

# Audit Committee

Date: **Thursday 16 June 2016**  
Time: **2pm**  
Venue: **Colman Room, County Hall, Norwich**

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

Membership:

Mr B Bremner  
Mr H Humphrey  
Mr J Joyce  
Mr I Mackie  
Mr D Ramsbotham  
Mr N Shaw  
Mr R Smith

**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 Election of Chairman**

**2 Election of Vice-Chairman**

**3 To receive apologies and details of any substitute members attending**

**4 Minutes**

To confirm the minutes of the meeting held on 21 April 2016.

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**5 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

- your well being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

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

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

**7 Norfolk Audit Services Quarterly Report for quarter ended 31 March 2016.**

Report by the Executive Director of Finance

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**8 LGA Presentation (Audit Procurement and the Sector Led Body).**

Presentation by Mr Alan Finch is a Principal Advisor, Finance and Productivity with the LGA.

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| <b>9</b>  | <b>Monitoring Officer Annual Report 2015-16</b><br>Report by the Head of Law and Monitoring Officer                                                          | Page <b>25</b>  |
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| <b>15</b> | <b>County Farms – Update</b><br>Report by the Executive Director of Finance                                                                                  | Page <b>110</b> |
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**Chris Walton**  
**Head of Democratic Services**  
County Hall  
Martineau Lane  
Norwich  
NR1 2DH

Date Agenda Published: 8 June 2016



**Audit Committee**  
**Minutes of the Meeting held on Thursday 21 April 2016 at 2pm**  
**in the Cranworth Room, County Hall, Norwich**

**Present:**

Mr I Mackie (Chairman)  
  
Mr M Castle  
Mr H Humphrey  
Mr J Joyce  
Mr D Ramsbotham  
Mr N Shaw  
Mr R Smith (Vice-Chairman)

**Also Present:**

Mr J Childs  
Mr B Spratt  
Mr A White  
Mr A Dearnley

**1 Apologies for Absence**

Apologies for absence were received from Mr B Bremner (Mr M Castle substituted) and Mrs S Gurney (Mr N Shaw substituted).

**2 Minutes**

- 2.1 The minutes of the meeting held on 28 January 2016 were agreed as a correct record and signed by the Chairman.

**3 Declaration of Interests**

- 3.1 Following advice from the Monitoring Officer, Mr I Mackie informed the Committee that, as Chair of the County Farms Advisory Board, he would vacate the Chair and leave the room for the discussion regarding agenda item 10 (County Farms).
- 3.2 As an IT Consultant, Mr N Shaw declared an interest in item 6 (Risk Management Report).
- 3.3 As Lead Member for Children's Services, Mr J Joyce declared an interest in item 6 (Risk Management Report).
- 3.4 Mr M Castle and Mr R Smith declared an interest in agenda item 8 (NORSE Governance Review) as they were Members of the NORSE Shareholder Committee.

## 4 Items of Urgent Business

- 4.1 The Committee expressed their sincere condolences to the representatives of Ernst & Young on the sad passing of Rob Murray.

The Committee **AGREED** to consider agenda item 10 (County Farms) as its next item of business.

Mr I Mackie left the room and Mr R Smith, Vice-Chair, took the Chair.

## 5 County Farms

- 5.1 The Committee received the report by the Executive Director of Finance introducing the County Farms Report.
- 5.2 The Vice-Chair read out a statement reminding the Committee that, for confidentiality reasons, no individual cases outlined in the review could be discussed.
- 5.3 In response to questions from the Committee, the following points were noted:
- 5.3.1 The report had made it very clear that the current situation with regard to the running of the County Farms Estate was not of a standard Officers, Members and the residents of Norfolk should expect and there was a considerable amount of work to do to remedy the situation.
- 5.3.2 The Executive Director of Finance informed the Committee that there had been three strands to the work completed – the Governance Audit, producing the report on the key lines of enquiry and a disciplinary case involving a member of staff. He added that one of the reasons for the delay in publishing the reports was to ensure a thorough investigation was conducted and that for various reasons the staff disciplinary case had taken longer to complete than had been anticipated, although he was unable to comment on any delays which occurred before he joined Norfolk County Council.
- The report had been shared with the Leader, the Chair of the County Farms Advisory Board (CFAB) and the Chair of Economic Development Sub-Committee on Friday 15 April. Members of the CFAB had received a copy of the report on Monday 18 April before it had been published on the Norfolk County Council website on Tuesday 19 April.
- 5.3.3 The Committee considered whether a Task and Finish Group of Councillors should be convened to identify a scheme of Governance for the County Farms estate that satisfied all Councillors.
- 5.3.4 Some Members' considered it had been inappropriate that Members of the CFAB had not been interviewed during the review and therefore had not had an opportunity to respond. The Chief Internal Auditor, in reply, stated that he had not considered it was necessary to interview Members of the CFAB as there had been a wealth of information available when reviewing the systems and documents in place and that he had prepared his reports from that evidence. The formal evidence had been gathered from files, including interview notes and scoring sheets from letting interviews, files from individual farms, as well as

formal minutes from the Economic Development Sub-Committee which had included verbal updates given by the Chair of CFAB. That formal evidence had led to the comprehensive report and recommendations.

- 5.3.5 The Committee recommended that all future County Farms Advisory Board meetings should be formally minuted.
- 5.3.6 The Executive Director of Finance confirmed that the County Farms Portfolio was held by the Corporate Property Team which came under his Directorship.
- 5.3.7 The Committee's view was that it would not be appropriate to stop Members from having any input into the lettings process for the County Farms Estate.
- 5.3.8 The Committee proposed that
- a) The recommendations in the report be agreed;
  - b) The report should be presented to a specially convened meeting of the County Farms Advisory Board, which should be formally minuted, to give Members of the Board an opportunity to formally respond.
  - c) The report and the response from the CFAB meeting should then be presented to the Economic Development Sub-Committee, requesting that the Chair establish a Task and Finish Group to consider the report and the CFAB response and make any formal recommendations regarding governance arrangements to the Policy and Resources Committee. It was noted that any proposed governance changes would need to be presented to the Constitution Advisory Group before being formally presented to full Council for consideration and adoption.
  - d) An update report to be presented to the Audit Committee at its June meeting.
- 5.3.9 With 5 votes in favour, 1 vote against and 0 abstentions, the proposal in paragraph 5.3.8 above was **AGREED**.
- 5.4 The Committee **RESOLVED**:
- 1) To recommend that Policy and Resources Committee:
    - Clarify and strengthen decision making for County Farms by asking the Council to consider, in accordance with the Council's provisions for changes to the Constitution, to
      - Place County Farms functions of decision making with the Policy and Resources Committee
      - Define the County Farms Advisory Board's role of scrutiny of the County Farms operational decisions, reporting back to Policy and Resources Committee, as part of an annual review and make required recommendations for Member's approval
    - Require the Managing Director to review (in consultation with the Executive Director of Finance) how the Council's County Farms landlord functions are exercised, including the selection of tenants, the allocations of County farm assets and Estate Strategies and then make recommendations to Policy and Resources for Member's approval

- Require County Farm leases to be approved in accordance with the Constitution, for the avoidance of doubt, this will mean that Members no longer have a direct role in the selection of County farm tenants. Members will continue to set policy direction for the County Farms estate (including the lettings policy) via decisions at the relevant committee
- 2) To note:
    - The opinion that, there are 'key issues that need to be addressed' for both reports; and
    - The findings, recommendations and agreed action plans in the reports
  - 3) To note that:
    - Responses will be made to the complainants; and
    - A County Farms systems audit has been included in the 2016-17 Internal Audit Plan, which will include following up the agreed actions.
  - 4) The County Farms report should be presented to a specially convened meeting of the County Farms Advisory Board, which should be formally minuted, to give Members of the Board an opportunity to formally respond.
  - 5) The report and the response from the CFAB meeting should then be presented to the Economic Development Sub-Committee, requesting that the Chair establish a Task and Finish Group to consider the report and the CFAB response and make any formal recommendations regarding governance arrangements to the Policy and Resources Committee. It was noted that any proposed governance changes would need to be presented to the Constitution Advisory Group before being formally presented to full Council for consideration and adoption.
  - 6) An update report to be presented to the Audit Committee at its June meeting.

Mr I Mackie in the Chair.

## **6 Norfolk Audit Services Quarterly Report for the Quarter ended 31 December 2015.**

- 6.1 The Committee received the report by the Executive Director of Finance setting out the work of the Internal Audit team.
- 6.2 The Committee was asked to consider and comment on:
  - The overall opinion on the effectiveness of risk management and internal control being 'acceptable' and therefore considered 'sound'.
  - Satisfactory progress with the traded schools audits and the preparations for an Audit Authority for the France Channel England Interreg Programme.
- 6.3 During the discussion, the following points were noted;
  - 6.3.1 Schools Financial Value Statement (SFVS) governance and finance arrangements had been audited and audit reports produced as Children's Services had a responsibility for collating schools financial information.
  - 6.3.2 With regard to the Better Care Fund, it was confirmed that the Section 75 Agreements had been sense checked and some recommendations made. The



action plan would be reviewed as part of the planned 2016-17 audit.

- 6.3.3 Constant monitoring took place with regard to governance arrangements for the Better Care Fund and the risks to the organisation and Members were pleased to note that no specific issues had been identified.
- 6.3.4 The Chief Internal Auditor confirmed that the Executive Director of Finance was responsible for the Internal Audit function and that he had confirmed he was happy with the current resourcing arrangements. The function had been identifying efficiencies and ways to work more efficiently and the Chief Internal Auditor confirmed that there were sufficient staff within the team to deliver the work of the function.
- 6.3.5 It was confirmed that the County Council had an anti-fraud strategy in place.
- 6.3.6 Following the recommendation by the Audit Committee to introduce mandatory fraud awareness training for all staff, the Managing Director had requested further information on the risks of fraud within the Authority and how this training could be mandated. A response would be presented to the Managing Director in the near future. In the meantime departments would offer fraud awareness training as appropriate.
- 6.3.7 The Committee was pleased to note there had only been one detected case of theft which had led to disciplinary action and that this held no significant value.
- 6.4 The Committee **noted** the report.

## **7 Risk Management report.**

- 7.1 The Committee received the report by the Executive Director of Finance setting out the Corporate Risk Register at April 2016, along with an update on the Risk Management strategy 2016-19 and other related matters, following the latest review which was conducted in March 2016.
- 7.2 During the discussion, the following points were noted;
  - 7.2.1 Risk RM010 (Risk of the loss of key ICT systems) did not contain any specific reference to the risk of hacking. The Chief Internal Auditor would raise the issue with the risk owner to check if the risk of hacking had been included and discuss whether the mitigating actions needed to be updated to reflect this potential risk.
  - 7.2.2 Risk owners were responsible for applying scores as part of the risk management process.
  - 7.2.3 As Chair of Children's Services Committee, Mr J Joyce confirmed that Risk 018 (Failure to improve at the required pace) remained a risk at the present time.
  - 7.2.4 The Committee was reassured that all risks were regularly reviewed to ensure they reflected the latest position.
  - 7.2.5 The Committee welcomed Janice Dane, Assistant Director Early Help and Prevention (Adult Social Services) who attended the meeting to provide an update on Risk RM019 (Failure to deliver a new fit for purpose social care

system on time and to budget). The Committee noted that the project was still in its early stages. Invitations to tender would be sent to potential providers in the near future. Once tenders had been received and evaluated, it was intended that a system would be selected in the summer and would be implemented in March 2017. The system would pay providers, bill service users and monitor personal budgets and resource allocation. Members would receive regular updates on the progress of the project through briefings and Members' Insight. The Committee thanked the Assistant Director for attending and providing the update.

7.2.6 The Committee **RECOMMENDED** that the relevant Service Committees be asked to review Risks RM014a (The amount spent on home to school transport) and RM014b (The amount spent on adult social care transport) and the outcomes from those discussions be recorded in future risk management reports presented to the Audit Committee.

7.3 The Committee **noted** the progress with Risk Management since the last Audit committee meeting and the changes to the Corporate risk register as set out in Appendices A and B of the report and the progress with the mitigating risks.

## **8 External Auditor's Audit Plan 2015-16**

8.1 The Committee received the report by the Executive Director of Finance introducing the External Auditor's Audit Plan for the year ending 31 March 2016.

8.2 The Chairman welcomed Mr M Hodgson and Mr D Riglar from Ernst & Young LLP (EY) who attended the meeting to answer questions from the Committee.

8.3 The Committee was asked to consider:

- The External Auditor's Audit Plan for 2015-16, including their assessment of the Financial Statement Risks and Value for Money Risks.
- Whether there were any other matters which the Committee considered may influence their work.

8.4 The following key points were noted in response to questions from the Committee:

8.4.1 Members were reassured that plans were in place to mitigate the significant challenges identified in the External Auditor's Report.

8.4.2 Independence Matters was confirmed as being within the scope of the external audit.

8.4.3 The Executive Director of Finance agreed to circulate the full details about the loss incurred by the Great Yarmouth Development Company in not repaying the loan to the Norfolk infrastructure Fund.

8.5 The Committee **NOTED** the report.

## **9 NORSE Governance Review**

- 9.1 The Committee received the report by the Executive Director Finance, introducing the Norse Governance Review report which was reported to the Policy & Resources Committee on 21 March 2016. Members were asked to consider the progress that had been made with implementing the Norse Governance Review.
- 9.2 The Executive Director of Finance informed the Committee that a progress report had been presented to the County Leadership Team at its meeting on 21 April. The Constitution Advisory Group would receive the report at its meeting in May and it was expected that the NORSE Governance arrangements would be in place by Autumn 2016. The Audit Committee would receive an update report at a future meeting.
- 9.3 The Committee **noted** the report.

## **10 Audit Committee Work Programme**

- 10.1 The Committee received and **noted** the report by the Executive Director of Finance setting out the programme of work for the Committee and agreed the following items to be included on the agenda for the June meeting:
- Northern Distributor Route – Project Risk Update
  - Anti-Fraud & Corruption Update – including an update on the mandatory training.
  - County Farms Update.
  - Update on the ICT Security risk – as part of the risk management report.

The Committee agreed to have a training session on the accounts prior to its September meeting. The Chief Internal Auditor would canvas Members of the Audit Committee for a training topic to be held prior to the June Committee meeting.

The meeting ended at 3.55pm.

## **CHAIRMAN**



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# Audit Committee

Item No 7

<b>Report title:</b>	<b>Norfolk Audit Services Quarterly Report for the Quarter ended 31 March 2016</b>
<b>Date of meeting:</b>	<b>16 June 2016</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance</b>
<b>Strategic impact</b>  The Audit Committee are responsible for monitoring the adequacy and effectiveness of the systems of risk management and internal control, including internal audit, as set out in its Terms of Reference, which is part of the Council's Constitution.	

## **Executive summary**

Internal Audit's work has contributed to the Council's priorities, being:

### **Excellence in Education**

- We have used our experience and skills to drive up the standards of financial and risk management in a total of 19 Norfolk schools; through a mix of:
  - one risk based school audit
  - five full traded schools audits; and
  - 13 traded school health checks audits

### **Real Jobs**

- No specific audits on this topic in the last quarter

### **Good Infrastructure**

- No specific audits on this topic in the last quarter

### **Supporting Vulnerable People**

- Minimum Wage Audit
- Independence Matters - Governance Controls

### **Effective support services**

- Delivering the audit plan for 2015-16 sufficiently in the quarter to support the annual opinion.

**The Audit Committee is recommended to consider and comment on:**

- the overall opinion on the effectiveness of risk management and internal control being 'Acceptable' and therefore considered 'Sound'
- Satisfactory progress with the traded schools audits and the preparations for an Audit Authority for the France Channel England Interreg Programme

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

- 1.1 The proposal is covered in the Executive Summary above.
- 1.2 The County Leadership Team have been consulted in the preparation of this report.

## **2. Evidence**

- 2.1 This section covers:

- Work to support the opinion (2.2)
- Other relevant information (2.15)

### **2.2 Work to Support the opinion**

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

- Final reports issued in the quarter (representing a proportion of the planned audit coverage for the year) **Appendix A**
- The results of any follow up audits,
- The results of other work carried out by Norfolk Audit Services; and
- The corporate significance of the reports

- 2.4 The Internal Audit Plan has been delivered within the context of:

- Managing vacancies (two permanent auditors commenced employment in April 2016)
- Managing productivity rates
- Un-planned investigatory work in the quarter.

- 2.5 A list of final reports for the last quarter is attached as **Appendix A**. The progress with delivering the audit plan, including totals up to the end of the year is shown in table 1 below.

**Table 1: Final Audit Reports**

<b>Report type</b>	<b>Quarter 4</b>	<b>Cumulative as at 31/12/15</b>	<b>Outturn</b>
Final audit reports (Adult Social Services)	2		
Final audit reports (Children's Services)	2		
Final audit reports (Finance)	4		
Final audit reports (Resources)	1		
<b>Total Audits</b>	<b>9</b>	<b>20</b>	<b>29</b>
Traded school full audit	5		
Traded School Health Checks	13		
Certified Grant Claims	0		
Follow-up report	0		

The target number of final reports to be issued for the year is 34. More details will be provided in the Annual Report for 2015-16.

- 2.6 Corporate High Priority Findings identified during audits are followed up. We have received assurance from the relevant Assistant Directors and Managers to confirm satisfactory action has been taken. There are two actions in progress as at June 2016, which are both RAG rated as 'Green'. The Corporate High Priority Findings will be reported in September 2016.
- 2.7 There has been an increase in the take up of the Traded Schools Audits. As at the date of writing this report 43 schools have requested a traded audit from the start of the 2015/16 financial year.
- 2.8 There was one formal disciplinary investigation completed in the quarter.
- 2.9 Our Audit Universe and Audit Needs Assessment continue to be reviewed during each quarter to ensure topics remain relevant and that new topics are considered on a risk assessed basis. Our September 2016 reporting of the planned second half of 2016-17 audit topics will include full details of planned coverage, including new topics such as assurance over funds to

support the Syrian refugees, and those topics removed from the original plan.

- 2.10 Norfolk Audit Services makes every effort to reduce its carbon footprint. More details are described in **Appendix B**, Section 4 (4.2)
- 2.11 Satisfaction Questionnaires are issued with draft reports and grant work performed. We have received positive feedback for the eight responses received in the quarter ended 31 March 2016, as shown at **Appendix B**, **5.2.5**. We will continue to stress to clients how important feedback is to us to seek to improve response rates.
- 2.12 The cumulative proportion of time supporting the audit opinion for quarter 4 was 64% in line with the target of 62%. See **Appendix B**, **Section 2 (2.1)** for further detail.
- 2.13 The preparations for the France Channel England Interreg Audit Authority are progressing satisfactorily (see 2.20 below).
- 2.14 Supporting notes and Technical Details for this report appear at **Appendix B**, for reference only.
- 2.15 **Other relevant information**
- 2.16 The Policy and Resources Committee receives regular reports on Performance and Risk and the delivery of financial savings.
- 2.17 Internal Audit meet periodically with Corporate Programme Office contacts to consider developments, risks and the audit approach.
- 2.18 **Digital Norfolk Ambition Update**
- 2.19 DNA is now classed as 'business as usual' and monitored through various Boards and Groups.
- 2.20 **France (Channel) England (FCE) update**
- 2.21 Since the end of the quarter, further significant milestones have been achieved.
  - a. Norfolk Audit Services was formally appointed as Audit Authority for the programme by DCLG on 26 January 2016. Formal confirmation of NAS's authority over the French territory audits was confirmed on 24 March 2016.
  - b. Submission of the annual assurance package ahead of the 15 February deadline, in the form of a nil report and nil opinion.
  - c. The first meeting of the Consultative Audit Group was on 20 April 2016, at which the FCE audit strategy was finalised and approved for the period 2016-2019.

## **2.22 External Matters of Note**

2.23 The National Audit Office (please click to go to their website) have published the following reports that are relevant to the Council:

- Ensuring employers comply with National Minimum Wage Regulations

2.24 There are no other external matters to note this quarter.

## **3. Financial Implications**

- 3.1. The expenditure falls within the parameters of the Annual Budget agreed by the Council.
- 3.2. Norfolk Audit Services has delivered approved savings in 2015-16 by adhering to the planned budget and preparing for ongoing savings as required.
- 3.3. All standard audits are allocated a budget (£) which is formally monitored at draft and final report stages. A target for 2015-16 has been set to deliver 100% of audit work is within budget. At present 67% of audit work is keeping to the original budget (+ 10%). Generally when audit work is over budget it is because the completion of the work, including obtaining agreement to findings and obtaining action plans, has taken longer than originally planned. This is currently being actively managed to ensure all future audit work is kept within budget.
- 3.4. The costs of half yearly audit plans are communicated to the Executive Director of Finance.

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

4.1. There are no implications with respect to:

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



## 5. Background

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

### Officer Contact

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

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

**Officer Name:** Adrian Thompson - Chief Internal Auditor

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**Norfolk Audit Services**  
**Final Reports Issued in the Quarter Ended 31 March 2016**

There were 9 final reports (including 3 management letters), 5 full traded school audits completed and 13 traded school health checks during the quarter.

**Final Reports**

**Adult Social Services**

1. Minimum Wage Audit
2. Independence Matters - Governance Controls

**Children's Services**

3. 16-19 Grant Funding (Management Letter)
4. Reffley Community School and Nursery

**Finance**

5. Desirable Portable Assets
6. Gifts and Hospitality Declarations (Management Letter)
7. Payroll - Payments, Deductions and Variations
8. Retrospective Ordering (Management Letter)

**Resources**

9. Public Health Procurement

**Traded Audits**

**Schools (Traded – full audit)**

1. Brisley CE VA Primary School
2. Nightingale First School
3. Swanton Abbott Community Primary School
4. Thurlton Primary School
5. Windmill Schools Federation

**School Traded Healthchecks**

1. Alburgh with Denton CE VC Primary School
2. Dereham Neathered High School
3. Drayton CE VC Junior School
4. Erpingham VC Primary School
5. George White Junior School
6. Greyfriars Primary School
7. Hempnall Primary School
8. Northgate Primary School
9. Northrepps Primary School
10. Old Buckenham Community Primary School

11. Shelton with Hardwick Community School
12. St Marthas RC VA Primary School
13. Worstead CE VC Primary School

### Technical Details

#### Notes for section 2

##### 2.1 Productive Time

- 2.1.1 Norfolk Audit Services monitor the productive and non-productive time of the team on a regular basis to ensure delivery of an effective and efficient service. The target for time NAS staff spends on work supporting the audit opinion has been set at 62% for the 2015-16 year. This takes into account time required for general management, training, team development and induction of new or temporary staff.

