elements rather than a single entity.
- 4.16. For an example, our property asset is insured on a portfolio basis against the rebuild value of each property. The insurance market sees the high portfolio value but assess the risk as low because the properties are spread across numerous sites. If a single building was to seek insurance cover the premium would need to reflect the individual value of the property and the level of risk on the specific site.
- 4.17. **Claims Handling.**
Being self-insured to the level of £260,000 (£250,000 – Property) means that the Insurance Team has full conduct of all claims that are valued below that figure and have the capacity and experience to make final decisions on all such claims. The insurer has, in the contract, authorised the team to act on its behalf within the excess layer.
- 4.18. All areas of claims brought against the Organisation are handled in-house by a dedicated professional team of claims investigators and managers, including

those claims that ultimately become litigated. The Insurance Team has been managing claims for over 25 years and has considerable experience in all classes of business. Being in-house means that there is ready access to the appropriate officers and Senior Managers in departments against which claims have been brought and access to IT systems and electronic record data as required. Data that is stored is available to investigators without special permissions as it remains within the Council being used for Council activities. The introduction of the General Data Protection Rules (GDPR) has not caused any major concerns about the use of data to defend claims as this is seen as an appropriate legal use of that data.

- 4.19. Claims can be brought against the Organisation in several ways, a claimant in person may complete a claim form or write a formal letter of claim. Claims may come in through the Ministry of Justice portal, this is a mechanism that allows solicitors to bring claims electronically with specific fixed costs or directly from a solicitor through a traditional letter of claim. No matter how the claim is brought it must contain clear and specific allegations of a breach and a clear description of the location. Once the claim has entered the claims management system it is allocated to the appropriate level of handler.
- 4.20. Once processed the claim is allocated to a specific handler who is managed by a Claims Manager. The handler will carry out a full investigation into the allegations and make decisions on the validity of the claim. The Claims Managers carries out regular audits on claim files and authorises all payments to ensure there is a consistent approach to claims handling throughout the team. This also enables managers to identify trends and have an insight into developing areas of concerns. These are fed back to departments and often discussed at industry forums where representatives from other local authorities, insurers, legal representatives and brokers come together to review such trends.
- 4.21. The Organisation received just over 2,000 claims in 2019. Approximately 800 of these were liability claims, the majority of which were brought as Public Liability claims. These claims include alleged slips and trips on the highway, damage to vehicles and claims arising from alleged failures in both Children's and Adult Services. A small number of claims (40) were brought as Employers Liability claims where the individual is an employee or is treated as an employee for the purpose of insurance such as volunteers acting in the appropriate capacity.
- 4.22. Norfolk, like most Local Authorities in the East saw a dramatic increase in Public Liability claims, specifically highway related claims, as a result of Storm Doris and the Beast from the East in early 2018. In 2017 there were some 600 claims relating to highway defects, in 2018 this increased to around 1150, currently for 2019 we are looking at a similar level of claim to the 2017 figure.
- 4.23. All claims on the Motor Policy will be related to an incident involving one of our vehicles, some will have a third-party involvement where our vehicle has collided with a vehicle or property owned by the third party. All property claims

will relate to damage to a property owned by the Council. Motor claims are at just under 750 this year and Property claims are just under 450, both slightly less than last year.

- 4.24. Claims are reserved (the potential cost of settlement, should it be necessary, including, all potential legal costs) against the information provided by the third party. Where a claim reserve is higher than the excess the insurer has a right to take over conduct of the claim, working alongside the claim's handler and Manager, to ensure an appropriate outcome.
- 4.25. All liability claim allegations must be associated with a breach of statute or negligence. It is for the claimant to bring the allegations of what statute/s they consider have been breached or where there has been negligence on the part of the Council. It is then for the claims handler to fully investigate the allegations and determine if the Council does have a defence or if there is a legal precedent (case law) to consider.
- 4.26. Where there are property damage claims, the team act as the loss adjustor and provides immediate recovery provisions. This will include, particularly in flood and fire circumstances, managing recovery experts to ensure the property is returned to the pre-incident condition as soon as possible. The team will liaise with the occupiers and the specialists to ensure that the service delivery disruption is minimised. This will also include working with contractors and NPS where building works are necessary. Where property damage exceeds the excess, we will work with the insurer and the nominated Loss Adjuster to ensure the best possible outcome for the organisation.
- 4.27. Where a claimant or the claimant's representative is dissatisfied with a denial, they can refer the claim to the Courts and the claim will become litigated. The handler will work in conjunction with one of our panel solicitors to develop our defence to the allegations. Handlers will take witness statements, collate additional documentation, meet with barristers and eventually attend court to support our witnesses. Whilst in court they will record the salient points of the case for future learning.
- 4.28. Decisions on liability are clear cut, and handlers are trained to review all relevant information to ensure that the correct decision is reached. There is no opportunity to mediate or negotiate on this position, either the Council has breached, or it has not. What is open to negotiation is the value of the claim and what the claimant may have contributed to the loss, pre-existent injuries/illness or local knowledge of the location etc. Handlers will assess evidence of loss and offer an appropriate level of compensation considering all these factors.
- 4.29. Denial rates (closing a claim with no payment to the third party) forms part of the suite of KPI's for the Insurance Team. Currently the rate for Employers Liability denials is at 60% (it should be noted that this figure is based on a very