##### 2.2 Investigations Procedure

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

#### Notes for section 4

##### 4.1 Crime and Disorder Act 1998

- 4.1.1 Under Section 17 of the Crime and Disorder Act (1998), the Council has a statutory general duty to take account of the crime and disorder implications of all its work, and do all that it reasonably can to prevent crime and disorder in Norfolk. Norfolk Audit Services work helps with the aim of prevention of crime in Norfolk in that its work results in the likelihood of detection and prosecution increasing. The profile of Anti- Fraud and Corruption arrangements remains high and we are responding to the challenges that arise.
- 4.1.2 This report has fully taken into account any relevant issues arising from the Council's policy and strategy for risk management and any issues identified in the corporate and departmental risk registers.

## 4.2 Sustainability

- 4.2.1 Norfolk Audit Services makes every effort to reduce its carbon footprint. Distance travelled is taken into account when booking audits outside of the County Hall, booking auditors living closest to the venues. Our team uses all recycling facilities available to us working at County Hall in order to reduce consignment to landfill. We monitor our printing/photocopying usage half yearly and encourage people to reduce where they can.
- 4.2.2 Norfolk Audit Services continually review our performance and costs. We participate in an Audit Benchmarking Club which compares us to similar County Council Internal Audit teams. No significant exceptions have been noted.

## Notes for Section 5

### 5.1 Audit Opinions

- 5.1.1 All audit reports contain an overall audit opinion on the adequacy and effectiveness of risk management and internal control, indicating whether the area concerned is either 'acceptable' or if 'key issues need to be addressed'. Audit work and reporting give assurance on the adequacy and effectiveness of Governance, Risk Management and Internal Control and forms part of the achievement of the Council's Plans and its Strategic Ambitions.

### 5.2 The difference we are making

- 5.2.1 Audit findings have provided assurance or where necessary led to agreed actions to address any identified weaknesses in risk management and internal control. This demonstrates the Council's good Value for Money and thus supports the Council's Plan and its Strategic Ambitions. No actual savings or potential savings have been noted as a result of our audit work and grant claim certification in the last quarter.
- 5.2.2 Norfolk Audit Services have adopted a "Statement of Customer Pledge and Remedy".
- 5.2.3 The work undertaken by Norfolk Audit Services complements the work of the external auditors. There is a good working relationship between Internal and External Audit such that in total they give adequate audit coverage to all areas of the Council's activities. Norfolk Audit Services is responsible for communicating the final results of their audit work to parties who can ensure that the results are given due consideration.

5.2.5 Feedback received was as follows:

Type of work	Questionnaires issued	Questionnaires received
Standard audit	9	8
Grants	0	0
<b>Analysis of results:</b>		
	<b>Expectations Met*</b>	<b>Disappointed or Very Disappointed</b>
	8	0

\*The simpler electronic "Smart Survey" based questionnaire was launched from 1 January 2015 onwards to increase the likelihood of returns. A Service Level Agreement is being drafted for our services.

# Audit Committee

Item No 8

<b>Report title:</b>	<b>LGA Presentation (Audit Procurement and the Sector Led Body)</b>
<b>Date of meeting:</b>	<b>16 June 2016</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance</b>
<b>Strategic impact</b>  The Audit Committee considers: <ul style="list-style-type: none"><li>• matters of Governance in accordance with its terms of reference, which are part of the <a href="#">Council's Constitution, part 4.1 (4.4)</a>. (page 11)</li></ul>	

## Executive summary

The Audit Committee will receive a presentation by Mr Alan Finch, who is a Principal Advisor, Finance and productivity with the Local Government Association.

### Recommendations:

- 1) To consider the presentation on Audit Procurement and the Sector Led Body
- 2) To note that a report on the requirements of the Local Audit and Accountability Act 2014 will be presented to a future meeting of this Committee

## 1. Introduction

- 1.1 The LGA offered to attend a meeting of this Committee to present is proposals for a Sector Led Body to meet the requirements of the Local Audit and Accountability Act 2014.

## 2. Evidence

- 2.1 A PowerPoint presentation will be made at the Committee meeting.

## 3. Financial Implications

- 3.1 Any specific financial implications are covered in the presentation.

## 4. Issues, risks and innovation

## Risk implications

- 4.1 Apart from those mentioned in the presentation, there are no other implications to take into account.

## 5. Background

- 5.1 The background is set out in the presentation.

## Officer Contact

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

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# Audit Committee

Item No 9

<b>Report title:</b>	<b>Monitoring Officer's Annual Report 2015/16</b>
<b>Date of meeting:</b>	<b>16 June 2016</b>
<b>Responsible Chief Officer:</b>	<b>Head of Law and Monitoring Officer</b>
<b>Strategic impact</b>  The Audit Committee considers matters of Governance in accordance with its terms of reference, which are part of the <a href="#">Council's Constitution, part 4.1 (4.4)</a> . (page 11).	
<b>Executive Summary</b>  The Monitoring Officer's Annual Report summarises the internal governance work carried out by the Monitoring Officer in 2015/16 and provides assurance that the organisation's control environment, in the areas which are the responsibility of the Monitoring Officer, is adequate and effective. This annual report supports the assurance statements included in the draft Annual Governance Statement for 2015/16 (the "Annual Governance Statement").  The key messages in the Monitoring Officer's report include: <ul style="list-style-type: none"><li>• that there have been no 'reportable incidents' during the period 2015/16;</li><li>• that the systems of internal control administered by the Monitoring Officer were adequate and effective during 2015/16 for the purposes of the latest regulations; and</li><li>• that the Monitoring Officer meets twice yearly with the Standards Committee to update on any Code of Conduct Complaints and matters relevant to standards of conduct in public life and will be reported on as part of the Monitoring Officer's Annual Report 2016/17.</li><li>• that the Council changed from an Executive (Leader and Cabinet) system of governance to a Committee system of governance with effect from May 2014 and a full review of the effectiveness of the new system was conducted between November 2014 and May 2015.</li></ul>	
<b>Recommendation</b>  The Audit Committee is requested to note the contents of the report and in particular the key messages in the above Executive Summary and <b>Appendix A</b> section 2.1.	

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

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

## **2 Evidence**

- 2.1 The Monitoring Officer's Annual Report for 2015-16 is presented at **Appendix A**.

## **3 Financial Implications**

There are no specific financial implications to report.

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

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

- 4.1 Under section 17 of the Crime and Disorder Act the Council has a statutory general duty to take account of the crime and disorder implications of all of its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 4.2 The Monitoring Officer's work helps to deter crime, and/or make crime difficult, increasing the likelihood of detection and prosecution and thereby disincentivising crime.

## **5 Background**

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

## **Officer Contact**

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

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nplaw  
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**Monitoring Officer's  
Annual Report  
2015/16**

<b>Section Numbers</b>	<b>Contents</b>
1	Introduction
2	Key messages
3	Results of the Monitoring Officer's work in 2015/16
4	Review of effectiveness of systems of Internal Audit
5	Governance Statement
6	Section 17 Crime and Disorder Act
7	Overall opinion on the adequacy and effectiveness of the Governance framework

## **1. Introduction**

- 1.1 The Monitoring Officer's Annual Report summarises the more significant activities of the Monitoring Officer in 2015/16 and comments on other current issues relevant to the Monitoring Officer's work for the County Council.
- 1.2 Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the fundamental principles of openness, integrity and accountability together with the overarching concept of leadership. In this respect, Norfolk County Council recognises the need for sound corporate governance arrangements and over the years has put in place policies, systems and procedures designed to achieve this. The County Council adopted a Code of Corporate Governance based on the CIPFA model which is reviewed annually by the Executive Director of Finance as a means of drawing together all the positive elements of corporate governance which it already has in place. The Code is updated annually. No changes have been made since 2013 but a full review will be carried out to reflect the adoption by the Council in May 2014 of the new committee system of governance and the review of that new system of governance completed in May 2015.
- 1.3 The Monitoring Officer is appointed under Section 5 of the Local Government and Housing Act 1989 and has a number of statutory functions in addition to those more recently conferred under the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007 and subsequent regulations governing local investigations into member conduct. The Localism Act came into force in 2011, with subsequent implementing regulations coming into force during 2012/13, and included a number of changes to rules relating to the standards regime including the establishment of Standards Committees, the assessment of complaints and the abolition of Standards for England.
- 1.4 In November 2013 the Council decided to change from an Executive (Leader and Cabinet) system of governance to a committee system of governance. From the Council's AGM in May 2014 the Council began to operate a Committee system whereby the major decisions are made by 5 politically proportionate Service Committees (Children's, Adult Social Services, Environment Development and Transport, Communities and Policy and Resources). Once the new system had been running for 6 months a review was conducted and some improvements to the system adopted at the May 2015 AGM.

## **2. Key messages**

- 2.1 The key messages to note from the year are:
  - There have been no 'reportable incidents' during the period 2015/16.
  - That the systems of internal control administered by the Monitoring Officer including compliance with the Code of Corporate Governance and the Council's Constitution were adequate and effective during 2015/16 for the purposes of the latest regulations.
  - The Council has arrangements in place to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

- The County Council publishes on its website a summary of Members' declared interests, all the authority's expenditure over £500 and the expenses of Chief Officers.
- The Council is proactive in raising the standards of ethical conduct among members and staff, including the provision of ethics training and has put in place arrangements for monitoring compliance with standards of conduct across the Council including:
  - Standards of conduct and behaviour for officers
  - Code of Conduct for Members
  - Register of Disclosable Pecuniary Interests
  - Register of gifts and hospitality
  - Complaints procedure

Following the May 2013 elections all Members completed a declaration of Disclosable Pecuniary Interests. Members were asked to update these declarations and those received were loaded on to the website over a period between 1 June and 1 September 2015. The overwhelming majority have a 2015 form on their webpage dated in the timescales mentioned above.

- Following the May 2013 elections training on the Code of Conduct and registration and declaration of interests was held for all Members.
- The Council can demonstrate that generally Members and staff exhibit high standards of personal conduct. During 2015/16 the number of standards complaints was low (as it was in 2014/15) and no hearings of the Standards Committee were required.
- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and pecuniary interests. There is evidence that members and staff are making appropriate disclosures in the registers and that they are regularly reviewed.
- The Audit Committee receives an annual update on the Council's counter fraud and corruption policy applying to all aspects of the Council's business. This policy has been communicated throughout the Council. There are effective arrangements for receiving and acting upon fraud and corruption concerns and disclosures from members of the public.
- The Council has arrangements in place to receive and investigate allegations of breaches of proper standards of financial conduct and fraud and corruption.
- The County Council's Anti-Fraud and Corruption Strategy updated to reflect changes in law and practice, and was approved by the Audit Committee in January 2014.
- There is a whistleblowing policy which is publicised and demonstrates the Council's commitment to providing support to whistle-blowers and has been

communicated to staff and those parties contracting with the council. The Council can demonstrate its staff, and staff within contracting organisations, have confidence in the whistleblowing arrangements and feel safe to make a disclosure. The policy was last reviewed against best practice guidance from the Audit Commission during 2011, as reported to Audit Committee and is currently undergoing a review.

- nplaw achieved the Law Society's Lexcel quality standard and has arrangements in place to ensure the quality of the service provided.
- During the year regular reports are provided to the Standards Committee and ad hoc reports on major legislative and governance issues are provided to the Chief Officer Group.
- Money laundering requirements as stipulated in the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002 have been fully met.

### **3. Results of the Monitoring Officer's work in 2015/16**

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

<b>DUTIES</b>	<b>EXAMPLES</b>
Has regular meetings with each of the Managing Director, Executive Director of Finance and Head of Democratic Services in order to review current and likely future issues with legal, constitutional or ethical implications.	A full review of the Constitution was carried out between November 2014 and May 2015, involving members, officers and external stakeholders, assisted by the Institute of Local Government and the University of Birmingham. A revised Constitution was agreed in May 2015.
Maintains good liaison and working relations with the External Auditor.	Key issues for the External Auditor were raised through the Interim Executive Director of Finance. The External Auditor is notified and contacted if reportable incidents arise.
Ensures that the County Council is kept up to date on new legislation and changes in the law which are relevant to the carrying out of the County Council's activities.	This will generally take the form of reports to Members and briefing notes to Executive Directors but where appropriate will involve training sessions for relevant Members and Officers. These activities are carried out in consultation and conjunction with relevant Executive Directors.

DUTIES	EXAMPLES
<p>The Monitoring Officer or her senior staff is consulted at an early stage on new policy proposals and on matters, which have potentially significant legal implications.</p>	<p>The Monitoring Officer and her staff are regularly consulted by Executive Directors on new policy proposals. Following a restructuring by the Managing Director in 2014/15 the Monitoring Officer is no longer a member of the County Leadership Team (CLT). There is therefore an increased onus on the Executive Directors to inform her of policy proposals. She receives copies of reports that go to the CLT.</p>
<p>All draft reports to the Service Committees are as a matter of routine cleared with the Monitoring Officer or her senior staff.</p>	<p>Significant reports for decision were routinely forwarded to the Monitoring Officer and her staff by service departments and were reviewed for their legal and ethical implications. This area is currently under review.</p>
<p>The Monitoring Officer has been informed of all emerging issues of concern of a legal, ethical or constitutional nature.</p> <p>Similarly, Members have ensured that the Monitoring Officer is routinely informed and consulted in respect of new policy proposals.</p>	<p>Executive Directors are aware that they should consult the Monitoring Officer on legal, ethical or constitutional matters and they regularly do so.</p> <p>Members can rely on the fact that significant reports for decision are routinely reviewed by the Monitoring Officer or her senior staff, prior to their presentation at Committees.</p>
<p>The Monitoring Officer has sought to resolve any potential illegality by identifying alternative and legitimate means of achieving the objective of the proposal.</p>	<p>The Monitoring Officer, in her capacity as Head of Law, and her senior staff regularly advise on the legality and/or appropriateness of administrative procedures.</p>
<p>In cases where external lawyers are acting for the County Council, it will be necessary for the relevant Chief Officer and the Monitoring Officer to agree arrangements for ensuring that vires and constitutional issues are satisfactorily addressed.</p>	<p>No exceptions were raised during the period.</p>
<p>In appropriate cases, and to secure the rapid resolution of a potential reportable incident or avoid a separate statutory report, the Monitoring Officer will be entitled to add her written advice to the report of any other County Council Officer.</p>	<p>There have been no such incidents during 2015/16.</p>

DUTIES	EXAMPLES
Where the Monitoring Officer receives a complaint of a potential reportable incident, she must in appropriate cases seek to resolve the matter amicably, by securing that any illegality or failure of process is rectified. However, it is recognised that the Monitoring Officer may decide that the matter is of such importance that a statutory report is the only appropriate response.	There have been no incidents requiring a statutory report during 2015/16.

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

- 4.1 The Accounts and Audit (England) Regulations 2015 require the Council to review annually the effectiveness of its system of internal audit. There is currently no guidance or good practice available for meeting this requirement. Informal advice from CIPFA and discussions with other local authorities provided various options for reviewing the effectiveness of the system of internal audit.
- 4.2 The elements of the Council's systems of internal audit and the assurance on their effectiveness include corporate control functions such as legal services. As endorsed by the Audit Committee on 24 April 2007, the option chosen is for the Audit Committee to review information on the effectiveness of the management processes and corporate control functions (legal, financial, health and safety and human resources services performed) as provided by self-assessment, customer feedback and any existing external performance reviews.
- 4.3 nplaw's work was accredited by Lexcel, the Law Society's quality standard for all legal practices, in March 2016 and was commended for many good practice areas. There were no areas requiring improvement and the Monitoring Officer received positive feedback from the Lexcel assessor in relation to a number of good practice areas.

#### **5. Governance Statement**

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



- 5.3 In addition the Monitoring Officer provides legal advice to the Pension Funds administered by the Council and in some areas, to the Council's wholly owned companies.

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

- 6.1 Under section 17 of the Crime and Disorder Act the Council has a statutory general duty to take account of the crime and disorder implications of all of its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 6.2 The Monitoring Officer's work helps deter crime, or increase the likelihood of detection through making crime difficult, increasing the risks of detection and prosecution and reducing the rewards from crime.

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

- 7.1 That the systems of internal control administered by the Monitoring Officer including the Code of Corporate Governance and the Council's Constitution, were adequate and effective during 2015/16 for the purposes of the latest regulations.

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# Audit Committee

Item No 10

<b>Report title:</b>	<b>Audit Committee Chairman's Report</b>
<b>Date of meeting:</b>	<b>16 June 2016</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance</b>
<b>Strategic impact</b>  The Audit Committee are responsible for monitoring the adequacy and effectiveness of the systems of risk management and internal control, including internal audit, as set out in its Terms of Reference, which is part of the Council's Constitution.	

## Executive summary

This report, which summarises the work of the Audit Committee from the 1 January 2016 to 30 April 2016, confirms that during 2015-16 its function has been consistent with best practice, demonstrates the impact of its work and explains how it adds value. Its work is reported to full Council. The Committee has demonstrated its effectiveness through:

- considering and approving the Annual Statement of Accounts and Annual Governance Statement 2014-15; and
- over the 2015-16 year has added value through challenging;
  - the External Auditor's reports
  - internal audit and strategic risk management reports, performance and effectiveness during the year
  - the corporate risk register activity
  - the Council's progress with managing corporate high priority findings
  - plans and action to prevent, detect and investigate fraud

## Recommendation:

The Audit Committee should consider that the arrangements are satisfactory and note that the Committee

- is independent of the executive function, reports directly to full Council and has terms of reference that are consistent with CIPFA's guidance and best practice,
- provides effective challenge across the Council and independent assurance on the system of internal control, including the management of risk, to members and the public,
- can demonstrate the impact and value of its work; and
- is monitoring the Future of Local Public Audit proposals.

## 1. Proposal (or options)

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

## 2. Evidence

- 2.1 The last Audit Committee Chairman's Report was a half yearly report which was presented at the meeting in January 2016. This report covers the period to the end of April 2016 and provides the annual opinion for 2015-16. This report also confirms that the Committee's Terms of Reference, purpose and core functions are consistent with best practice, demonstrates the impact of its work and how it adds value.
- 2.2 The CIPFA Audit Committees position statement (2013) is presented at **Appendix A** for reference.
- 2.3 The Committee's work adds value by:
- Supporting the Council's objectives in achieving a reputation for good governance, sound internal control and good value for money; and
  - Reducing the potential cost burden and operational disruption when risks, internal control weaknesses, frauds or corruption are avoided or mitigated.
- 2.4 Reports have been received from the Executive Director of Finance, the External Auditors or were commissioned by the Committee covering a wide range of topics, listed at **Appendix B**. The list comprises all reports received by the Committee since January 2016, for information.
- 2.5 The Committee has received and considered the reports of the External Auditor. These include their plans and reporting on their audit of the annual accounts. There have been no additional (public interest) reports during the year.
- 2.6 The Committee has received and considered the reports of the Internal Audit Team (Norfolk Audit Services) from the Executive Director of Finance. These include the plans and reporting on their audits/work and opinions during the year, progress with Corporate High Priority Findings and Anti-Fraud Activity.
- 2.7 The Chairman of the Audit Committee completes a Self-Assessment of Good Practice checklist every twelve months as at **Appendix C**. This indicates the Audit Committee's performance against the good practice principles set out in 'CIPFA's Position Statement: Audit Committees in Local Authorities and Police' (Appendix A). The assessment of the Audit Committee as at June 2016 is that arrangements in place are considered to be 'sound'.

- 2.8 The Committee promotes the principles of good governance and their application to decision making. It has challenged, scrutinised, championed its functions and provided oversight in accordance with its Terms of Reference:
- The Committee has sought assurance that there are adequate controls over systems access for staff who leave or change job roles. The Council's Information Management Service Manager briefed the Committee in January (Item 4). An update was circulated to the Committee following the April Committee.
  - The Committee requested information on the Council's Insurance Cover arrangements and a report was presented to the January 2016 meeting (Item 6)
  - The January Committee considered a report on the Minimum Revenue Provision Policy 2015-16 (revision) and 2016-17 (Item 13); and
  - Highways Network Asset – impact on 2016-17 Accounts (Item 14)
  - The April 2016 Committee considered the progress with the Norse Governance Review action plan (Item 9).
- 2.9 The Committee has continued to champion and encourage sound risk management in the Council, including how it is reported to members, and to provide member challenge and review for the Corporate Risk Register. The Committee has encouraged discussion of risk at the service committees and Policy and Resources. The Committee received an update from the Assistant Director Early help and Prevention (Adult Social Services) on Risk RM019 (Failure to deliver a new fit for purpose social care system on time and on budget) at its April meeting (Item 7).
- 2.10 The Committee helps the Council to implement the values of good governance, including effective arrangements for countering fraud and corruption risks. The Committee has received updates on work to counter fraud and corruption and supports the promotion of the Council's zero tolerance to fraud and corruption. The Committee has recommended that fraud awareness online training is mandated for staff.
- 2.11 The Committee is keen to ensure that business resilience, business continuity and emergency planning, including ICT, are well managed.
- 2.12 The Committee has considered reports on the governance of the Norfolk Pension Fund to inform its consideration where they are included in the Council's Annual Statement of Accounts.
- 2.13 The Committee considered the effectiveness of the governance, control and risk management for Treasury Management. The Committee recommended the Treasury Management panel be returned and that panel has been meeting.
- 2.14 In the light of the Committee's response to the Government's consultation proposals, the Committee has tracked the Government's response to changes in external audit arrangements and the future constitution of this Committee.