small sample). The overall Public Liability denial rate (including highway related claims) is 78%. Clearly denial rates are very dependent upon what the individual departments and teams are doing and what policies and practices they are working to. Claims can only be defended and denied if there is sufficient documentation and evidence to prove the Council has complied with all that is required to do.

- 4.30. Where a claim must be settled the Claims Manager and claims handlers will provide feedback to the individual departments and managers. This process is used to improve and enhance further our future ability to defend similar claims. Sometimes this will require a change in working practices or consideration of how the activity can be delivered in a different way.
- 4.31. As part of the handling process a number of fraud indicators are checked at each stage during the life of the claim. Where there are concerns raised, further investigation and checking is undertaken. The insurance industry is seeing fraudulent claims in several main areas including motor where the incident is staged, housing damage where tenants are exaggerating the material damage and the exaggeration of injuries by liability claimants. Recent Court cases have seen the judiciary willing to dismiss claims for exaggerated injuries and in extreme cases charge those who brought the claim.
- 4.32. As part of this investigation process, claims handlers are looking for signs of fraud, comparing photographs, statements, allegations and medical records for inconsistencies. Where fraud is suspected we can refer a claim to one of our panel solicitors who have teams with access to sophisticated fraud detection systems. Should fraud be identified we will refer the findings in the first instance back to the claimant's representatives for consideration and discontinuance.
- 4.33. Reports are regularly produced from the Claims Management System to identify and address any specific claim trends and where these are identified, referred to the departments involved. This has proved very useful to the Highways Team in that it enables Engineers to target areas of need when considering proactive maintenance works.
- 4.34. **Insurance Fund**
The Insurance Fund is the financial provision that is used to pay settlement compensation and costs to successful claimants including any associated legal and medical costs. The fund is maintained by the collection of premiums paid by the departments against the policy cover provided.
- 4.35. For some classes of insurance, it can take several months or even years to report, investigate, pay and close claims. For some large and complex claims, courts may need to decide on liability, and this can add more time to the process. Claims relating to abuse or long-term disease such as mesothelioma can be open for many years until a final settlement can be agreed.
- 4.36. As noted, each claim will have a reserve set as an estimate of future potential payments (the outstanding amount). Insurers and claims handlers adjust the

outstanding amounts as the claim progresses and new information is available. The total value of a claim (the incurred amount) is the amount paid to date plus the “outstanding” amount still to be paid, as money is paid out on a claim, the reserve will be reduced accordingly.

- 4.37. The Council carries large deductibles and we hold financial provisions in the Insurance Fund to meet the liabilities from claims for incidents in the current and previous years. The fund, comprising of departmental premiums, is drawn down to pay compensation to successful claimants up to the full value of the deductible. There needs to be sufficient money within the Fund to meet the historical liabilities, losses arising in previous years, as well as claims in the current policy year.

4.38. **Assurance**

Each year the claims profile for the Organisation is evaluated by external actuaries who considers claims arising from Employers Liability and Public Liability retained by the Council in respect of the period 1 April 1993 to current. The purpose of the evaluation is to estimate the required reserve (Fund) for outstanding claims and to ensure that there are sufficient funds to cover the expected potential liabilities. The investigation uses actual claim figures and statistical analysis to calculate how claims are expected to change over time before they are eventually concluded.

- 4.39. Whilst considering the actual claims held on the book of liabilities for the Council, the review also looks at the whole insurance market to determine what may be brought against the Council in future years. These claims are known as incurred but not reported (INBR), the incident may have occurred but has not been developed into a claim or notified to the Council and the review provides statistical analysis of what value may be placed on such claims. An allowance is then made within the fund to cover such claims should they arise at a future date.

- 4.40. Our insurers carried out a delegated claims handling audit in August 2019. The audit was undertaken to provide a consistent analysis of Norfolk County Council claims handling measured against current best practice. This was the second formal file review of claims handling by ZM since commencement of the insurance cover. The first audit took place in August 2016 when a rating of “Effective” and an overall score of 95.10% was awarded.

- 4.41. The audit was carried out over a 4-day period and consisted of an indicative sample of 40 randomly selected open and closed EL, PL and Motor claims. The audit gave a rating of “Effective”, with an overall score of 97.89%. The report noted that “the controls are considered to be appropriate and maintain risks within acceptable parameters”.