- 2.15 The Committee continues to develop its role and impact through on-going member training and the development of the Committee's work programme.
- 2.16 Further technical details of the Committee's work appear in **Appendix D** for information.

### **3. Financial Implications**

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

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

- 4.1. The Committee fully meets and demonstrates best practice for an Audit Committee as promoted by CIPFA in its publication, Audit Committees\Practical Guidance for Local Authorities and Police – 2013 Edition.

4.2. **Risk implications**

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

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

- 4.4. There are no implications with respect to:

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

### **5. Background**

- 5.1. The Council is required under the Accounts and Audit Regulations (England) 2015 to make provision for internal audit in accordance with "proper practices in relation to internal control". CIPFA, in collaboration with the Chartered Institute of Internal Auditors (CIIA) have produced

the UK Public Sector Internal Audit Standards (the Standards) which came into force on 1 April 2013 and replaced the CIPFA Code of Practice. CIPFA, in collaboration with the CIIA, also published in April 2013 the Local Authority Guidance Note (LAGN) for the Standards.

5.2. The Audit Committee was established in 2005; it

- reports directly to full Council and
- has seven members.

5.3. As part of good practice and in accordance with its Terms of Reference (part I3), this report from the Chairman summarises the work of the Committee for the period ended April 2016. This report also confirms that the Committee's function is consistent with best practice, demonstrates the impact of its work and how it adds value.

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

5.5. Internal Audit helps with this by aiming to deter crime, to increase the likelihood of detection through making crime difficult, to increase the risk of detection and prosecution and to reduce the rewards from crime.

5.6. **Background papers**

See **Appendix D** for list of relevant background papers which are available on the Council's Committee Papers webpages.

## **Officer Contact**

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

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

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## CHAPTER TWO

# CIPFA's Position Statement: Audit Committees in Local Authorities and Police<sup>5</sup>

- 1 **Audit committees are a key component of an authority's governance framework.** Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
- 2 **The purpose of an audit committee is to provide to those charged with governance<sup>6</sup> independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.** By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.
- 3 **The core functions of an audit committee are to:**
  - Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the authority's objectives.
  - In relation to the authority's internal audit functions:
    - oversee its independence, objectivity, performance and professionalism
    - support the effectiveness of the internal audit process
    - promote the effective use of internal audit within the assurance framework.
  - Consider the effectiveness of the authority's risk management arrangements and the control environment. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations.
  - Monitor the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risks of fraud and corruption.
  - Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.

- 
5. The scope of this statement includes all local authorities in the UK and the audit committees for police and crime commissioners and chief constables.
  6. In police bodies, *'those charged with governance'* are the police and crime commissioner and the chief constable.

- Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
- Review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

**4 Audit committees can also support their authorities by undertaking a wider role in other areas including:**

- Considering governance, risk or control matters at the request of other committees or statutory officers.
- Working with local standards committees to support ethical values and reviewing the arrangements to achieve those values.
- Reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.<sup>7</sup>
- Providing oversight of other public reports, such as the annual report.

**5 Although no single model of audit committee is prescribed, all should:**

- Act as the principal non-executive, advisory function supporting those charged with governance.<sup>8</sup>
- In local authorities, be independent of both the executive and the scrutiny functions; in police bodies, be independent of the executive or operational responsibilities of the police and crime commissioner or chief constable.
- Have clear rights of access to other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups.
- Be properly accountable to the authority's board or equivalent bodies
- Meet regularly – at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public.
- Be able to meet privately and separately with the external auditor and with the head of internal audit.
- Include, as regular attendees, the chief financial officer(s) or appropriate senior and qualified substitute, the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the monitoring officer (for standards issues) and the head of resources (where such a post exists). These officers should also be able to access the committee, or the chair, as required. The committee should have the right to call any other officers or agencies of the authority as required.<sup>9</sup>
- Report regularly on their work, and at least annually report an assessment of their performance.

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7. *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2011 Edition)*, CIPFA, 2011.

8. In police bodies, 'those charged with governance' are the police and crime commissioner and the chief constable.

9. While recognising the independence of the chief constable in relation to operational policing matters.



**6 Good audit committees are characterised by:**

- A membership that is balanced,<sup>10</sup> objective, independent of mind, knowledgeable and properly trained to fulfil their role.
- A membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives.
- A strong independently minded chair – displaying a depth of knowledge, skills and interest.<sup>11</sup>
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.

- 
10. The political balance of a formal committee of an authority will reflect the political balance of the council. However, it is important to achieve the right mix of apolitical expertise.
  11. There are many personal qualities needed to be an effective chair, but key to these are promoting apolitical open discussion, managing meetings to cover all business and encouraging a candid approach from all participants. An interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime are also essential. A specialism in one of these areas would be an advantage.



## Appendix B

Reports received by the Audit Committee since January 2016.

<b>Report Title</b>	<b>Report By</b>	<b>Meeting date</b>
NAS Quarterly Report Quarter ended 30 September 2015	Executive Director of Finance	January 2016
Risk Management Report	Executive Director of Finance	January 2016
Audit Committee Work Programme	Executive Director of Finance	January 2016
External Auditor's Annual Audit Letter 2014-15 and Audit Committee Briefings	Executive Director of Finance	January 2016
Norfolk County Council's Insurance Cover	Executive Director of Finance	January 2016
Audit Committee Chairman's Report	Chairman of the Audit Committee	January 2016
Anti-Fraud and Corruption Update	Head of Law	January 2016
Internal Audit Strategy, Approach, Strategic Plan 2016-19 and Internal Audit Plan for 2016-17	Executive Director of Finance	January 2016
Internal Audit Terms of Reference and Code of Ethics (incorporating the Interreg VA France Channel England Programme Audit Authority)	Executive Director of Finance	January 2016
Minimum Revenue Provision Policy 2015-16 (Revision) and 2016-17	Executive Director of Finance	January 2016
Highways Network Asset – Impact on 2016-17 Accounts	Executive Director of Finance	January 2016
NAS Quarterly Report Quarter ended 31 December 2015	Executive Director of Finance	April 2016
Risk Management Report	Executive Director of Finance	April 2016
Audit Committee Work Programme	Executive Director of Finance	April 2016
External Auditor's Audit Plan 2015-16	Executive Director of Finance	April 2016
NORSE Governance Review	Executive Director of Finance	April 2016
County Farms	Executive Director of Finance	April 2016

### Chairman's Self-Assessment of Good Practice

This appendix provides assurance that there is full compliance with the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2013.

Where a Committee has a high degree of performance against the good practice principles then it is an indicator that the committee is soundly based and has in place a knowledgeable membership.

This regular self-assessment is used to support the planning of the Audit Committee work programme and training plans.

This checklist is to be completed by the Chairman of the Audit Committee every twelve months as part of the annual update.

#### Self Assessment Checklist:-

Good Practice Questions	Yes	Partly	No	Description or Action To Be Taken if necessary
<b>Audit Committee Purpose and Governance</b>				
1. Does the authority have a dedicated audit committee?	✓			Meetings as per the Council Constitution on a quarterly basis with 7 Councillors in attendance.
2. Does the audit committee report directly to full council?	✓			Key reports and documents taken to Full Council for commendation.
3. Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓			
4. Is the role and purpose of the audit committee understood and accepted across the authority?	✓			Fully met.
5. Does the audit committee provide support to the authority in meeting the requirements of good governance?	✓			Fully met. The Committee receives and reviews the Council's Annual Governance Statement.
6. Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓			This report from the Chairman covers the value and impact of the Committee's work.
<b>Functions of the Audit Committee</b>				

<b>7. Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?</b>  These should include:	✓			Regular reporting of these (see Appendix B).
<ul style="list-style-type: none"> <li>• good governance</li> </ul>	✓			
<ul style="list-style-type: none"> <li>• assurance framework</li> </ul>	✓			
<ul style="list-style-type: none"> <li>• internal audit</li> </ul>	✓			The Committee receives and considers the plans, quarterly and annual reports from Internal Audit.
<ul style="list-style-type: none"> <li>• external audit</li> </ul>	✓			The Committee receives and considers the plan and annual reports from the External Auditors.
<ul style="list-style-type: none"> <li>• financial reporting</li> </ul>	✓			The Committee receives and approves the Annual Statement of Accounts.
<ul style="list-style-type: none"> <li>• risk management</li> </ul>	✓			Corporate Risk Register reviewed every meeting with discussion taking place.
<ul style="list-style-type: none"> <li>• value for money or best value</li> </ul>	✓			
<ul style="list-style-type: none"> <li>• counter-fraud and corruption.</li> </ul>	✓			The Committee receives and considers the Anti-Fraud and Corruption Strategy and updates on its application.
<b>8. Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?</b>	✓			Annual update reports provided by the Chairman including completion of this checklist.
<b>9. Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?</b>	✓			For example, Treasury Management and the work of the Pensions Committee relevant to the accounts is discussed on a regular basis.
<b>10. Where coverage of core areas has been found to be limited, are plans in place to address this?</b>	N/A			No limited coverage at present.
<b>11. Has the committee maintained its non-advisory role by not taking on any decision-making powers that</b>	✓			All decisions made are within core purpose.

are not in line with its core purpose?				
<b>Membership and Support</b>				
<b>12.</b> Has an effective audit committee structure and composition of the committee been selected?  This should include:	✓			
<ul style="list-style-type: none"> <li>separation from the executive</li> </ul>	✓			In November 2013 the Council changed from an Executive system of Governance to a Committee system of Governance which became operational in May 2014. Major decisions are made by 5 politically proportionate Service Committees.
<ul style="list-style-type: none"> <li>an appropriate mix of knowledge and skills among the membership</li> </ul>	✓			
<ul style="list-style-type: none"> <li>a size of committee that is not unwieldy</li> </ul>	✓			7 Councillors as appropriate.
<ul style="list-style-type: none"> <li>where independent members are used, that they have been appointed using an appropriate process.</li> </ul>	N/A			Not applicable.
<b>13.</b> Does the chair of the committee have appropriate knowledge and skills?	✓			
<b>14.</b> Are arrangements in place to support the committee with briefings and training?	✓			Training offered to Councillors on a regular basis and carried out as per 1.7 of Appendix A. Chair can have regular meetings with the Executive Director of Finance and/or Chief Internal Auditor.
<b>15.</b> Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	✓			The Chairman has been consulted regarding Appendix C of the 2013 Edition of the Guidance for Audit Committees.
<b>16.</b> Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	✓			Regular conversations outside of the quarterly formal meetings.

<b>17.</b> Is adequate secretariat and administrative support to the committee provided?	✓			Agendas and minutes produced via Democratic Services.
<b>Effectiveness of the Audit Committee</b>				
<b>18.</b> Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	✓			The External Auditor has provided a clean value for money conclusion and the Council receives reports from each meeting.
<b>19.</b> Has the committee evaluated whether and how it is adding value to the organisation?	✓			An Annual Report from the Chairman considers how the Committee adds value to the Council.
<b>20.</b> Does the committee have an action plan to improve any areas of weakness?	N/A			No plan currently required but would be created if areas of weakness arise.

## Appendix D

### Technical Details

#### Section 1 details

- 1.1 The Audit Committee membership is set out in the Council's Constitution:

“7 Members of the Council, on a politically balanced basis.”

- 1.2 The Committee considered and approved the Council's Accounts and Annual Governance Statement. In accordance with regulations covering the reporting of the Statement of Accounts, the September 2015 meeting received and approved the Council's Annual Governance Statement 2014-15, the Letter of Representation, the Annual Statement of Accounts 2014-15, and the External Auditor Audit Results Report 2014-15. The Committee advises on the adequacy of the assurance framework and that it is deployed efficiently and effectively. It also promotes effective public reporting to the Council's stakeholders, the community and measures to improve transparency and accountability. The Committee has noted with satisfaction the contents of the Audit Results Report of the External Auditor concerning the external audit of the Council's Annual Financial Statements 2014-15, and in particular reference to the unqualified audit opinions on the 2014-15 Statement of Accounts.

- 1.3 The Committee is contributing to the development of an effective control environment. As an on-going project, the Committee has sought

assurance that continued good governance, internal controls and risk management are present in services that are the subject of organisational change.

- 1.4 The Committee supports the quality of the internal audit activity and underpins its independence when it considers the Annual Internal Audit Report. That annual report demonstrates how the Committee, through the functions of internal audit and risk management contributes to the Council's goals and objectives by helping ensure appropriate governance, risk, control and other assurance arrangements. It also supports the development of robust controls for ensuring value for money.
- 1.5 The Committee understands the Council's framework for risk assessment, management and the assignment of responsibilities and as well as championing best practice it critically challenges and reviews the corporate risk register to provide assurance that the arrangements are actively working in the Council.
- 1.6 The Committee benefits from some members with an audit and finance background. The Committee is also able to draw on expert advice when required. Members received a full induction in their role in particular that relating to risk management and reviewed ongoing training needs at their June 2011 meeting.
- 1.7 The Finance function (including Internal Audit, Strategic Risk and Insurance), the Monitoring Officer, External Audit and the Audit Committee work in partnership to provide a sound base for good governance. The Chairman meets with the Executive Director of Finance and the Chief Internal Auditor.
- 1.8 The Committee fully meets best practice (from CIPFA) for good governance and the Council can demonstrate that it is effectively delivering the core functions of an audit committee, as identified in the CIPFA guidance and its Terms of Reference.
- 1.9 This report has summarised the work of the Committee over the period, confirmed that its function is consistent with best practice and has demonstrated the impact and value of the Committee's work. It has regularly reported its work to the full Council.



# Audit Committee

Item No 11

<b>Report title:</b>	<b>Audit Committee Terms of Reference</b>
<b>Date of meeting:</b>	<b>16 June 2016</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance</b>
<b>Strategic impact</b>  The Audit Committee's Terms of Reference are set out in the Council's Constitution at (Part 4 (4.4)): Composition and Terms of Reference of Regulatory and Other Committees, pages 9-12.  The Audit Committee are deemed 'Those charged with Governance', on behalf of the Council. The Committee forms part of the Council's System of Internal Control and Risk Management and performs specific functions required by statutory regulations.	

## Executive summary

This report introduces the Committee's Terms of Reference. The terms of reference for the Committee are considered as part of a regular formal review, as set out in its terms of reference.

Recommendations for minor changes have been approved by the Head of Law.

### **Recommendation:**

The Audit Committee is requested to consider the proposed Terms of Reference (**Appendix A**).

## 1. Proposal (or options)

- 1.1 The Audit Committee is requested to consider the proposed Terms of Reference (Appendix A).

## 2. Evidence

- 2.1 The terms of reference for the Committee are considered as part of a regular formal review, as set out in its terms of reference. Any recommendations for changes are required to be passed to the Constitutional Working Group for approval and incorporation into the Council's published Constitution.

- 2.2 The last review was undertaken in January 2014 to reflect the changes in national guidance. No significant changes have been required since.
- 2.3 Only minimal changes are required at this time and the Head of Law has delegated authority to make such minor changes and has approved these minor changes. The proposed Terms of Reference for the Committee are presented at **Appendix A**. The minor changes are underlined.

### **3. Financial Implications**

- 3.1. The Audit Committee's scope includes the Revenue and Capital expenditure and income for the Council and the Norfolk Pension Fund, their assets and liabilities.

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

### **4.1. Risk implications**

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

- 4.2. There are no implications with respect to:

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

## **5. Background**

- 5.1. The Committee last considered its Terms of Reference on 30 January 2014. The terms of reference include that the Committee should 'Review the Committee's own terms of reference to ensure they are current'. The Committee's Terms of Reference form part of the Council's Constitution (Part 4 (4.4)): Composition and Terms of Reference of Regulatory and Other Committees, pages 9-12.
- 5.2. These revised Terms of Reference are compliant with the requirements of the Public Sector Internal Audit Standards (PSIAS) 2013 and the Local Authority Guidance Note of April 2013 and help to ensure that the Council complies with best practice guidance identified in the CIPFA publication 'A toolkit for Local Authority Audit Committees'.
- 5.3. There is no relevant input or comments from other committees to include within this report.
- 5.4. **Background papers**

There were no other background papers relevant to this report.

## Officer Contact

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

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

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## Appendix A

### TERMS OF REFERENCE FOR THE AUDIT COMMITTEE – Proposed

#### A Governance

- 1 Consider the Annual Governance Statement, and be satisfied that that this statement is comprehensive, properly reflects the risk and internal control environment, including the System of Internal Audit, and includes an agreed action plan for improvements where necessary.

## **B Internal Audit and Internal Control**

- 1 With Chief Officers, to provide proactive leadership and direction on audit governance issues and champion audit and internal control throughout the Council.
- 2 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.
- 3 Consider an annual report and quarterly summaries of internal audit reports and activities which include an opinion on the adequacy and effectiveness of the Council's internal controls including risk management , any corporately significant issues arising, and receive assurance that action has been taken as necessary.
- 4 Consider reports showing progress **of all clients** against the audit plan and proposed amendments to the **Council's** audit plan.
- 5 Ensure there are effective relationships between internal audit and external audit, other inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.

## **C Risk Management**

- 1 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.
- 2 Consider the effectiveness of the system of risk management arrangements
- 3 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.
- 4 Receive assurances that action is being taken on risk related issues identified by both internal and external auditors and other inspectors.
- 5 Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk.
- 6 Report annually to full Council as per the Financial Regulations.

## **D Anti-Fraud and Corruption**

- 1 Provide proactive leadership and direction on Anti-Fraud and Corruption and champion Anti-Fraud and Corruption throughout the council.
- 2 Consider the effectiveness of the Council's anti-fraud and corruption arrangements.
- 3 Consider an annual report and other such reports, including an annual plan on activity with respect to Anti-Fraud and Corruption performance and receive assurances that action is being taken where necessary.

## **E Annual Statement of Accounts**

- 1 Consider the external auditor's reports and opinions, relevant requirements of International Standards on Auditing and any other reports to members with respect to the Accounts, including the Norfolk Pension Fund and Norfolk Fire-fighter's Pension Fund, and approve the Accounts on behalf of the Council and report required actions to the Council. Monitor management action in response to issues raised by the external auditor.
- 2 Consider the External Auditor's Annual Governance Report and endorse the action plan contained in this Report and approve a Letter of Representation with respect to the Accounts.

## **F External Audit**

- 1 Consider reports of external audit and other inspection agencies
- 2 Ensure there are effective relationships between external audit and internal audit
- 3 Consider the scope and fees of the external auditors for audit, inspection and other work.

## **G Norfolk Pension Fund**

- 1 Following presentation to the Pensions Committee and with due regard to any comments and observations made, consider the relevant Governance reports of the Norfolk Pension Fund.

## **H Treasury Management**

- 1 Consider the effectiveness of the governance, control and risk management arrangements for Treasury management and ensure that they meet best practice.

## **I Administration**

- 1 Review the committee's own terms of reference no less frequently than annually and where appropriate make recommendations to the Council for changes.

- 2 Ensure members of the committee have sufficient training to effectively undertake the duties of this committee.
- 3 Consider the six monthly and Annual Reports of the Chairman of the Committee.

# Audit Committee

Item No 12

<b>Report title:</b>	<b>Norfolk Audit Services Annual Internal Audit Report 2015-16</b>
<b>Date of meeting:</b>	<b>16 June 2016</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance</b>
<b>Strategic impact</b>  The Audit Committee are responsible for monitoring the adequacy and effectiveness of the systems of risk management and internal control, including internal audit, as set out in its Terms of Reference, which is part of the Council's <a href="#">Constitution</a> .	

## Executive summary

Norfolk Audit Services fulfils the internal audit function for the Council as required by its [Terms of Reference](#) (see Agenda, page 146) , its [Strategy](#) (see Agenda, page 114) agreed at the January 2016 Committee and the relevant regulations (please click underlined text for links). Internal Audit's work has made a significant contribution to the Council's priorities, being:

### Excellence in Education

- Through a mix of risk based, funded and traded audits throughout the year we have used our experience and skills to drive up the standards of financial and risk management in 39 Norfolk schools and early years' settings. The frequency of traded school audits has increased significantly over the year

### Real Jobs

- fully supporting by undertaking the Audit Authority role the 338m Euro France Channel England Interreg VA Programme. We have also audited the 16-19 Funding

### Good Infrastructure

- providing the audit certification for the Council's Better Broadband for Norfolk (BBfN) which is bringing faster Broadband to far more people.

### Supporting Vulnerable People

- auditing the SEND assessment process, the deferred payments process and direct payments process and certifying the Council's Troubled Families Programme returns throughout the year

### Effective support services

- Delivering the audit plan for 2015-16 sufficiently to support the annual opinion, although the agreed plan was reduced during the year from 1242 days to 903 days (27% reduction as resources were significantly impacted by the management of vacancies in the team - reported to Audit Committee in September 2015)
- contributing to raising £80,864 (15%) of external income through grant certifications, FCE Audit Authority, traded schools audits and external clients.

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

Consider and comment on these key messages from the Annual Report (Appendix A):

- The overall opinion on the effectiveness of risk management and internal control for 2015 16 is 'Acceptable' and therefore considered 'Sound' (part 2 of the report)
- The internal audit function has fulfilled its Terms of Reference, Strategy and provided assurance and added value through its delivery of the Committee's approved revised Internal Audit Plan for 2015-16, including traded schools audits and grant certifications and unplanned audits (part 4 of the report)
- Work is continuing to manage performance and the cost of audit assignments (part 6 of the report)
- The work of Norfolk Audit Services for the year (part 7 of the report) and the assurance provided assists the Committee to reasonably assess the risk that the Financial Statements are not materially mis-stated due to fraud
- The Annual Governance Statement for 2015-16 will make reference to this report and will be reported to this Committee in September 2016 for its approval (part 8 of the report)
- The Internal Audit Function continues to comply with the Accounts and Audit Regulations 2015 and recognised standards including the United Kingdom Public Sector Internal Audit Standard (UKPSIAS) (part 8 of the report)
- During the year the responsibility for Corporate Risk Management was passed to the Chief Internal Auditor.

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

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

## **2. Evidence**

- 2.1 The Chief Internal Auditor's Annual Internal Audit report 2015-16 is presented at **Appendix A**.
- 2.2 The key messages are reported in the Executive Summary above.
- 2.3 The internal Audit Team has fulfilled its Terms of Reference, Strategy and fully supported the Council's Audit Committee and has had positive feedback reported from the External Auditor.



### 3. Financial Implications

Internal Audit's work provides assurance on the systems and internal controls that manage £1.412bn of Gross Revenue expenditure, £202m Capital Expenditure and £977m of Assets.

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

Norfolk Audit Services has delivered approved savings in 2015-16 by adhering to the planned budget and preparing for ongoing savings as required.

All standard audits were allocated a budget (£) which is formally monitored at draft and final report stages. For audits at final report stage, 67% were delivered within the agreed cash budget. Work continues to be developed to strengthen the meeting of this KPI which is set at 100%.

### 4. Issues, risks and innovation

- 4.1 From August 2015 the responsibility for Corporate Risk Management was passed to the Chief Internal Auditor. A temporary Risk management Officer was appointed and work has commenced on delivering a Medium Term Risk Management Strategy to fulfil the Council's Risk Management Policy.
- 4.2 During late 2015 and early 2016 the Internal Audit team undertook significant unplanned work (in addition to planned work) relating to the Council's County Farms service.
- 4.3 Staff turnover during the year has been managed and additional temporary contracted audit resources were secured.
- 4.4 There are no implications with respect to:
  - Other resource implications (staff, property)
  - Legal implications
  - Risks
  - Equality
  - Human rights implications
  - Environmental implications
  - Health and safety issues.

### 5. Background

The Council has to undertake sufficient audit coverage to comply with the Accounts and Audit Regulations 2015. The allocation of audit time was based upon a risk assessment and this is continuously reviewed throughout the year. Resources were considered adequate to inform the annual audit opinion.

Background papers

- [2015-16 Annual Internal Audit Plan](#) (see Agenda, page 66)
- [2015-16 Revised Internal Audit Plan](#) (See page 318)

- Changes to 2015-16 IA plan are reported as part of the quarterly reports:
  - [Quarterly report to June 2015 Audit Committee](#) - (see Agenda, page 133)
  - [Quarterly report to September 2015 Audit Committee](#) - (see Agenda, page 313)

This reporting of changes to the IA plan was discontinued as of the January 2016 Audit Committee.

### **3 Officer Contact**

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

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

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**Annual Internal Audit Report  
2015 – 2016**

**Chief Internal Auditor  
Norfolk Audit Services**

Norfolk Audit Services

## **Contents**

- 1 The Council's Priorities
- 2 Introduction and Audit Opinion
- 3 Key Messages
- 4 Our Outputs – Internal Audit work
- 5 Value for Money Assessment
- 6 Developments in the service
- 7 Responsibilities in relation to Fraud and Corruption
- 8 Other information

Appendix 1 – Internal Audit Work Summary 2015-16

Appendix 2 – Planned developments results, NAS KPI's

Appendix 3 – Technical Notes

## **1. The Council's Priorities**

- 1.1 Internal Audit's work has made a significant contribution to the Council's priorities, being:

### **Excellence in Education**

- Auditing Children's Services supporting schools with concern during quarter 4
- While value for money in schools is judged by educational attainment, good financial management and governance of schools is a foundation to ensuring children and young people's right to an excellent education. We have used our experience and skills to drive up the standards of financial and risk management in 39 Norfolk schools and early years' settings through a mix of risk based and traded audits throughout the year
- A thematic audit which has informed best practice across all Norfolk schools in respect of the evidence supporting the Schools Financial Value Statement returns in quarter 2

### **Real Jobs**

- fully supporting by undertaking the Audit Authority role the 338m Euro France Channel England Interreg VA Programme. The Technical Assistance funding for this role will bring in significant external funding into the Council over the next ten years
- auditing the 16-19 Funding for learning during quarter 4

### **Good Infrastructure**

- providing the audit certification for the Council's Better Broadband for Norfolk (BBfN) which is bringing faster Broadband to far more people. Our certification work and suggestions to make it more efficient have been commended by the Government's BDUK unit
- auditing ICT resilience during quarter 4
- auditing the CRC energy efficiency scheme during quarter 1
- auditing property asset management during quarter 4

### **Supporting Vulnerable People**

- auditing the SEND assessment process during quarter 4
- auditing deferred payments during quarter 3
- auditing direct payments (anti-fraud analytical work) during quarters 2 and 3
- certifying the Council's Troubled Families Programme returns throughout the year
- role of quality assurance (social care, Children's Services) during quarter 3

## Effective support services

- contributing to raising £80,864 of external income through grant certifications, FCE Audit Authority, traded schools audits and external clients
- Delivering the audit plan for 2015-16 sufficiently to support the annual opinion, although the agreed plan was reduced during the year from 1242 days to 903 days (27% reduction reported to Committee in September 2015) as resources were significantly impacted by the management of vacancies in the team. For this reason audits deferred or cancelled due to operational changes in the Council services arising during the year were not all replaced
- The Internal Audit Service continues to be developed to support the Council's [priorities](#) (page A6) and New Ways of Working and part of this is further developing our mixed economy delivery model which enables us to draw on wider resources and be more resilient to meeting unplanned needs

## 2 Introduction and Audit Opinion

2.1 This annual internal audit report helps the Audit Committee to assess the performance of Norfolk Audit Services (NAS) and informs Executive Directors, clients and staff of how we delivered our Terms of Reference, Strategy and our work and how we add value. This report also supports the Council's Annual Governance Statement 2015-16 with an assurance on the Council's system of internal control, which includes the arrangements for the management of risk. The report brings together and adds to, the results reported quarterly to the Audit Committee and includes:

- An acceptable opinion - (see part 2.3)
- Key Messages (see part 3)
- Our outputs - the work we carried out, taking the service forward, performance and the difference we made in 2015-16 (see part 4)
- The External Auditor's value for Money Assessment (part 5)
- Developments in the Service (see part 6)
- Responsibilities in relation to fraud and corruption (see part 7)
- Other relevant information (see part 8 onwards).

### 2.2 Audit Opinion

- 2.3 The Executive Director of Finance and the Audit Committee can be assured that the adequacy and effectiveness of the system of internal control including risk management for the Council is 'Acceptable' and is therefore considered 'sound'. The Terms of Reference, Strategy were fulfilled and sufficient audits were performed and reported during 2015-16 to support this opinion. Details of our performance appear in part 4 and Appendices 1 and 2.
- 2.4 The Council's system of internal audit during 2015-16 was sound, adequate and effective in accordance with the requirements of the Accounts and Audit (England) Regulations 2015. Details of the regulations and the approach taken are provided in Appendix 3 (at TN5 and TN6)
- 2.5 Our work considers the Council's Risk Management arrangements which are reported to the Audit Committee by the Strategic Risk Officer. The Council's Risk Management arrangements are considered acceptable. The Chief Internal Auditor took over responsibility for Corporate Risks during the year.
- 2.6 Key governance issues that need to be addressed, against the background of this annual report and the Annual Governance Statement are summarised below and will be referenced in the 2015-16 Annual Governance Statement which is currently being drafted. The Annual Governance Statement will be published by 30 June 2016 and will be presented to this Committee in September 2016. Key Governance issues are:
- Learning Points from County Farms Governance Audit
  - Children's Commissioner
  - Data Quality
  - Information Security

### **3 Key Messages**

- 3.1 The key messages from the internal audit work in 2015-16 are:
- The overall opinion on the effectiveness of risk management and internal control for 2015-16 is 'Acceptable' and therefore considered 'Sound' (part 2 of report)
  - The internal Audit Team has fulfilled its [Terms of Reference \(see Agenda, page 146\)](#), [Strategy \(see Agenda, page 114\)](#) and fully supported the Council's Audit Committee and has had positive feedback reported from the External Auditor.
  - Although resources were significantly impacted by the management of vacancies and operational changes in the Council services arising during the year, the [Medium Term Internal Audit Strategy](#) (see Agenda, page 117) is being managed and can be fulfilled over its duration. That strategy will be reported to the Audit Committee in September 2016.

- The team has met the required savings during the year by operating within the approved budget, team structure, organisational developments and put in place further efficiencies. Cost control is operating through cash budgets for audits during the year.
- Our self-assessments have confirmed the Internal Audit function remains compliant with the Accounts and Audit regulations and recognised standards including the 2013 UKPSIAS (part 8 of the report).
- There are adequate Anti-Fraud and Corruption controls in place and updates on Anti-Fraud and Corruption have been reported to the Audit Committee during the year.
- Our work assists the Committee to reasonably assess the risk that the financial statements are not materially mis-stated due to fraud (part 7 of the report)
- Work is continuing to manage performance and the cost of the audit assignments (part 6 of the report)
- The Annual Governance Statement for 2015-16 will make reference to this report and will be reported to this Committee in September 2016 for its approval (part 8 of the report)

## 4 Our Outputs - Internal Audit Work

- 4.1 The Internal Audit Terms of Reference and Strategy (see 3.1), agreed at the Audit Committee in January 2015 have been fulfilled.
- 4.2 The internal audit work was performed through the delivery of the Annual Internal Audit Plan 2015-16. The Audit Committee approved the first half at the start of the audit year on 29 January 2015 and the second half on [24 September 2015](#) (see Agenda, page 318).
- 4.3 During the year it was appropriate to add some topics to the plan and to remove others on a risk assessed basis. The details of these changes were reported to the Audit Committee as part of the quarterly updates. In particular, in our [September Committee reporting](#) we reported a significant planned reduction to the second half of the 2015-16 audit plan which resulted in a reduction of 339 audit opinion days. Based on the revised days for 2015-16, the target for final and draft reports for the audit at year end were 29 and 12 respectively. The actual number of reports issued were 30 and 10 respectively (**Figure 2** below) During the final quarter, minor changes were agreed with the Executive Director of Finance to the approved revised second half of the year plan, with a net result of a reduction of 3 audits as shown in **Table 1** below and in Appendix 1.

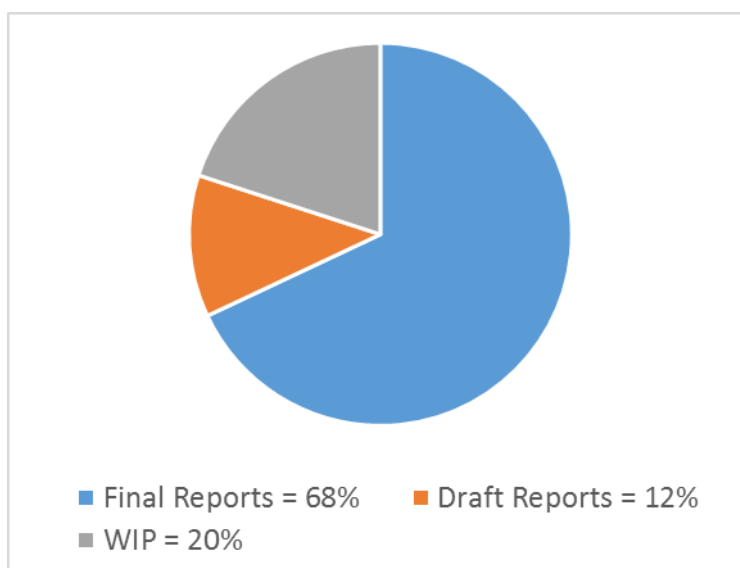


**Table 1** Quarter 4 Changes to the revised second half of the year 2015-16 Internal Audit Plan

September 2015 revised approved plan including 2014-15 carried forward – Non Schools audits	Revised Plan – Non Schools Audits	Net Reduction of Audits
62	59	3

- 4.4 A summary of the work for 2015-16 is attached as **Appendix 1**. This is based on the September 2015 revised audit plan.
- 4.5 The majority (80%) of the audit plan was delivered at either final or draft report at the end of the audit year. This includes our work on non schools, funded schools, traded schools and grants. The proportion of reports that were either final, draft or work in progress is shown in the pie chart at **Figure 1** below.

**Figure 1:** Outputs in 2014-15 by share; Finals, Drafts and Work in Progress (WIP)

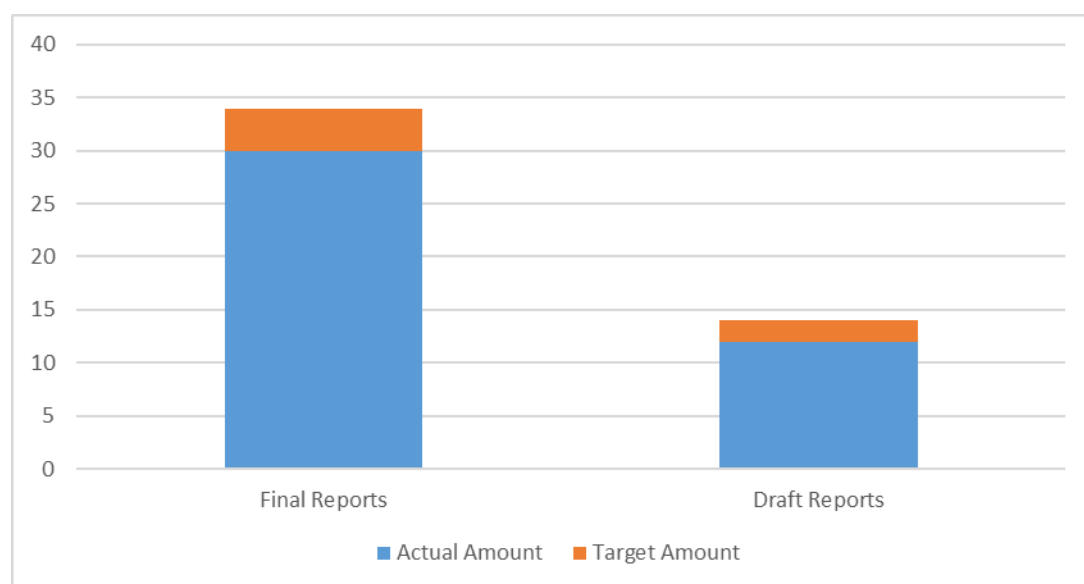


- 4.6 For the Non-school audits, including those carried forward from 2014-15, 68% of expected draft and final reports were complete at year end. The remaining audits were 'work in progress' at year end. Of those work in progress audits a significant number of them were started late in the year as planned. The nineteen (20%) work in progress audits were carried forward into the current audit year. At the start of May 2016, four more reports had been issued as final, one had been issued as draft and work was continuing on the audits in progress. It is expected that all carried forward 2015-16 audits will be completed by 31 July 2016.
- 4.7 The increase in the number of carried forward audits as work in progress is due to the difficulties experienced in year to recruit to our vacant positions. We

therefore delivered the plan through a 'mixed economy' delivery model consisting of in-house staff, temporary staff and contractors. As at 1 April 2016 we have recruited 2 new Auditors who will make a positive impact to the delivery of the 2016-17 audit plan. We will continue with a reduced 'mixed economy' delivery model as it provides greater flexibility and resilience to the team.

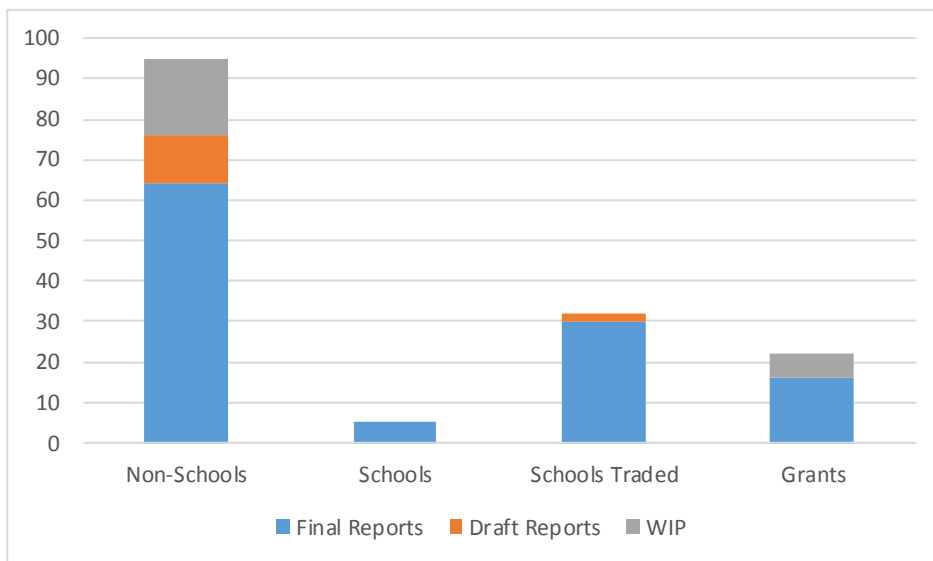
- 4.8 We completed and reported on 100% of the planned schools audits.
- 4.9 We delivered 32 traded school audits during the year which is significantly higher than the 7 delivered last year. Now that the service has been developed it has been more positively promoted during the year resulting in this increase in take up. This will be followed though into 2016-17.
- 4.10 All of the grant certification work was completed during the year with 16 out of 22 grants issued as final (73%). The remaining 6 claims relate to BDUK and all of the audit work has been completed and is awaiting sign off.
- 4.11 Based on the revised days for 2015-16, the target for final and draft reports for the audit at year end were 34 and 12 respectively. The actual number of reports issued were 30 and 10 respectively as shown in **Figure 2** below.

**Figure 2:** Final and Draft reports issued 2015-16 against target



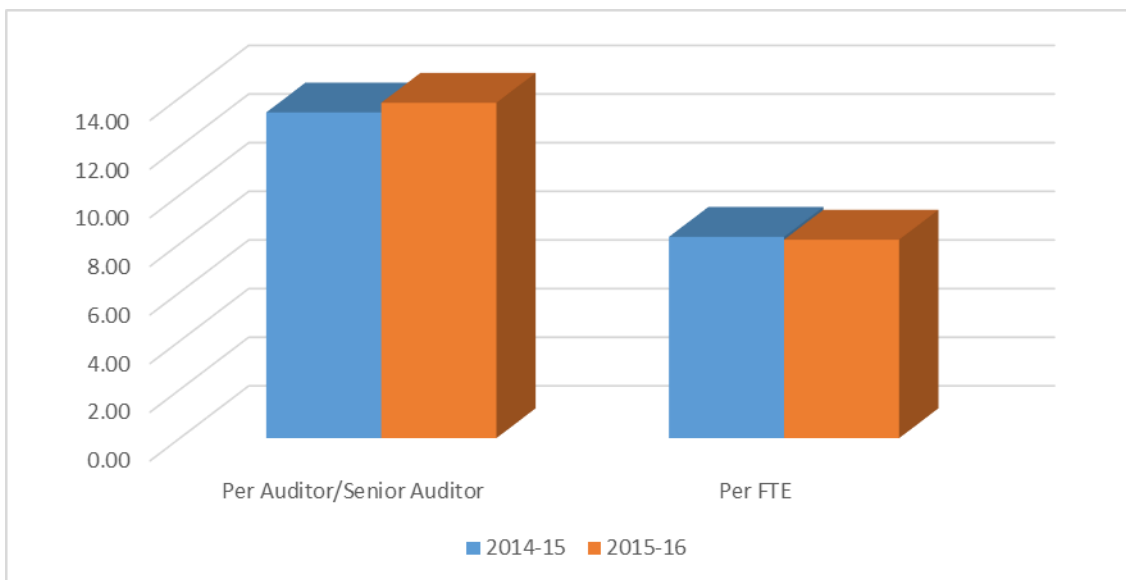
- 4.12 The overall share of completed work between all the categories is shown in **Figure 3** below.

**Figure 3:** Completion of work by category 2015-16



4.10 To compare the performance between the two years the indicator of the number of reports per full time equivalent auditor in the team was calculated. The results, shown at **Figure 4** below, demonstrate that the performance was comparable between the two years.

**Figure 4:** Reports per FTE 2014-15 and 2015-16



4.11 In addition to the work set out in the Internal Audit Strategy the team completed other adhoc work as follows:

- Advice reports for Executive Director of Finance

- Closer monitoring and reporting of progress on actions taken to address Corporate High Priority Findings identified by detailed audit work
  - Further development of the new Anti-Fraud and Corruption Strategy and promoting two e-learning courses in line with Fighting Fraud Locally recommendations
  - Preliminary assessments for potential investigations of allegations regarding potential financial or internal control matters and undertaking and reporting on investigative lines of enquiries
- 4.12 For 2015-16 benchmarking we had planned to participate in the Home Counties Chief internal Auditors CCAN benchmarking toolkit, which would have provided benchmarking over key data sets, but with the benefit of more Authorities undertaking the benchmarking allowing for fuller comparison of results. However, this benchmarking did not take place. It is planned that it will now take place during 2016, the results of which will be reported to the Audit Committee during our quarterly reporting. Previous benchmarking of the internal audit function has shown that we perform well and that we provide value for money.
- 4.13 During the year we have continued to work with colleagues in the Corporate Programme Office (CPO) and provide advice, support and challenge in order to seek assurance on the continued good governance, internal controls and risk management of services that are subject to organisational change. If any exceptions are reported or we are requested by Executive Directors we will consider if more detailed audit work is required. None was required in 2015-16. The key projects are supported and closely monitored by the relevant Finance Business Partners reporting to the Executive Director of Finance.
- 4.14 DNA is now classed as 'business as usual' and monitored through various Boards and Groups.
- 4.15 Moreover, 12 specific audits have provided assurance throughout the year against risks associated to specific change projects, thus providing assurance on the adequacy of internal controls during and after significant changes have been introduced in processes or team structures. Key learning points have been brought to the attention of the Sponsoring departments, through our audit reporting, and NAS continues to work with the CPO to ensure learning is disseminated across the organisation and is incorporated in future service designs. Additionally, during the year we have provided advice and guidance in relation to changes proposed by Sponsoring departments at the initiation stages, thereby offering timely advice and guidance on proposed changes to internal controls and processes.
- 4.16 Throughout the year, Norfolk Audit Services has provided continued and robust support to Project Managers of European grants and ensured compliance to the rules for all our grants work (first level control audit).