- 4.42. As part of the general auditing process Claims Managers carry out random reviews of files at various times throughout the life of a claim to ensure consistency. We also have sessions with members of our panel solicitors who provide training and assurance in the context of national standards. Where a claim is litigated all documentation and information will be reviewed in

conjunction with legal experts to ensure there is an effective course of action in defending.

- 4.43. We undertake regular claims management strategy meetings with claims handlers on a regular basis. Handlers can bring unusual or more difficult claims to a collective meeting with managers and other handlers where strategy and further action can be discussed. This provided training opportunity to team members and imparts knowledge and experience across the team. These meetings also provide a level of consistency across claims handling and investigation.

5. Alternative Options

- 5.1. There are no alternative options.

6. Financial Implications

- 6.1. There are no financial implications to note within this report.

7. Resource Implications

7.1. Staff:

There are no staff implications.

7.2. Property:

There are no implications to property to highlight within this report.

7.3. IT:

There are no specific IT implications to highlight in this report

8. Other Implications

8.1. Legal Implications

There are no legal implications to highlight within this report.

8.2. Human Rights implications

There are no human rights implications to highlight within this report.

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

There are no Equality impact assessments to note within this report.

8.4. Health and Safety implications (where appropriate)

There are no Health and safety implications to note within this report.

8.5. Sustainability implications (where appropriate)

There are no sustainability implications to highlight within this report.

8.6. Any other implications

There are no other implications highlighted on this report.

9. Risk Implications/Assessment

9.1. Not applicable

10. Select Committee comments

10.1. Not applicable

11. Recommendations

11.1. See Action Required in Executive Summary above.

12. Background Papers

12.1. Not applicable

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. 12

Report title:	Work Programme
Date of meeting:	30 January 2020
Responsible Cabinet Member:	Not applicable
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services
Is this a key decision?	No
<p>Executive Summary</p> <p>The Committee's work fulfils its Terms of Reference as set out in the Council's Constitution and agreed by the Council. The terms of reference fulfil the relevant regulatory requirements of the Council for Accounts and Audit matters, including risk management, internal control and good governance.</p> <p>Recommendations</p> <p>The Audit Committee are asked to consider and agree:</p> <ul style="list-style-type: none"> • the work programme for the Committee • if further information is required 	

1. Background and Purpose

- 1.1. In accordance with its Terms of Reference, which is part of the Constitution, the Committee should consider the programme of work set out below.

2. Proposals

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

April 2020	
NAS Quarterly Report Quarter ended April 2020	Executive Director of Finance and Commercial Services
Risk Management	Executive Director of Finance and Commercial Services
Risk Management Annual Report 2019-20	Executive Director of Finance and Commercial Services
Anti-Fraud and Corruption Strategy and Whistleblowing Annual Report 2019-20	Chief Legal Officer
Audit Committee Work Programme	Executive Director of Finance and Commercial Services
Norfolk Audit Services Annual Report 2019-20	Executive Director of Finance and Commercial Services
Monitoring Officer Annual Report 2019-20	Chief Legal Officer

Review of NAS Terms of Reference, Code of Ethics and Strategy	Executive Director of Finance and Commercial Services
Audit Committee Terms of Reference	Executive Director of Finance and Commercial Services

July 2020	
NAS Quarterly Report Quarter ended June 2020	Executive Director, Finance and Commercial Services
Risk Management Report	Executive Director, Finance and Commercial Services
Audit Committee Work Programme	Executive Director, Finance and Commercial Services
Annual Statement of Accounts and Annual Governance Statement	Executive Director Adult Social Services
Anti-Fraud and Corruption Strategy and Whistleblowing Update	Chief Legal Officer
External Auditor Report/Letters of Representation	Executive Director, Finance and Commercial Services

October 2020	
NAS Quarterly Report Quarter ended September 2020	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 2020-21	Executive Director, Finance and Commercial Services

3. Impact of the Proposal

- 3.1. As a result of the delivery of the work plan the Committee will have assurance through audit conclusions and findings that internal controls, governance and risk management arrangements are working effectively or there are plans in place to strengthen controls.

4. Evidence and Reasons for Decision

- 4.1. Not applicable.

5. Alternative Options

- 5.1. There are no alternative options.

6. Financial Implications

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

7. Resource Implications

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

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

7.3. **IT:**
There are no IT implications

8. Other Implications

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

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

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

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

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

8.6. **Any other implications**
There are no other implications

9. Risk Implications/Assessment

9.1. Not applicable

10. Select Committee comments

10.1. Not applicable

11. Recommendation

11.1. See Action Required in the Executive Summary above.

12. Background Papers

12.1. None.

Officer Contact

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

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