- 4.17 Our Quarterly Reporting to the Audit Committee has included updates on the France Channel England Interreg Programme - Audit Authority preparations being satisfactory. Substantial milestones have been reached by the programme as a whole during 2015-16 and in particular the Managing Authority has secured the approval by the European Commission of the Cooperation Programme. During the year, Norfolk Audit Services has secured formal designation by DCLG to act as both Independent Audit Body and Audit Authority for the programme. The French member state has also formally confirmed Norfolk Audit Services' authority and responsibility to undertake audit work on the French territory. This has meant a stepping up for Norfolk Audit Services in terms of preparatory work, which has entirely been delivered from within existing resources.
- 4.18 Technical Assistance funding of £26k was claimed in respect of staff costs for the work completed up between 1 April 2015 and 31 March 2016.

## 5 Value for Money Assessment

- 5.1 New Value for Money criteria were established by the Audit Commission. Value for money is now measured through:
- Efficiency
  - Financial Resilience.
- 5.2 The Council received an unqualified value for money assessment (including for the work of internal audit) for 2014-15. The next assessment, for 2015-16, is due in September 2016.

## 6 Developments in the Service

- 6.1 In line with continuing to develop our services, the team has developed a KPI dashboard which is used to monitor delivery against agreed targets. Appendix 2 is a summary of the KPI dashboard as at 31 March 2016. **Table 2** below shows those areas rated as either amber or red that need further development work which is being managed. Achievement of the first three KPI's within table 2 has been hindered by the ongoing vacancies within the team which have been reported to the Committee in year.

**Table 2:** KPI dashboard further development areas as 31 March 2016

KPI development Area 2015 -16	Result for 2015-16
Delivery of all planned audits with (draft of final) reports	Amber
Draft reports issued within 10 days of fieldwork completion	Red
Audits delivered within £ budget	Amber
Percentage of Customer Satisfaction questionnaires received against number issued	Red

## **7 Responsibilities in relation to Fraud and Corruption**

- 7.1 Under section 17 of the Crime and Disorder Act (1998) the Council has a statutory general duty to take account of the crime and disorder implications of all of its work, and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 7.2 Internal Audit work helps to deter crime, or increase the likelihood of detection by making crime difficult, increasing the risks of detection and prosecution and reducing rewards from crime. Internal audit's work is planned in order to cover the higher risk areas including where weaknesses in controls might increase the risk of theft, fraud or corruption. An action plan is agreed for any weaknesses that are identified during audits.
- 7.3 The [Anti Fraud and Corruption Strategy](#) (page 75) was updated and revised in January 2014 and remains fit for purpose. Two e-learning courses are available and promoted to all Members and staff of the Council. The latest [Anti-Fraud and Corruption Update](#) (See Agenda, page 104) details the communications plan which has been put in place to intensify the promotion and uptake of these courses. With the publication in October 2014 of protecting the Public Purse published by the Audit Commission, expectations continue to rise and further strengthening of controls continues. There were two formal investigations requested from Norfolk Audit Services during the year. An action plan has been agreed to continue the ongoing development of a strong anti-fraud culture within the Council. The Council meets the requirements of the International Standard on Auditing (ISA 240) as described in the notes in Appendix 2 (TN 7).
- 7.4 The Council had one case of detected fraud during 2015-16 relating to theft of NCC property. Detected fraud is defined as where an investigation of an allegation has assessed that, on the balance of probability, there was misconduct that led to an action by management, possibly including recovery of loss, disciplinary action or a prosecution.

## **8 Other relevant information**

### **Chargeable work**

- 8.1 Our chargeable work continues to make a positive contribution to the Council generating £80,864 in 2015-16 which is 15% of the approved budget of the function.
- 8.2 Internal Audit carried out chargeable work for the Norfolk Pension Fund and Eastern Inshore Fisheries and Conservation Authority (EIFCA). This work helps overall to reduce the net cost of internal audit to the Council and allows internal audit staff to continue to develop valuable skills and build on experience.

- 8.3 Internal Audit also undertakes work on the Certification of Grant Claims including many that are EC sponsored.
- 8.4 Work continued during 2015-16 for the setting up of the new Audit Authority to support the management of the FCE EU funded programme by Norfolk County Council. This work is funded through the aforementioned programme, and is expected to support future savings and efficiencies in the Internal Audit budget.
- 8.5 We have continued to promote our traded services to schools and have delivered traded audits to 32 schools through a combination of full audits and health checks. We promoted our traded audit services to Academies during the Summer term 2015 but had no take up, and we continue to work with Educator Solutions (Children's Services) to further seek opportunities of traded work with Academies.

### **Quality Assurance**

- 8.6 A Quality Strategy for Internal Audit is in place, which includes a Quality Assurance Improvement Programme. This was used to review a sample of completed audit projects during the year to ensure they met quality standards. Internal Audit procedures are subject to continuous review and are updated during the year. No significant exceptions were noted from that work.
- 8.7 Internal Audit reports progress on the audit plan and feedback from customer satisfaction questionnaires to the County Leadership Team and the Audit Committee quarterly. NAS has received overall positive feedback during the year ended 31 March 2016. An electronic Customer Satisfaction Questionnaire using Smart Survey is used for this purpose.

### **Engaging Specialists**

- 8.8 During 2015-16, we have continued to engage specialists from external sources to deliver audits for ICT and Health & Safety audits that require expertise that did not exist in the team. This ensured that these areas received high quality assurance whilst ensuring value for money.

### **Working with the External Auditors**

- 8.9 The external auditors, Ernst and Young, are auditing the Council's Statement of Accounts for 2015-16. Internal Audit maintains a very good working relationship with the audit team at Ernst and Young and NAS work is planned and co-ordinated to ensure that there is:
- no duplication of work
  - not an undue "audit burden" on clients at any one time during the year, and

- an efficient “joint” assurance service to the Council.
- 8.10 Two specific pieces of work are being delivered by Norfolk Audit Services in quarter 1 of 2016-17. This work supports our opinion on controls but also supports the additional work needed to support the external auditors’ audit methodology. Similar work was delivered by NAS in 2015-16 which supported the external audit of the 2014-15 Financial Statements.

## **Annual Governance Statements**

- 8.11 In addition to the Council's own Annual Governance Statement for 2015-16, to be reported to this Committee in September 2016, NAS internal audits provided assurances on the adequacy and effectiveness of internal controls and risk management for the NCC Pensions Committee.

## **9 Acknowledgements**

- 9.1 I would like to thank Members of the Audit Committee, County Leadership Team, managers and staff for their co-operation and assistance during the year.
- 9.2 The Internal Audit team has worked with the Council’s managers and staff to deliver assurance on the adequacy of the Council’s internal controls and risk management. The team’s work has been acknowledged as meeting required standards and savings at a time when expectations of quality both internally and externally are rising. I would like once again to acknowledge the commitment, efforts and achievements of the team over the year.

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



## Internal Audit Work Summary 2015-16 (2014-15)

	Approved Plan (revised plan September 2015 )	Net Additions/ Cancelled/ Postponed During Quarter 3&4	Revised plan	Final Reports Issued	% Final	Draft Reports Issued	Total Reports Issued (draft and final)	Percentage Delivery of the revised 2015-16 (and c/f 2014-15)
Audits in Approved Plan – Non Schools	51 (63)	-3 (-12)	48 (51)	21(38)	44% (75%)	8 (5)	29 (43)	60% (84%)
Audits c/f 2014-15 – non schools (2013-14 c/f was 9 audits)	11	0	11	9	82%	2	11	100%
<b>Total Audits – Non Schools</b>	<b>62</b>	<b>-3</b>	<b>59</b>	<b>30</b>	<b>51%</b>	<b>10</b>	<b>40</b>	<b>68%</b>
Audits in Approved Plan - 80 days were included in the strategy for Schools Traded audits =32 schools	32 (4)	0 (3)	32(7)	30(7)	94% (175%)	2(0)	32(7)	100% (175%)
<b>Total excl. Grants</b>	<b>98 (75)</b>	<b>-3 (-9)</b>	<b>95 (66)</b>	<b>64 (52)</b>	<b>68% (79%)</b>	<b>12 (6)</b>	<b>76 (58)</b>	<b>80% (88%)</b>
Grants	22 (24)	0	22 (24)	16 (23)	73% (96%)	(0)	16 (23)	73% (96 %)
<b>Overall Total</b>	<b>120 (99)</b>	<b>-3 (-9)</b>	<b>117 (90)</b>	<b>80 (75)</b>	<b>68% (83%)</b>	<b>12 (6)</b>	<b>92 (81)</b>	<b>80% (90%)</b>
Audits c/f 2016-17 – non schools	19 (11)							20%

Figures in brackets relate to 2014-15

## Planned Developments Results, NAS KPI's – Detailed (supports part 6, Table 2)

Key Performance Indicator	Target	Actual
<b>Planning</b>		
An agreed six month audit plan	Approval by S151 and Audit Committee	Yes (29/1/15)
<b>Delivery of the Audit Plan</b>		
Delivery of all planned audits with (draft or final) reports	100%	79%
Draft reports issued within ten working days of field work completion (includes all work)	90%	32%
Productive time as a proportion of total time worked (monthly figure)	62%	64%
High Priority findings followed up and reported	Monthly and quarterly reports to CLT and Audit Committee	Yes
<b>Budget Monitoring</b>		
Delivery of savings/budget	As per approved net budget £552K	On target
Audits delivered (finalised) within £ budget (within 10% threshold)	100%	67%
<b>Client Satisfaction</b>		
Percentage of questionnaires answered as NAS meeting clients expectations from the Terms of Reference	90%	94%
- % of audits where questionnaires have been sent to clients out of the total number of draft reports issued.		89%
- % of questionnaires received against the number of issued		39%
<b>Quality</b>		
External Audit able to place reliance on NAS	Yes	Yes
Average audit scores - overall	3.5	3.3
- audit work	3.5	2.8
- reports	3.5	3.3
Compliance with PSIAS	Yes	Yes

**Technical Notes:****TN1 Our service**

NAS provides the internal audit service of the County Council to provide assurance to the Council, the Audit Committee, the Managing Director, the Executive Director of Finance, the Monitoring Officer and Executive Directors. Its role is to ensure that there is evidence of compliance with the Council's objectives, controls, rules and procedures. Where such compliance does not exist, internal audit makes recommendations to ensure that proper arrangements are in place. Some audits carried out are based on the perceived risk to the Council as assessed using the internal audit risk model, corporate and departmental risk registers and others are requested by Executive Directors or the Audit Committee. The scope of NAS's work also extends to partnership arrangements.

The Internal Audit team has provided an effective, efficient and economic service during the year, supporting the Audit Committee, the County Leadership Team (CLT) and their Services. The team has championed the strengthening of internal control and anti-fraud arrangements and provided advice and assurance.

**TN 2 Opinion Definitions**

Each report has one of two possible grades, which are set out in the table below:

<b>Opinion</b>	<b>Assessment of internal control</b>	<b>Action required from the recipient – as agreed with the auditors</b>
Acceptable	Few or no weaknesses, mostly insignificant	Remedial action required as risk assessed and agreed
Key issues that need to be addressed	A number of weaknesses, mostly significant or one or more major weaknesses	Remedial action required as risk assessed and agreed

### **TN 3 Corporate High Priority Findings reporting**

As part of a drive to increase transparency and accountability, it was agreed by the then Chief Officers' Group (COG), now CLT to introduce a new report from December 2013 onwards. The report to CLT includes all outstanding audit recommendations made as a result of "corporate high priority" findings from detailed audit reports, together with their completion target date and an update on current status (Green – Amber – Red rating). Completed recommendations are reported separately and approved for removal by CLT.

### **TN 4 Internal Audit Work**

The work of NAS covers all areas of the Council's activities and continues to evolve and improve. Audits are generally carried out based on the perceived risk to the Council as assessed using the NAS risk model, the corporate and departmental risk registers or, they may be requested by Executive Directors or the Audit Committee. Internal Audit uses every opportunity to promote best practice as identified through professional networks and from our audit findings.

### **TN 5 Review of the Effectiveness of Systems of Internal Control**

The Accounts and Audit (England) Regulations 2015 (previously the Accounts and Audit Regulations 2011) require that:

- An adequate and effective internal audit of accounting records and of its system of internal control, in accordance with proper practices in relation to internal control, must be undertaken
- the effectiveness of the Council's systems of internal audit be reviewed annually.

The Committee made a resolution at its meeting on 26 September 2013 regarding that review. It was resolved that;

'the effectiveness of the management processes and corporate control functions being provided by self-assessment, customer feedback and any existing external performance reviews, including periodic independent assurance on the application of the relevant internal audit standards, thus developing the approach agreed in April 2007 and January 2009'.

For 2015-16 it was continued with the same approach of self-assessment, customer feedback and external performance reviews. For that purpose the Chief Internal Auditor has reviewed compliance against the 2013 UKPSIAS and our internal quality assurance improvement programme. The self-review has concluded that the Council has an adequate and effective internal audit function and adequate and effective systems of internal control.

As part of the overall Good Governance Framework, the Executive Director of Finance provides an annual opinion on the adequacy and effectiveness of the system of internal control including risk management. This informs the Council's reporting of the draft Annual Governance Statement 2015-16, which is published with the draft Annual Statement of Accounts in June each year.

The Council's system of internal control and the assurance on their effectiveness is as follows:

- internal audit – the annual plan and work of internal audit\*; and
- management processes of checking, reconciliations, supervisions and controls.

\*The annual internal audit plan includes the Council's main systems, and different elements of each system on a rotational basis and our opinion on these is "Acceptable" (see Section 3 above). The results of internal audit work for 2015-16 have been summarised in Appendix 2 of this report.

The Chief Internal Auditor's overall audit opinion is based on work undertaken during the year. Opinion definitions are explained in the notes at Appendix 2 (at TN 2). During the 2015-16 year internal audit reported as follows:

- detailed reports to the relevant Executive Directors
- reporting to County Leadership Team on corporate high priority findings from audits (Appendix 2 - TN3)
- quarterly summary reports to County Leadership Team
- quarterly reports to the Audit Committee and
- relevant topical reports to the Audit Committee as requested.

## **TN 6** The Council's Financial Statements and Fraud (ISA 240)

During the year internal audit have reviewed the internal controls and risk management of the Council's main financial systems. Those systems cover the transactions, balances and assets of the Council. That work and the assurance it provides helps this Committee to reasonably assess the risk that the Council's Financial Statements are not materially misstated due to fraud.

Internal Audit has planned and delivered audits during the year, which include reasonable measures to detect fraud and to give assurance on internal controls that would prevent it. Reports on the audit findings clearly set out those findings which increase the risk of fraud and whose responsibility it is to ensure that recommendations are completed.

The Council has an Anti-Fraud and Corruption Strategy, which covers the scope of this Committee. The Strategy has been applied where appropriate throughout the year and any significant fraud investigations have been reported where they have been completed. There have been a small number of preliminary assessments of allegations for the Council during the year. The Committee are therefore aware of the process for identifying and responding to the risks of fraud generally and of the specific risks of mis-statement in the financial statements when they are asked to approve the Annual Financial Statements at the end of the year.

Actual fraud cases that have been fully investigated are reported in summary to the Audit Committee. The Chairman would be informed of any significant fraud which had implications for this Committee. The Committee is therefore aware of the arrangements in place for Executive Directors to report fraud to the Committee. The Committee has knowledge of actual or suspected fraud and the actions that Chief Officers are taking to address it when required.

The Anti-Fraud and Corruption Strategy, Whistle blowing Strategy, Money Laundering Policy and the Standards of Conduct are promoted through staff newsletters and on the Council's Intranet site as well as through training for non-financial managers. The Committee is aware, through the reports it receives, of the arrangements Executive Directors have in place for communicating with employees, members, partners and stakeholders regarding ethical governance and standards of conduct and behaviour. The Council's Audit Committee has responsibility for reviewing the Anti-Fraud and Corruption arrangements. The Audit Committee approved a revised Anti-Fraud and Corruption Strategy in January 2014 and this is still considered fit for purpose. This Committee also receives this Annual Internal Audit Report, Risk Management reports and other reports from the Audit Commission giving assurance on the adequacy and effectiveness of risk management an internal control, Anti-Fraud and Corruption measures and of the Council's governance and value for money arrangements. These assurances support the Annual Governance Statement that this Committee considers and approves. The Committee therefore oversees management arrangements for identifying and responding to the risks of fraud and the establishment of internal control.

[End.]

# Audit Committee

Item No. 13

<b>Report title:</b>	<b>Risk Management Report</b>
<b>Date of meeting:</b>	<b>16<sup>th</sup> June 2016</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance</b>
<b>Strategic impact</b> The Audit Committee's role is to consider the Council's Risk Management. Assurance on the effectiveness of risk management and the corporate risk register helps the Committee undertake some of its key responsibilities. Risk management contributes to achieving corporate objectives, and is a key part of the performance management framework.	

## Executive summary

This report provides the Committee with the corporate risk register at June 2016, along with an update on the Risk Management Strategy 2016-19, and other related matters, following the latest review conducted during May 2016.

### Progress since the last Audit Committee meeting (March 2016)

The Corporate Risk Register was reported to the last Audit Committee in March 2016, prior to being refreshed in May 2016. Policy and Resources (P&R) manages these risks and the corporate risks were reported to the March 2016 P&R Committee. Since the last Audit Committee, reporting on the corporate risk register has been updated to show the latest developments, which are shown in **Appendix A** (the risk register report). A reconciliation of corporate risks from March 2016 is shown at **Appendix B**.

### **Recommendations:**

Committee Members are asked to:

- Consider:
  - a. The progress with Risk Management since the last Audit Committee meeting
  - b. The changes to the Corporate Risk Register (**Appendices A and B**), and the progress with mitigating the risks; and
  - c. if any further action is required.

## 1. Proposal (or options)

1.1. The recommendations are in the Executive Summary above.

1.2. The County Leadership Team has been consulted in the preparation of the corporate risk register.

## 2. Evidence

### 2.1 Direction

The Re-imagining Norfolk strategy provides council-wide priorities, and these have been developed into some clear outcomes and measures by officers and members. Considering 'being the organisation we need to be', the Council is leading on, and delivering, these changes, and is becoming more strategic with the right attitudes and skills, able to change at pace while shedding cost. The Council is continuing to strengthen governance and performance management, which include effective risk management arrangements. The overall direction should move towards a reduction in corporate risk scores, wherever possible.

Since August 2015 when the responsibility for Strategic Risk Management passed over to the Chief Internal Auditor, a Medium Term Risk Management Strategy 2016-19 has been initiated, and is currently being developed by the Risk Management Officer.

Work is taking place to further develop the performance pyramid, with Norfolk County Council priorities discussed and put forward at the Corporate Leadership Team meeting on 12/11/15. Risk Management continues to be reviewed and strengthened as part of Re-imagining Norfolk.

The Audit Committee minutes from 21 April 2016 recorded that, 'Risk RM010 (Risk of the loss of key ICT systems) did not contain any specific reference to the risk of hacking. The Chief Internal Auditor would raise the issue with the risk owner to check if the risk of hacking had been included and discuss whether the mitigating actions needed to be updated to reflect this potential risk'. This issue is being taken forward with the new Head of ICT (Interim) and risk RM0010 will be reviewed accordingly for future risk reports.

### 2.2. Progress

Overall, corporate risk scores continue to be generally stable. Since the last Audit Committee, further work has been carried out developing risk mitigations and progress reports that are more specific, measurable, achievable, realistic and timed, and aligning the plans and progress reporting more closely with each other. Now that risks and mitigations are more closely aligned to each other, progress against mitigations set can be better identified, moving towards a reduction in risk scores,



wherever possible. The goal is to better reflect the significant risks to Norfolk County Council and the actions required to mitigate them.

The latest corporate risk register details 20 risks. Corporate risks are where the occurrence of an event may have an impact on the County Council achieving its objectives or missing opportunities. Each risk has been allocated to the appropriate Executive Director along with a risk owner and actionee who are able to influence the mitigation and regularly report on progress so that all reports contain the most current information relating to the risk. It is the nature of corporate risks that every Executive Director has a responsibility to contribute, support and progress the tasks to mitigate the risks, through the Council Leadership Team and their Departmental Management Teams.

Explanations for the various scores and terminology can be found in a 'Bite Sized Guide to Risk Management' previously presented in an [Audit Committee meeting agenda paper](#), pages 368-378 . Risk scores are based on the scoring model found in the Norfolk County Council "Well Managed Risk - Management of Risk Framework".

For ease of reference the risks have been plotted on a heat map, in Appendix C, to illustrate each risk's relative position measured by likelihood and impact.

The criteria for Corporate and Departmental risks are described at Note 1.

Appendix A contains a full description of each corporate risk with the tasks to mitigate it and the progress of that mitigation. There are three risk scores (original, current, and target), with each score expressed as a multiple of the impact and the likelihood of the event occurring.

There is one risk with a 'current' red risk score:

1. RM020a – Failure to meet the long term needs of older people.

Risk owners have considered whether the risks will meet the target score by the target date. Ten risks are assessed as "Amber– some concerns" that targets may not be met, and eight are assessed as "Green - on schedule" to meet their target.

There are two risks with a 'prospects' target red risk score:

1. RM014a - The amount spent on home to school transport at significant variance to predicted best estimates.
2. RM014b - The amount spent on adult social care transport at significant variance to predicted best estimates.

A description of target scores is shown at Note 2.

Fig. 1. Reflects the percentages of risks in each category.

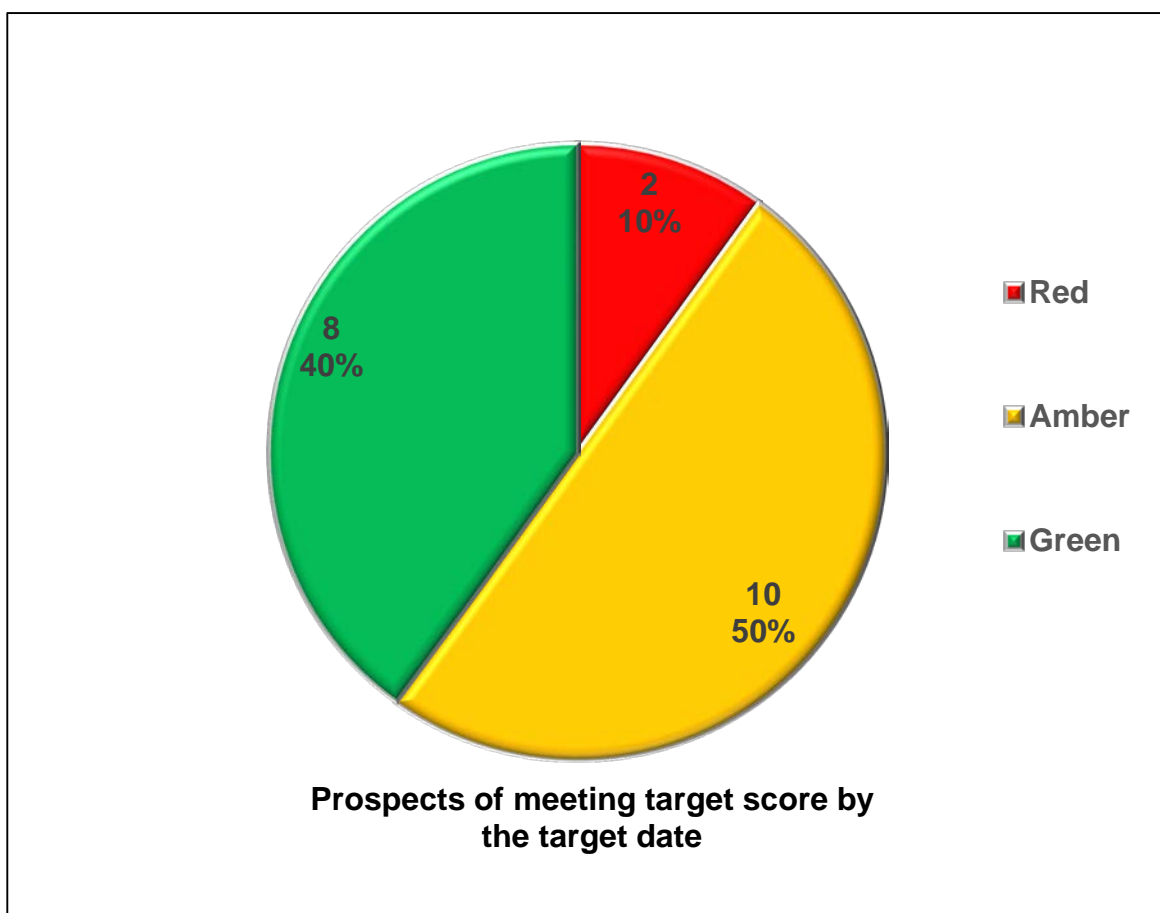


Fig. 1 – A chart to show the RAG rating percentages of meeting target scores.

### 2.3 Changes to the corporate risk register

Following the recent review there are now:

No new corporate risks to report

No closed corporate risks to report

No upgraded or downgraded risks to report.

- 2.4 At the January 2016 Audit Committee, Members asked for an analysis of the Council's properties that were at risk of flooding. This analysis is in progress, and when presented at the next Audit Committee meeting, will demonstrate the categories of NCC properties potentially at risk of flooding, and the overall risk mitigations that are in place or planned to manage this risk.

### **3. Risk management reporting to Committees**

- 3.1 As a result of a recommendation from the Chairman and Members it was agreed that all departmental risks should be formally reviewed at the appropriate committees.
- 3.2 Risk Management is now reported separately to Performance Management at Committees, although there continue to be close links between performance and risk. The departmental reporting continues to be by exception, including full information for risks with a current risk score of 12 and above where the prospects of meeting the target score by the target date is reported as amber or red. A risk report is presented to each Committee on a quarterly basis, at the same time as the Performance Report.

### **4. Financial Implications**

- 4.1 There are no financial implications other than those identified within the risk register. The financial implications of corporate risks are reported to the Policy and Resources Committee.

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

- 5.1 There are no further corporate risks than those described elsewhere in this report. The Risk Management Strategy 2016-19 will include best practice. The intention is to promote the benchmarking of the function from 'Highly rated against peers' to 'world class'.

### **6. Background**

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

## Officer Contact

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

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

### Note 1:

A Corporate Risk is one that:

- It requires strong management at a corporate level thus the Council Leadership Team should direct any action to be taken
- It 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 criteria for a Departmental Risk Register is that:

- It requires strong management at a departmental level thus the Departmental Management Team should direct any action to be taken.
- If not managed appropriately, it could potentially result in the County Council failing to achieve one or more of its key departmental objectives and/or suffer a significant financial loss or reputational damage.

### Note 2:

The prospects of meeting target 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 score by the target date. The position is visually displayed for ease in the “Prospects of meeting the target score by the target date” column 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.

Risk Number		RM001				Date of update		02 June 2016		
Risk Name		The potential risk that County Infrastructure is not delivered at the required rate to support existing and future needs.								
Risk Owner		Tom McCabe				Date entered on risk register		01 July 2015		
Risk Description										
There is a risk that the necessary infrastructure (including but not limited to transportation, community, school and green infrastructure) will be not be delivered at the required level and/or rate to support the existing population and to support and stimulate future growth, as set out in Local Plans.										
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	4	12	3	2	6	Jun-16	Amber
Tasks to mitigate the risk										
1) Ensure appropriate infrastructure planning is undertaken and documented 2) Continue to investigate all possible funding sources including UK government, European Union and developer 3) Maintain and improve lobbying of government 4) Work in partnership with the district councils who have a Community Infrastructure Levy (CIL) in place to ensure the most effective use of the income 5) Ensure appropriate arrangements are in place for the collection of developer contributions 6) Ensure all the Local Growth Fund allocations from the New Anglia Local Enterprise Partnership, and other funding sources, are spent on appropriate infrastructure and to the agreed timescales 7) Continue to work with Highways England to ensure the Road Investment Strategy is delivered to the agreed timetables										
Progress update										
1) Infrastructure planning is carried out in conjunction with the seven Local Planning Authorities and via the Greater Norwich Growth Board in terms of devising appropriate Local Plans. In addition, this is complemented by strategic transport planning carried out by NCC. 2) Close working with the New Anglia Local Enterprise Partnership, Department for Transport, colleagues in EDS (European funding) and Developer Services. Submitted a bid for Major Scheme development funding to prepare and Outline Business Case (OBC) for the Great Yarmouth Third River Crossing. A successful outcome announcement before the Parliamentary summer recess will be a big vote of confidence for the scheme. 3) A campaign is currently underway to raise the profile of the Great Yarmouth Third River Crossing using Brandon Lewis MP as the focus. 4) CIL is only currently in place in Norwich, Broadland and South Norfolk and we are working through the Greater Norwich Growth Board (GNGB) to influence the priorities. 5) NCC ensures that development contributions are maximised within the extent of the planning framework. 6) Feasibility and scheme development work continues for the various projects. Some are well advanced for delivery to the Local Growth Fund timescales but others are still at the scheme identification stage and could face delays particularly if land acquisition is needed. An increasing reliance will need to be put on resources from the Mouchel partnership. 7) Regular progress meetings are held with Highways England in addition to scheme specific meetings. Highways England presented options for the Norfolk schemes on 4 May and we provided feedback and comments.										

<b>Risk Number</b>	RM002		<b>Date of update</b>		04 May 2016					
<b>Risk Name</b>	The potential risk of failure to manage significant reductions in local and national income streams									
<b>Risk Owner</b>	Simon George		<b>Date entered on risk register</b>		01 July 2015					
<b>Risk Description</b>										
This may arise from global or local economic circumstances, government policy on public sector budgets and funding. As a result there is a risk that the Medium Term Financial Plan savings required for 2015/16-2019/20 are not delivered because of uncertainty as to the scale of savings resulting in significant budget overspends, unsustainable drawing on reserves, and severe emergency savings measures needing to be taken. The financial implications are set out in the Council's Budget Book, available on the Council's website.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	15	3	5	15	3	4	12	Feb-17	Green
<b>Tasks to mitigate the risk</b>										
Medium term financial strategy and robust budget setting within available resources. No surprises through effective budget management for both revenue and capital. Budget owners accountable for managing within set resources. Determine and prioritise commissioning outcomes against available resources and delivery of value for money. Regular and robust monitoring and tracking of in-year budget savings by CLT and members. Regular finance monitoring reports to Committees. Close monitoring of central government grant terms and conditions to ensure that these are met to receive grants. Plans to be adjusted accordingly once the most up to date data has been received.										
Overall risk treatment: reduce										
<b>Progress update</b>										
Re-Imagining Norfolk - Service and Financial Planning 2016-19 for Policy Resources reported to Policy and Resources Committee on 8 February 2016 and County Council on 22 February 2016 (in conjunction with progress update in RM006 below). 2015/16 Financial Savings and Monitoring reports reported to the February Policy and Resources Committee and where necessary adjustments included in the 2016/17 budget. Government's 2016-17 local government finance settlement reflected in the 2016/17 budget and Medium term Financial Strategy. Timetable agreed to consider 2017/18 budget and future Medium Term Financial Strategy.										

Risk Number	RM003					Date of update		06 May 2016		
Risk Name	Potential reputational and financial risk to NCC caused by failure to comply with statutory and/(or) national/local codes of practices.									
Risk Owner	Anne Gibson					Date entered on risk register		30 September 2011		
Risk Description										
There is a risk of failing to comply with statutory and/(or) national/local codes of practices in relation to Information Compliance. This could lead to significant reputational and financial risk for NCC.										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	15	3	5	15	2	4	8	Oct-16	Amber
Tasks to mitigate the risk										
1) Implementation of SIRO (Senior Information Risk Officer) , 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 and fit for purpose to enable managers to make confident and informed decisions.										
3) Ensure that all staff and managers are provided with training, skills, systems and tools to enable them to meet the statutory standards for information management.										
The target likelihood score has increased from 1 to 2 to take into account the current climate around the corporate reliance on data and its interpretation/meaning.										
The target date has been changed to take into account the delivery and timescales in the IM Maturity Readiness Plan.										
Overall risk treatment: reduce										
Progress update										
The Corporate Information Management Strategy and IM Maturity Readiness Plan was signed off by CLT on the 11th March 2016. The strategy and plan have been developed around the 7 National Archive Information Principles.										
The IM Maturity Readiness plan has objectives and outcomes around the key information management tasks identified within the risk. The plan is initially focussed on the first three information principles as the foundation layers, Information is a valued asset, information is managed and information is fit for purpose.										
Data cleansing has started in relation to Children's and Adult's social care information pre -procurement. The Fit for Purpose principle will initially deliver the below by Oct 2016:-										
* Develop processes and governance to monitor and assure information quality										
* Identify the quality characteristics required for each dataset from Line of Business systems										
* Develop a consistent approach for describing, recording, and communicating information throughout Line of Business Systems										
The Maturity Readiness Plan is being monitored by the BI/IM Programme Board on a monthly basis with highlight reports. The scrutiny will also be provided by regular updates to CLT.										



<b>Risk Number</b>	RM004					<b>Date of update</b>		06 May 2016		
<b>Risk Name</b>	The potential risk of failure to deliver effective and robust contract management for commissioned services.									
<b>Risk Owner</b>	Anne Gibson					<b>Date entered on risk register</b>		01 July 2015		
<b>Risk Description</b>										
Ineffective contract management leads to wasted expenditure, poor quality, unanticipated supplier default or contractual or legal disputes The council spends some £600m on contracted goods and services each year.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	3	4	12	2	3	6	Sep-16	Amber
<b>Tasks to mitigate the risk</b>										
1) Appoint a senior manager in procurement to act as head of profession for contract management so that there is senior focus on key contracts reducing the likelihood of unanticipated supplier default or contractual or legal disputes, and so that value for money is ensured;										
2) Review of contract administration processes in social care so that they are automated wherever possible, and so that contract data is available to assist with contract management;										
3) Review supplier management processes to ensure that they are congruent with Information Technology Infrastructure Library (ITIL) and with corporate standards.										
Overall risk treatment: reduce										
<b>Progress update</b>										
1) the recruitment of a new senior manager was unsuccessful. Pro tem the role of strengthening contract management processes has been divided up amongst other senior members of the procurement management team										
2) Review of social care contract administration processes is making good progress. Use of new software is now expected to start well before the previous target of September 2016. Significant work has been done to document accountabilities for each aspect of contract management.										
3) The review of ICT supplier management processes is making good progress and as a result a number of contracts have been renegotiated or ended. Work is well under way to implement more effective software licence management.										

Risk Number	RM005				Date of update			08 March 2016		
Risk Name	The risk that we cannot provide laptops that are configured and maintained to be modern, reliable and fit for purpose.									
Risk Owner	Anne Gibson				Date entered on risk register			01 July 2015		
Risk Description										
Failure to provide laptops that are configured and maintained to be modern, reliable and fit for purpose, resulting in poor staff productivity, poor morale, ineffective working practices and/or poor information security.										
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	4	16	3	4	12	2	4	8	Sep-16	Amber
Tasks to mitigate the risk										
1) Replace all Windows XP devices by 30 November 2015 to retain PSN compliance. 2) Roll out modern laptops running a modern operating system (Windows 7 or Windows 8.1), with alternative devices (eg power laptops) available where required. 3) Keep the new devices up to date through regular patching and software update. 4) Resolve reliability and usability issues with the new devices.										
Overall risk treatment: reduce										
Progress update										
1) XP switch-off took place as planned. A very small number of devices are still running, with mitigations agreed with the Cabinet Office. 2) All staff now have a modern laptop running either Windows 7 or Windows 8.1. 3) A regular patching and software upgrade regime is in place. 4) Reliability and usability issues remain. However, a series of improvements has taken place, including improvements to remote access. Solutions to problems with OneDrive are being tested. A number of improvements to corporate Wi-Fi are under way.										

<b>Risk Number</b>	RM006		<b>Date of update</b>		09 May 2016					
<b>Risk Name</b>	The potential risk of failure to effectively plan how the Council will deliver services over the next 3 years commencing 2015/16									
<b>Risk Owner</b>	Wendy Thomson		<b>Date entered on risk register</b>		01 July 2015					
<b>Risk Description</b>										
The failure in strategic planning meaning the Council lacks clear direction for resource use and either over-spends, requiring the need for reactive savings during the life of the plan, or spends limited resources unwisely, to the detriment of local communities.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	15	3	5	15	1	5	5	Jul-16	Green
<b>Tasks to mitigate the risk</b>										
<ul style="list-style-type: none"><li>• Clear robust planning framework in place which sets the overall vision and priority outcomes.</li><li>• Strategic service and financial planning process which translates the vision and priorities into achievable, measurable objectives, with clear targets.</li><li>• A robust annual process to provide evidence for Members to make decisions about spending priorities.</li><li>• Sound engagement and consultation with stakeholders and the public.</li><li>• A performance management system which ensures resources are used to best effect, and that the Council delivers against its objectives and targets.</li></ul>										
Overall risk treatment: reduce										
<b>Progress update</b>										
<ul style="list-style-type: none"><li>• Full Council agreed a three-year medium term financial and service strategy, including the budget for 2016/17, at its meeting on February 22nd 2016. In making their decisions, Councillors had the benefit of extensive feedback from public consultation, which had been considered in some detail by all Committees.</li><li>• A new County Council Plan was considered by Policy and Resources and was recommended to Full Council, although is awaiting sign-off.</li><li>• The Plan outlines the strategic context for the Council, providing direction and guide strategic and resource choices. It will then translate into delivery at a service committee level, setting out actions to address the four priority outcomes, objectives for the Department's core business; spending plans - what the money will be spent on and what it will deliver/achieve; performance, risk and accountability framework</li><li>• A new performance management framework was agreed in October 2015, and regular performance reporting to committees is focusing attention on poorly performing areas and highlighting areas of good performance. Dashboards are used providing a summary of key performance indicators (KPIs) which focus on key areas agreed by Members and Chief Officers, together with the red, amber, green rating (RAG) ratings and direction of travel (DoT).</li><li>• May Policy and Resources Committee is reviewing the medium term financial and service strategy to ensure plans for 16/17 and 17/18 are robust.</li></ul>										

Risk Number		RM007				Date of update		06 May 2016		
Risk Name		Potential risk of organisational failure due to data quality issues.								
Risk Owner		Anne Gibson				Date entered on risk register		01 July 2015		
Risk Description										
Failure to manage the data quality will prevent us from ensuring that data relating to key Council priorities is robust and valid. This places the Council at risk of making decisions using data that is not always as robust as it should be. This may lead to poor or ineffective commissioning, flawed decision making and increased vulnerability of clients, service users and staff.										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	15	3	5	15	2	4	8	Oct-16	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) Ensuring the Mandated E-Learning Data Protection 3 year refresher data - Information sent to CLT and CLG on a monthly basis for review and action 5) NCC is PSN accredited 6) NCC is NHS Information Governance Toolkit compliant to Level 2 7) The implementation of a corporate Records Management solution 8) The implementation of a corporate Identity and Access Management solution										
The target likelihood score has increased from 1 to 2 to take into account the current climate around corporate information compliance, and the amount of work required to mitigate the risk. The target date has been changed to take into account the delivery and timescales in the IM Maturity Readiness Plan.										
Overall risk treatment: reduce										
Progress update										
The Corporate Information Management Strategy and IM Maturity Readiness Plan was signed off by CLT on the 11th March 2016. The strategy and plan have been developed around the 7 National Archive Information Principles. The IM Maturity Readiness plan has objectives and outcomes around the key information management tasks identified within the risk. The plan is initially focussed on the first three information principles as the foundation layers, Information is a valued asset, information is managed and information is fit for purpose. The next update to CLT is on the 19th May 2016, in relation to progress on the IM Maturity Readiness Plan. The Maturity Readiness Plan is being monitored by the BI/IM Programme Board on a monthly basis with highlight reports. The scrutiny will also be provided by regular updates to CLT. Norfolk County Council has now been NHS IG toolkit accredited for 2016/17 Norfolk County Council has now gained PSN accreditation for 15/16, with re-accreditation due in September 16. A delivery plan is in place to work through for September 2016.										

<b>Risk Number</b>	RM008					<b>Date of update</b>		06 May 2016		
<b>Risk Name</b>	The potential risk of failure to deliver effective procurement processes.									
<b>Risk Owner</b>	Anne Gibson					<b>Date entered on risk register</b>		01 July 2015		
<b>Risk Description</b>										
Failure to engage members or senior officers effectively at an early stage in tendering or contract extension, or to maintain engagement, or failure to deliver a robust procurement process, leads to commissioned services which are politically unacceptable, poor value for money, undeliverable or a poor fit with our strategic direction, or leaves us open to legal challenge and a risk of substantial damages. The council spends some £600m on contracted goods and services each year.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	2	4	8	2	3	6	Jul-16	Green
<b>Tasks to mitigate the risk</b>										
1) 'Significant procurements routinely brought to CLT at an early stage to review strategic fit and political implications;										
2) Effective corporate contract register in place and regularly reviewed;										
3) Clarification re: ownership of each category of spend following recent restructures in service departments.										
4) Attendance at Commissioning Academy training for key officers										
Overall risk treatment: reduce										
<b>Progress update</b>										
1) Significant procurements are now coming to CLT as a matter of course. A review of the contract pipeline has been undertaken and meetings held between the Head of Procurement and each exec Director to clarify future intentions for major contracts.										
2) Corporate contract register now in a good state and the quality of data about ICT contracts has improved significantly										
3) Clarification of ownership has been picked up by the social care contract management team in procurement and ownership of most categories has been clarified.										
4) Key officers attended the Commissioning Academy										

Risk Number		RM009		Date of update		16 May 2016				
Risk Name		The potential risk of failure of corporate governance and leadership.								
Risk Owner		Wendy Thomson		Date entered on risk register		01 July 2015				
Risk Description										
Failure of corporate governance may result in poor or rushed decision making, disengaged members and officers and reputational damage. This could lead to the Council being unable to carry out its duties in an effective manner and possible non-compliance with legislation and regulations.										
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	1	4	4	Jul-16	Green
Tasks to mitigate the risk										
<p>The review of the Committee system has strengthened the clarity around member roles and involvement. In particular, it stressed the important role of Group Spokesperson. Committee Forward Plans ensure visibility of forthcoming decisions.</p> <p>The Committee system was brought in to enhance the role of all members who are now all part of the decision making process in a way that could not happen under the previous executive arrangements. The Constitution sets out the roles, responsibilities and role descriptions, and contains provisions relating to committee terms of reference, procedure rules, political and officer management arrangements, roles and responsibilities of Senior Officers, principles of decision making and a scheme of delegation of powers to Officers.</p> <p>The Constitution sets out the Member and Officer Relations Protocol and Codes of Conduct. Report templates and sign off procedures make it clear where the accountability for sign off is.</p> <p>The Council has a S.151 Officer and Deputy Officer in place, ensuring that appropriate advice is given on all financial matters, keeping proper financial records and accounts and for maintaining an effective system of internal financial control.</p> <p>The Head of Law is the Council's Monitoring Officer. The roles and responsibilities of the Monitoring Officer are set out in legislation and are reiterated in the Council's Constitution and the Job Description and Person Specification for that post.</p> <p>Members are supported through Personal Development Plans and the MSDAG and the Training Plan. Financial regulations and other control documents are regularly reviewed to ensure they are appropriate. Publicity is given to the whistle blowing procedures as part of the Fraud and Corruption Strategy - a dedicated telephone contact is published to raise concerns. This policy is to be reviewed.</p> <p>The Audit Committee reviews the Annual Governance Statement and the effectiveness of internal controls.</p> <p>Overall risk treatment: reduce</p>										
Progress update										
<p>The officer decision record form and associated guidance is being rolled out.</p> <p>The whistleblowing Policy review is currently being undertaken.</p> <p>A review of Performance Management framework has been undertaken and strengthened performance management and reporting are being put in place during Autumn / Winter 2015.</p> <p>The Council publishes an Annual Governance Statement - the process to review and develop the statement is being strengthened during 15/16, with greater engagement of the County Leadership Group at an early stage.</p> <p>The policy of providing a dedicated telephone contact to raise concerns is being reviewed.</p>										

Risk Number	RM010					Date of update		08 March 2016		
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.									
Risk Owner	Anne Gibson					Date entered on risk register		02 September 2015		
Risk Description										
Loss of core / key ICT systems, communications or utilities for a significant period - as a result of physical failure, fire or flood, supplier failure, misconfiguration or loss of PSN accreditation - 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: reduce.										
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	1	3	3	Jun-17	Amber
Tasks to mitigate the risk										
1) Full power down in June 2015, completion of electrical works and test of ability to restore service. 2) Catalogue key ICT systems by 30th Sept 2015 - determine Recovery Time Objectives ("How long to restore") and Recovery Point Objectives ("acceptable amount of data loss") with business owners by 31st Oct. 3) Develop rolling Disaster Recovery test schedule by 30th Nov. 4) Determine target location for Highways Management System, CareFirst, Oracle e-Business Suite and Windows servers 5) Complete voice and data network re-procurement by 31st Dec to mitigate resilience issues, including with telephony, the data network, remote access, mobile devices and schools services. 6) Take necessary steps to retain PSN accreditation.										
Overall risk treatment: reduce										
Progress update										
1) Full power down completed and procedures updated from lessons learned. 2) Recovery Time Objectives now documented. 3) Initial set of DR tests will be undertaken, associated with testing failover of the new network. A rolling programme will follow. 4) cloud-based highways management system being implemented; procurement starting for CareFirst replacement (will be resiliently hosted); review of Oracle hosting has been commenced in light of this; review of Windows hosting still to be completed 5) Voice and Data network procurement completed and once implemented will improve resilience. 6) PSN re-accreditation has been achieved, and a programme of works to retain accreditation put in place.										



<b>Risk Number</b>	RM011					<b>Date of update</b>		03 May 2016		
<b>Risk Name</b>	The potential risk of failure to implement and adhere to an effective and robust performance management framework.									
<b>Risk Owner</b>	Anne Gibson					<b>Date entered on risk register</b>		02 September 2015		
<b>Risk Description</b>										
The failure of leadership to adhere to robust corporate performance practice / guidance, resulting in organisational / service performance issues not being identified and addressed. This will have a detrimental impact on future improvement plans and overall performance and reputation of the Council.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	3	4	12	1	3	3	Mar-17	Amber
<b>Tasks to mitigate the risk</b>										
<p>A review of the tasks to mitigate and to reduce this risk has been undertaken in April 2016 and the following actions for 2016/17 have been identified:-</p> <p>1) CLT/CLG developing a new performance management framework to better align priorities, resources and managerial accountability for delivering results. This includes better linking of the new set of performance indicators (vital signs &amp; organisational health measures) with senior manager individual performance appraisal ratings. To implement a new set of common leadership objectives (for the second year).</p> <p>2) For CLT to regularly review the quality and robustness of the our people performance management framework and ensure consistent adherence across NCC. To undertake an Audit in August/September 17 against agreed criteria. To track appraisal completions of the 2016 end of year appraisals and to ensure an improvement on the 2015 81% completion rates.</p> <p>3) To evaluate the Performance Conversations skills workshops that 500 managers attended - and follow up to ensure that this learning is embedded across the organisation.</p> <p>4) CLT to agree focus for further performance management skills development - following assessments..</p> <p>Overall risk treatment: reduce.</p>										
<b>Progress update</b>										
<p>Whilst progress has been made on implementing key actions the risk scores are assessed as remaining the same; given the criticality of this area. It is essential that this work continues with managers to achieve a major shift in the day to day performance routines of all levels of managers. Set out below is progress in the last 12 months:</p> <p>1) New performance framework in place and a number of briefings and development work has been undertaken with CLT/CLG.</p> <p>2) Appraisal completion rates 81% (variation of 57% to 95% in different parts of the Council) in 2015 - County Leadership Team agreed to track &amp; improve on this for 2016.</p> <p>3) In the last year, we have started to achieve a greater understanding in our management population of the gaps in our performance framework and their role in addressing the changes needed.</p> <p>4) In 2015/16 the sickness levels improved and we exceeded the Council's target for NCC services. Average sickness per fte reduced to 7.66 days (Target 7.81).</p>										



Risk Number	RM013					Date of update		13 May 2016		
Risk Name	The potential risk of failure of the governance protocols for entities controlled by the Council, either their internal governance or the Council's governance as owner. The failure of entities controlled by the Council to follow relevant guidance or share the Council's ambitions.									
Risk Owner	Wendy Thomson					Date entered on risk register		02 September 2015		
Risk Description										
The failure of governance leading to controlled entities: Non Compliance with relevant laws (Companies Act or other) Incurring Significant Losses or losing asset value Taking reputational damage from service failures Being mis-aligned with the goals of the Council The financial implications are described in the Council's Annual Statement of Accounts 2014-15, from page 88, covering Group Accounts available on the Council's website at <a href="http://www.norfolk.gov.uk/view/NCC167254">http://www.norfolk.gov.uk/view/NCC167254</a>										
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	Sep-16	Green
Tasks to mitigate the risk										
<p>1) All controlled entities and subsidiary companies have a system of governance which is the responsibility of their Board of Directors.</p> <p>The Council needs to ensure that it has given clear direction of it's policy, ambitions and expectations of the controlled entities.</p> <p>The NORSE Group objectives are for Business Growth and Diversification of business to spread risks. Risks are 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 Resources of the Council. There is a shareholder committee comprised of six Members. 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.</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 are reviewed regularly and included in the annual business plan approved by the Board. NORSE has 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>The Executive Director of CES undertakes a strategic relationship role on behalf of CLT checking there is a consistency in the client side management.</p>										
Overall risk treatment: reduce										
Progress update										
<p>1) There are regular Board meetings, share holder meetings and reporting as required.</p> <p>2) The Norse Group follows the guidance issued by the Institute of Directors for Unlisted Companies where appropriate for a wholly owned local authority company.</p> <p>3) The Council has reviewed its framework of controls to ensure it is meeting its Teckel requirements in terms of governance and control, and a series of actions has been agreed by the Policy and Resources Committee.</p>										

<b>Risk Number</b>	RM014a		<b>Date of update</b>		06 May 2016					
<b>Risk Name</b>	The amount spent on home to school transport at significant variance to predicted best estimates									
<b>Risk Owner</b>	Gordon Boyd		<b>Date entered on risk register</b>		04 November 2015					
<b>Risk Description</b>										
There is a risk that the amount spent on home to school transport is at significant variance (overspend) to predicted best estimates. Cause: Home to school transport being a demand led service. Event: The amount spent on home to school transport is at significant variance with the predicted best estimates. Effect: Significant overspend on home to school transport than has been estimated for. Rising transport costs, the nature of the demand-led service (particularly for students with special needs) and the inability to reduce the need for transport or the distance travelled will result in a continued overspend on the home to school transport budgets and an inability to reduce costs.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	4	3	12	2	3	6	Mar-17	Red
<b>Tasks to mitigate the risk</b>										
Continue to enforce education transport policy, and work with commissioners re school placements. Continually review the transport networks, to look for integration and efficiency opportunities. Work with Norse to reduce transport costs and ensure the fleet is used efficiently and effectively. Look for further, more innovative, ways to plan, procure and integrate transport.										
Overall risk treatment: reduce										
<b>Progress update</b>										
Conversations with SEN commissioners in Children's Services ongoing. Consultant has been 'recruited' to help deliver new Inclusion strategy, including SEN transport savings. New School Inclusion Strategy should help to reduce the number of children accessing alternative specialist provision, but this will not really kick in until 2016/17										
SEN budget has been split down to lower levels and regular data is being sent to decision-makers in Children's Services to enable further transparency and better budget monitoring.										
While student numbers continue to decrease in secondary and Post 16 education, spend is reducing.										

<b>Risk Number</b>	RM014b					<b>Date of update</b>			06 May 2016		
<b>Risk Name</b>	The savings to be made on Adult Social Services transport are not achieved.										
<b>Risk Owner</b>	Janice Dane					<b>Date entered on risk register</b>			04 November 2015		
<b>Risk Description</b>											
The risk that the budgeted savings of £3.8m to be delivered by 31 March 2017 will not be achieved.											
<b>Original</b>			<b>Current</b>			<b>Target</b>					
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date	
3	3	9	4	3	12	2	3	6	Mar-17	Red	
<b>Tasks to mitigate the risk</b>											
As part of reviews and reassessments identify the potential to reduce transport costs, eg by using local services that meet needs, using mobility allowance/motability vehicles - and work with individuals to achieve this.											
Travel and Transport continually review the transport networks, to look for integration and efficiency opportunities, and reprocure transport.											
Work with Norse to reduce transport costs and ensure the fleet is used efficiently and effectively.											
<b>Progress update</b>											
Project set up in ASSD. One FTE in Travel and Transport now dedicated to helping ASSD transport savings programme. Regular data and costs are being sent to ASSD managers.											
Data has been analysed by the project team and potential savings identified, but the teams haven't got the capacity to do the reassessments of service users at pace and people haven't applied for additional posts that have been created.											
ASSD SMT and Promoting Independence Programme Board are aware.											

<b>Risk Number</b>	RM016					<b>Date of update</b>		23 May 2016		
<b>Risk Name</b>	Failure to adequately embed Business Continuity into the organisation.									
<b>Risk Owner</b>	Tom McCabe					<b>Date entered on risk register</b>		10 December 2015		
<b>Risk Description</b>										
To ensure disruption is minimised and ensure that we are able to maintain services and respond appropriately to a significant incident (Major or Moderate) 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).										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	5	10	2	5	10	2	3	6	Sep-16	Green
<b>Tasks to mitigate the risk</b>						<b>Progress update</b>				
1) All corporately agreed critical activities must have comprehensive Business Continuity plans. Plans to be agreed at Senior Management meetings.						1) 62% of BC plans completed across the organisation and 66% of critical plans. Figures have been affected by a consolidation of significant numbers of libraries plans into one BC plan. Adult Social Services are impacting the figures as only 22% of their plans are completed. The chair of the Resilience Management Board (RMB) will raise with the relevant director. 93% of BIAs are completed. The RMB have agreed the list of critical activities which will be included in an updated Corporate BC plan. The Resilience Team audits the quality of plans and provides additional support where required.				
						2) Most departments are represented at meetings regularly. Procurement have never attended and ICT Services do not attend the Management board regularly. A letter is being sent from the chair of the group regarding this. Progress is being made on developing stronger relationships between Resilience and ICT. Resilience Managers arranged a meeting with the Interim Head of ICT on 06/06/16. As a result, corrective actions have been identified, with follow-up meetings scheduled at monthly intervals to monitor progress of ICT Business Continuity. A programme of training and exercising needs to be developed for 2016.				
						3) A recent visit at the Work Area Recovery site confirmed that a test with the CSC can be organised in the next 6 months. Once this has been completed we will assess how other services could use the site and document innovation procedures if the site needed to be used in and out of hours. CLT have had a number of briefings from the Resilience Team as well as an Exercise on pandemic flu.				
2) That departments are represented at Resilience Management Board meetings, that training is completed and that the department completes exercises/tests.										
3) No notice exercise with Customer Service Centre at work area recovery (WAR) site. Also, an exercise with the Resilience Management Board and CLT.										

Tasks to mitigate the risk	Progress update
4) Complete a Business Impact Analysis every two years and review risks which could affect critical activities.	4) This has been completed and 93% of BIAs were returned. The Resilience Board has confirmed the critical activities as a result of this process. We completed a session on the risks to the critical activities with Resilience representatives and ICT was a high risk area that services raised concerns about.
5) To review Business Continuity E-Learning Course, relaunch, monitor uptake.  Overall Risk Treatment: Reduce	5) The online BC e-learning is available. There are no funds to improve it further using suitable software or consultants. We will promote the current e-learning module and monitor uptake.

<b>Risk Number</b>	RM017					<b>Date of update</b>		01 June 2016		
<b>Risk Name</b>	Failure to construct and deliver Norwich Northern Distributor Route (NDR) within agreed budget (£178.55m)									
<b>Risk Owner</b>	Tom McCabe					<b>Date entered on risk register</b>		26 November 2015		
<b>Risk Description</b>										
There is a risk that the NDR will not be constructed and delivered within budget. Cause: environmental / building contractor factors affecting construction progress. Event: The NDR is completed at a cost greater than the agreed budget. Effect: Failure to construct and deliver the NDR within budget would result in the inability to deliver other elements proposed in the Norwich Area Transport Strategy (NATS) Implementation Plan. It would also result in a reduction in delivering economic development and negatively impact on Norfolk County Council's reputation. Exceeding the budget will also potentially impact wider NCC budgets and its ability to deliver other highway projects or wider services (depending on the scale of any overspend).										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	3	3	9	2	2	4	Feb-18	Green
<b>Tasks to mitigate the risk</b>										
The total project cost, not including the Postwick junction which has already been delivered, is £151.25m. 1) A project Board and associated governance mechanisms to be put in place. Monthly reporting will be provided to the Board (Chaired by Tom McCabe). 2) A project team is to be developed to include sufficient client commercial scrutiny throughout the works by Balfour Beatty, which will include a commercial project manager. 3) Main clearance works, archaeological investigation and utility diversions planned for start on 4 January 2016. This will enable main construction to meet start planned for March 2016 to keep programme as short as possible. 4) Project controls and client team to be assembled to ensure sufficient systems and staffing in place to monitor costs throughout delivery of project. 5) Cost reduction opportunity meetings will be held throughout the duration of the construction.										
Overall risk treatment: reduce										
<b>Progress update</b>										
1) A project Board and associated governance mechanisms are in place and monthly reporting is being provided to the Board (Chaired by Tom McCabe). 2) The project team is developed and includes sufficient client commercial scrutiny throughout the works by Balfour Beatty, including a commercial project manager. The contract includes significant incentivisation with the intention for the whole delivery team to stay within the available budget. 3) Works start delayed, but some clearance and environmental mitigation able to be started in December 2015. Main clearance works, archaeological investigation and utility diversions started on 4 January 2016 and have been delivered on programme (the potential for bird nesting and other environmental constraints have been managed and the risk of environmental constraints restricting progress has now diminished). 4) Project controls and client team are in place to ensure sufficient systems and staffing to monitor costs throughout delivery of project. 5) All team focussed on reducing costs and further cost reduction opportunity meeting already held with further meetings ongoing.										

<b>Risk Number</b>	RM018		<b>Date of update</b>		19 May 2016					
<b>Risk Name</b>	Potential failure to meet the needs of children in Norfolk.									
<b>Risk Owner</b>	Michael Rosen		<b>Date entered on risk register</b>		01 December 2013					
<b>Risk Description</b>										
CS Teams do not show the improved performance at the speed which is acceptable to DfE and Ofsted.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	5	10	2	5	10	1	5	5	Mar-17	Amber
<b>Tasks to mitigate the risk</b>										
Recruit the right people with the right skills into posts. Train and support managers to improve their performance.										
Ensure the Ofsted Action Plan is fully delivered through robust scrutiny and affirmative action to quickly address any deviation from the plan.										
Additional capacity has been secured via the Reimagining Norfolk (RN) team.										
<b>Progress update</b>										
The NIPE programme continues to attract new social workers but we continue to struggle to attract suitably experienced workers.							The Ofsted Action Plan is being			
delivered at pace and the impact of those actions will be scrutinised by Ofsted as part of their improvement offer.										
The RN team continue to support us on the areas of greatest concern i.e Health Assessments, Personal Education Plans and Permanence.										



<b>Risk Number</b>	RM019					<b>Date of update</b>		06 May 2016		
<b>Risk Name</b>	Failure to deliver a new fit for purpose social care system on time and to budget									
<b>Risk Owner</b>	Harold Bodmer					<b>Date entered on risk register</b>		24 February 2016		
<b>Risk Description</b>										
Major risks include: 1) Being unable to resource the project to meet the April 2018 deadline 2) Setting a scope that is either too ambitious or not challenging enough 3) The market may not provide an affordable solution 4) It may be difficult to establish costs and fund the project 5) National and local agendas may cause our requirements to change radically between procuring and implementing the system 6) Corporate governance may be challenging to establish standard requirements for a complex project involving users from 5 council departments and 3 committees.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	5	20	3	5	15	1	4	4	Jun-18	Green
<b>Tasks to mitigate the risk</b>										
1) Create and cost a resource and preliminary staffing structure profiled across years 2) Ensure scope is effectively challenged through staff, management and member consultation 3) Ensure the procurement route and SoR is clearly specified to appeal to the widest group of contractors that have a developed product that delivers Adults, Childrens and Finance 4) Ensure costs and resource plans are challenged reviewed by an external expert 5) Consult effectively with partners and stakeholders to ensure intelligence is captured and fed into the procurement requirements and within the implementation phases 6) Develop and review effective corporate governance to ensure service requirements are fed into the scope and SoR 7) Data migration approach to be agreed.										
<b>Progress update</b>										
1) Staffing and non-staffing estimates were calculated and profiled and approved by Adults, Children's and policy and Resources Committees by February 2016. Job descriptions are being drawn up and graded so that recruitment to key posts in the project team can be recruited to. 2) The project scope has been reviewed by the SCS Management Board and by CLT 3) The SoR has been signed-off by the Joint Leadership Advisory Group (JLAG) and CLT. The Invitation to Tender (ITT) is being placed on 6 May 2016. 4) Cost, resource plans and the SoR have been challenged and reviewed by an external ICT consultant and changes have been made to take these into account 5) The Project Team is consulting with management groups, stakeholders and OLAs and is maintaining a watching brief on the development of Government and professional body agendas 6) Governance models developed in the preliminary stages have been reviewed in consultation with the Managing Director and Corporate Leadership Team and those changes are being implemented. 7) Data migration approach has been agreed by JLAG and CLT.										



<b>Risk Number</b>	RM020a					<b>Date of update</b>		19 April 2016		
<b>Risk Name</b>	Failure to meet the long term needs of older people									
<b>Risk Owner</b>	Harold Bodmer					<b>Date entered on risk register</b>		23 March 2016		
<b>Risk Description</b>										
If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation. With regard to the long term risk, bearing in mind the current demographic pressures and budgetary restraints, the Local Government Association modelling shows a projection suggesting local authorities may only have sufficient funding for Adult's and Children's care.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
5	5	25	4	5	20	2	4	8	Mar-30	Amber
<b>Tasks to mitigate the risk</b>										
<ul style="list-style-type: none"><li>• Invest in appropriate prevention and reablement services</li><li>• Integrate social care and health services to ensure maximum efficiency for delivery of health and social care</li><li>• The Building Better Futures Programme will realign and develop residential and social care facilities</li><li>• Ensure budget planning process enables sufficient investment in adult social care</li><li>• Adult Social Services is implementing a new more cost effective model for meeting peoples' needs based on Promoting Independence.</li></ul>										
<b>Progress update</b>										
The Adult Social Care mitigating tasks are relatively short term measures compared to the long term risk, i.e. 2030, but long term measures are outside NCC's control, for example Central Government policy. The department is implementing Promoting Independence which will radically change Adult Social Services in Norfolk. The overall objective is: improving when and how people can get information and advice locally; helping people to meet their needs locally; helping people to be independent; a strengths based approach; and in turn reducing the number of social care assessments that Norfolk carries out and the amount of funded services provided. Strengths based training will have been rolled out to all social care practitioners in Adult Social Services by the end of April 2016. Preventative Assessments are being piloted. The Customer Clinics/Links are starting to be rolled out.										

<b>Risk Number</b>	RM020b					<b>Date of update</b>			21 April 2016	
<b>Risk Name</b>	Failure to meet the needs of older people									
<b>Risk Owner</b>	Harold Bodmer					<b>Date entered on risk register</b>			01 April 2011	
<b>Risk Description</b>										
If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation.										
<b>Original</b>			<b>Current</b>			<b>Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	3	4	12	2	4	8	Mar-17	Amber
<b>Tasks to mitigate the risk</b>										
<ul style="list-style-type: none"><li>Invest in appropriate prevention and reablement services</li><li>Integrate social care and health services to ensure maximum efficiency for delivery of health and social care</li><li>The Building Better Futures Programme will realign and develop residential and social care facilities. Adult Social Services has a new more cost effective model for meeting peoples' needs based on Promoting Independence.</li></ul>										
<b>Progress update</b>										
<ul style="list-style-type: none"><li>The Norsecare development at Bowthorpe opened in April 2016.</li><li>The department is delivering Promoting Independence, the new strategy for Adult Social Services: keeping people independent in their homes, meeting their needs in the local community and reducing the need for paid services.</li><li>The department has invested in more reablement staff so that additional people can be reabled, needing either no home care or smaller packages of care.</li><li>Some of the CCGs have stated that they will not be putting as much money into the Better Care Fund in 2016-17.</li></ul>										

**Reconciliation of the March 2016 Corporate Risk Register  
Reporting to the June 2016 Audit Committee**

New risks on the Corporate Risk Register since the last report

There are no new risks to report.

Upgraded risks from Departmental risk registers since the last report

There are no upgraded risks from Departmental risk registers.

Downgraded risks from the Corporate Risk Register since the last report

There are no downgraded risks from the Corporate Risk Register.

Closed risks from the Corporate Risk Register since the last report

There are no closed risks from the Corporate Risk Register.

## Corporate Strategic Risks - Heat Map



No.	Risk description		
1	The potential risk that County Infrastructure is not delivered at the required rate to support existing and future needs.	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.
2	The potential risk of failure to manage significant reductions in local and national income streams	11	The potential risk of failure to implement and adhere to an effective and robust performance management framework.
3	Potential reputational and financial risk to NCC caused by failure to comply with statutory and/or national/local codes of practice.	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.
4	The potential risk of failure to deliver effective and robust contract management for commissioned services.	14a	The amount spent on home to school transport at significant variance to predicted best estimates.
5	The risk that we cannot provide modern desktop equipment that meets the needs of the organisation.	14b	The amount spent on adult social care transport at significant variance to predicted best estimates.
6	The potential risk of failure to effectively plan how the Council will deliver services over the next 3 years commencing 2015/16.	16	Failure to adequately embed Business Continuity into the organisation.
7	Potential risk of organisational failure due to data quality issues.	17	Failure to construct and deliver Norwich Northern Distributor Route (NDR) within agreed budget (£178.55m).
8	The potential risk of failure to deliver effective procurement processes.	18	Failure to make the required improvements leading to take-over of Children's Services.
9	The potential risk of failure of corporate governance and leadership.	19	Failure to deliver a new fit for purpose social care system on time and to budget.
		20a	Failure to meet the long term needs of older people.
		20b	Failure to meet the needs of older people.

# Audit Committee

Item No 15

<b>Report title:</b>	<b>County Farms Update</b>
<b>Date of meeting:</b>	<b>16 June 2016</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance</b>

## Strategic impact

The Audit Committee considers matters of Governance in accordance with its terms of reference, which are part of the [Council's Constitution, part 4.1 \(4.4\)](#). (page 11).

The Council has 16,000 acres or more of farmland (estate) in Norfolk which are rented to over 145 tenant farmers. The Economic Development Sub-Committee is responsible and accountable for the oversight and development of County Farms, a recognition of their importance in the rural economy.

## Executive summary

The Audit Committee received a report on County Farms on 21 April 2016 and asked for an update report to be presented to the Committee at its June meeting. This report provides that update.

The County Farms report was presented to a specially convened meeting of the County Farms Advisory Board on 27 May 2016, which was formally minuted, which give Members of the Board an opportunity to formally respond to the audit reports.

The Board agreed that on 26 July 2016 it would:

- meet again to receive its draft response report to the Economic Development Sub-Committee in September 2016, to consider alongside the Audit Committee report; and
- make any formal recommendations regarding governance arrangements to the Policy and Resources Committee.

## Recommendations:

**1) To consider the update report set out in this Executive Summary**

**2) To note that:**

- **A County Farms Improvement Board has been established**
- **Responses are being made to the complainants**

- 1.1 The Audit Committee asked for an update report at its June 2016 meeting.

## 2. Evidence

- 2.1 [The County Farms Governance Audit report and the County Farms Lines of Enquiry Report \(as at 31 March 2016\)](#) were reported to the April 2016 Audit Committee as **Appendix A** and **Appendix B** to that report respectively.

## 3. Financial Implications

- 3.1 Any specific financial implications are covered in the reports.

## 4. Issues, risks and innovation

### Risk implications

- 4.1 Apart from those listed in the reports, there are no other implications to take into account.

## 5. Background

- 5.1 The background is set out in the attached reports.

## Officer Contact

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

Name	Telephone Number	Email address
Simon George	01603 222400	<a href="mailto:simon.george@norfolk.gov.uk">simon.george@norfolk.gov.uk</a>
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# Audit Committee

Item No 16

<b>Report title:</b>	<b>Norfolk Pension Fund - External Auditor's Audit Plan 2015-16</b>
<b>Date of meeting:</b>	<b>16 June 2016</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance</b>
<b>Strategic impact</b>  The Audit Committee's Terms of Reference, set out in the Council's Constitution, include for:  <b>F External Audit</b>  1 Consider reports of external audit and other inspection agencies  2 Ensure there are effective relationships between external audit and internal audit  3 Consider the scope and fees of the external auditors for audit, inspection and other work.	

## Executive summary

The purpose of this report is to introduce the External Auditor's Audit Plan 2015-16, which is attached as **Appendix A**. This plan is the first of certain communications that EY must provide to the Audit Committee of the audited client (at page 11 of their plan). The Pensions Committee will receive this plan for their approval.

The attached Audit Plan sets out how the Norfolk Pension Fund's external auditors intend to carry out their responsibilities. This summarises the proposed external audit approach and scope for the 2015-16 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the Code of Audit Practice 2015, the Standing Guidance, auditing standards and other professional requirements.

A representative from Ernst & Young LLP ("EY") will attend the meeting and answer members' questions.

### Members are recommended to:

- **Consider:**
  - **the External Auditor's Audit Plan and whether there are other matters which may influence their audit**
  - **the scope and fees of the external auditors for audit, inspection and other work**
- **note that this plan will be reviewed by the Pensions Committee for their approval.**



## 1. Introduction

The Norfolk Pension Fund will publish a set of draft financial statements for 2015-16 at the end of June 2016, with the final audited statements published on or before 30 September 2016. The Pension Fund's external auditor is Ernst & Young LLP ("EY"), and the majority of the external audit will take place through July and August 2016.

The plan summarises their assessment of the key risks which drive the development of an effective audit for Norfolk Pension Fund, and outlines their proposed audit strategy in response to those risks.

## 2. Evidence

The External Auditor's proposed Audit Plan for 2015-16 is attached as **Appendix A** to this report.

## 3. Financial Implications

Items of particular note from the Audit Plan (**Appendix A**) are:

- Financial Statement Risks are set out in part 2 of the plan
- An indicative fee scale for the Fund's audit, which remains unchanged from 2014-15 at £27,099, shown at Appendix A (page 10) to their plan.

EY assessment of overall materiality for the Fund's 2015-16 financial statements is £28.3m (previously £26.5m) based on 1% of estimated net assets. EY will report to the Audit Committee uncorrected audit misstatements greater than £1.4m (previously £1.3m) (Section 3.4) in the plan.

## 4. Issues, risks and innovation

### Risk implications

- 4.1 The Financial Statement Risks are identified in part 2 of the Audit Plan
- 4.2 Officers have considered the risk areas highlighted in the Audit Plan. They have been taken them into account in financial statements planning, and are subject to discussions with the external auditors.
- 4.3 Apart from those listed in the report, there are no other implications to take into account.
- 4.4 A representative from EY will attend the meeting and answer members' questions.
- 4.5 EY will provide a formal report on their audit to the Audit Committee in September 2016.

## 5. Background

- 5.1 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

Entity	Auditor
<b>Norfolk Pension Fund</b>	<b>EY</b>
Norfolk County Council	EY
Norse Group	Grant Thornton
Independence Matters	EY
<i>Hethel Innovation Limited</i>	<i>Small Companies Exemption from Audit –</i>
<i>Great Yarmouth Development Co. Ltd</i>	<i>Companies Act 2006 (part 476 and 477)</i>
<i>Norfolk Energy Futures Ltd</i>	

- 5.2 EY will issue an opinion on whether the Fund's financial statements give a true and fair view of the financial position as at 31 March 2016 and of the income and expenditure for the year then ended. They will also report on the Council's Whole of Government Accounts ("WGA") return.
- 5.3 The Audit Plan at Appendix A explains the relevance of the National Audit Office's 2015 Code of Audit Practice, the Public Sector Audit Appointment's (PSAA) Ltd's 'Statement of responsibilities of auditors and audited bodies' (Statement of Responsibilities), and the impact of the Local Audit and Accountability Act 2014.
- 5.4 The plan also sets out EY's assessment of the key strategic or operational risks and the financial statement risks facing the Fund, respective responsibilities, and the audit strategy and process.

## Officer Contact

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

Name	Telephone Number	Email address
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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**

### **Norfolk Pension Fund - External Auditor's Audit Plan 2015-16**

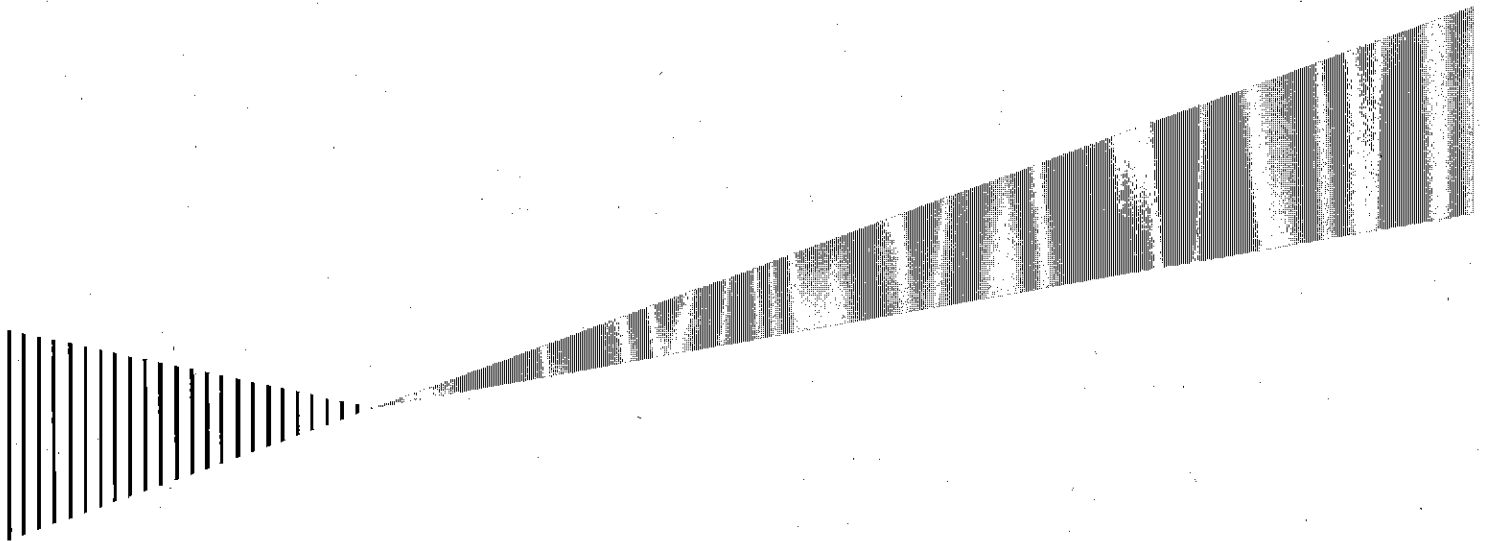
# Norfolk Pension Fund

Year ending 31 March 2016

Audit Plan

6 June 2016

Ernst & Young LLP



Building a better  
working world

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

6 June 2016

Dear Committee Members

## **Audit Plan**

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2015/16 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Pension Fund, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this plan with you in July 2016 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Tessa Gilbert  
*For and behalf of Ernst & Young LLP*  
Enc

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In April 2013 Public Sector Audit Appointments Ltd (PSAA) issued 'Statement of responsibilities of auditors and audited bodies 2013-16'. It is available from the Chief Executive of each audited body and via the PSAA website [www.psaa.co.uk](http://www.psaa.co.uk).

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end and what is to be expected of the audited body in certain areas.

The Terms of Appointment from 1 April 2016 issued by PSAA sets out additional requirements that auditors must comply with and draw together all of the National Audit Office Code of Audit Practice, the Code and several other documents on practice and procedure which are of a guiding nature.

This Annual Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee and is relevant to the sole users of the audited body's financial statements and to those responsible for any other way.

**Our Complaints Procedure** - If at any time you worry, like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or direct to us. If you prefer an alternative route please contact Steve Varley, our Managing Partner, 100 London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may so contact the relevant professional institute. We can provide further information on how you may contact our professional institute.

## 1. Overview

### Context for the audit

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ our audit opinion on whether the financial statements of Norfolk Pension Fund (the Pension Fund) give a true and fair view of the financial position as at 31 March 2016 and of the income and expenditure for the year then ended; and
- ▶ our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the pension fund financial statements.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ strategic, operational and financial risks relevant to the financial statements;
- ▶ developments in financial reporting and auditing standards;
- ▶ the quality of systems and processes;
- ▶ changes in the business and regulatory environment; and
- ▶ management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Pension Fund. Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

We will provide an update to the Audit Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2016.

### Our process and strategy

We consider materiality in terms of the possible impact of an error or omission on the financial statements and set an overall planning materiality level. We then set a tolerable error to reduce the probability that the aggregate of uncorrected and undetected misstatements exceeds planning materiality to an appropriately low level. We also assess each disclosure and consider qualitative issues affecting materiality as well as quantitative issues.

Where we identify significant classes of transactions, we assess the controls over their initiation, recording, processing and reporting and determine whether we will rely on internal controls.

There have been a number of key changes to the team. Our audit opinion will be signed by Tessa Gilbert, an Executive Director in the UK Pensions team. The local audit team will be managed by David Riglar who also works on the County Council audit.

## 2. Financial statement risks

We outline below our current assessment of the financial statement risks facing the Pension Fund, identified through our knowledge of the Pension Fund's operations and discussion with those charged with governance and officers.

Auditing standards require us to consider whether any of the risks identified are 'significant' risks to our audit of the Fund. Significant risks are defined as those with a higher likelihood of occurrence and, if they were to occur, could result in a material misstatement of the financial statements. We are required to identify significant risks to the audit, and perform specific procedures over those risks, including identification and testing of the design and implementation of key controls designed to address the risks.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
<b>Risk of management override</b>	
<p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements</li> <li>▶ Reviewing accounting estimates for evidence of management bias, and</li> <li>▶ Evaluating the business rationale for significant unusual transactions</li> </ul>
Other risks	Our audit approach
<b>Valuation of complex investments (Unquoted investments)</b>	
<p>The Fund's investments include unquoted pooled investment vehicles such as private equity, and property investments.</p> <p>Judgements are taken by the Investment Managers to value those investments whose prices are not publically available. The material nature of Investments means that any error in judgement could result in a material valuation error.</p> <p>Current market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could have a material impact on the financial statements.</p> <p>As these investments are more complex to value, we have identified the Fund's investments in private equity and pooled property investments higher risk, as even a small movement in these assumptions could have a material impact on the financial statements.</p>	<p>We will focus on:</p> <ul style="list-style-type: none"> <li>▶ Assessing the competence of management experts</li> <li>▶ Reviewing the basis of valuation for property investments and other unquoted investments and assessing the appropriateness of the valuation methods used</li> <li>▶ Reviewing the latest audited accounts for the relevant fund managers and ensuring there are no matters arising that highlight weaknesses in the funds valuation</li> <li>▶ Performing analytical procedures and checking the valuation output for reasonableness against our own expectations, and</li> <li>▶ Where necessary our internal valuation specialists will support our work in this area</li> </ul>



### **Respective responsibilities in relation to fraud and error**

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages;
- ▶ Enquiry of management about risks of fraud and the controls to address those risks;
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determining an appropriate strategy to address any identified risks of fraud, and,
- ▶ Performing mandatory procedures regardless of specifically identified risks.

### 3. Our audit process and strategy

#### 3.1 Objective and scope of our audit

Under the Code of Audit Practice (the 'Code') our principal objectives are to review, and report on, the Pension Fund's financial statements to:

- ▶ form an opinion on the financial statements under International Standards on Auditing (UK and Ireland); and
- ▶ form an opinion on the consistency of the financial statements within the pension fund annual report with the published financial statements.

#### 3.2 Audit process overview

Our audit involves:

- ▶ identifying and understanding the key processes and internal controls;
- ▶ testing the operation of those controls,
- ▶ where relevant reviewing the work of your internal auditors;
- ▶ reviewing and assessing the work of experts in relation to areas such as valuation of the Pension Fund to establish if reliance can be placed on their work; and
- ▶ substantive tests of detail of transactions and amounts.

##### Processes

Our initial assessment of the key processes across the entity has identified the contributions process where we will seek to evaluate the design, test and rely on key controls. Benefits payable, investments and cash balances will be tested substantively at year end.

As investments are managed by contracted fund managers and overseen by the appointed custodian, we will also review the findings of independent ISAE 3402 assurance reports, for the custodian and fund managers, and assess if there are any issues reported that may impact on our testing strategy.

We will also undertake work in order to provide information to the auditors of the relevant admitted bodies of the Norfolk Pension Fund, on which reliance can be placed when auditing the admitted bodies' financial statements.

##### Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests, and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, if we identify any significant weaknesses or inefficiencies, and make recommendations for improvement to management and the Audit Committee.

### Internal audit

We will review internal audit plans and the results of their work. We reflect on these when designing our overall audit approach and when developing in our detailed testing strategy. We may also reflect relevant findings from their work in our reporting, where it raises issues that we assess could have a material impact on the year-end financial statements.

### Use of experts

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Investment valuation	The Pension Fund's custodian and fund managers
Pensions liability	The Pension Fund's actuary and the EY Pensions team

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Pension Fund's environment and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ assess the reasonableness of the assumptions and methods used;
- ▶ consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ assess whether the substance of the specialist's findings are properly reflected in the financial statements

## 3.3 Mandatory procedures required by auditing standards

As well as the financial statement risks outlined in section two, we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

### *Procedures required by standards*

- ▶ Addressing the risk of fraud and error;
- ▶ Significant disclosures included in the financial statements;
- ▶ Entity-wide controls;
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements;
- ▶ Auditor independence.

### ***Procedures required by the Code***

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement.

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014.

## **3.4 Materiality**

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined that overall materiality for the financial statements of the Pension Fund is £28.3m based on 1% of net assets. We will communicate uncorrected audit misstatements greater than £1.4m to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

## **3.5 Fees**

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The indicative fee scale for the audit of Norfolk Pension Fund is £27,099.

## **3.6 Your audit team**

The engagement team is led by Tessa Gilbert, who has significant experience of pension audits. Tessa is supported by David Riglar who is responsible for the day-to-day direction of audit work and is the key point of contact for your finance and pension teams.

Mark Hodgson is the director leading our overall engagement with Norfolk County Council and our relationship with the Audit Committee.

## **3.7 Timetable of communication, deliverables and insights**

We have set out below a timetable showing the key stages of the audit. The timetable includes the deliverables we have agreed to provide to the Pension Fund through the Audit Committee and Pension Committee's cycle in 2015/16. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Audit Committee and Pension Committee, we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Pension Fund and external stakeholders, including members of the public.

<b>Audit phase</b>	<b>Timetable</b>	<b>Audit Committee timetable</b>	<b>Deliverables</b>
Risk assessment and setting of scopes	<b>March/ April 2016</b>	<b>June 2016</b>	Audit Plan
Testing routine processes and controls	<b>April 2016</b>	<b>June 2016</b>	
Year-end audit	<b>June 2016</b>		
Completion of audit	<b>September 2016</b>	<b>September 2016</b>	Report to those charged with governance via the Audit Results Report Audit report , including our opinion on the financial statements Audit report on our opinion on the consistency of the financial statements within the pension fund annual report with the pension fund financial statements.

## 4. Independence

### 4.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us;</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence.</li> </ul>	<ul style="list-style-type: none"> <li>▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</li> <li>▶ Details of non-audit services provided and the fees charged in relation thereto;</li> <li>▶ Written confirmation that we are independent;</li> <li>▶ Details of any inconsistencies between APB Ethical Standards, PSAA Terms of Appointment and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and</li> <li>▶ An opportunity to discuss auditor independence issues.</li> </ul>

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed, analysed in appropriate categories.

### 4.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

### ***Self-interest threats***

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Pension Fund.

At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Pension Fund has approved and that are in compliance with the PSAA Terms of Appointment.

At the time of writing, there are no non-audit services provided by us to the Pension Fund.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Pension Fund. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

### ***Self-review threats***

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

### ***Management threats***

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

### ***Other threats***

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

### ***Overall Assessment***

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Tessa Gilbert, the audit engagement Director and the audit engagement team have not been compromised.

## **4.3 Other required communications**

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

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended June 2015 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2015>

## Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2015/16 £	Scale fee 2015/16 £	Outturn fee 2014/15 £
<b>Total Audit Fee – Code work</b>	<b>27,099</b>	<b>27,099</b>	<b>27,099</b>

*All fees exclude VAT.*

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ The operating effectiveness of the internal controls for the key processes outlined in section 3.2 above;
- ▶ Our accounts opinion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Pension Fund; and
- ▶ The Pension Fund has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with you in advance.



## Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Audit Committee. These are detailed here:

Required communication	Reference
<b>Planning and audit approach</b> Communication of the planned scope and timing of the audit including any limitations.	► Audit Plan
<b>Significant findings from the audit</b> <ul style="list-style-type: none"> <li>► Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>► Significant difficulties, if any, encountered during the audit</li> <li>► Significant matters, if any, arising from the audit that were discussed with management</li> <li>► Written representations that we are seeking</li> <li>► Expected modifications to the audit report</li> <li>► Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	► Report to those charged with governance
<b>Misstatements</b> <ul style="list-style-type: none"> <li>► Uncorrected misstatements and their effect on our audit opinion</li> <li>► The effect of uncorrected misstatements related to prior periods</li> <li>► A request that any uncorrected misstatement be corrected</li> <li>► In writing, corrected misstatements that are significant</li> </ul>	► Report to those charged with governance
<b>Fraud</b> <ul style="list-style-type: none"> <li>► Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>► Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>► A discussion of any other matters related to fraud</li> </ul>	► Report to those charged with governance
<b>Related parties</b> Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> <li>► Non-disclosure by management</li> <li>► Inappropriate authorisation and approval of transactions</li> <li>► Disagreement over disclosures</li> <li>► Non-compliance with laws and regulations</li> <li>► Difficulty in identifying the party that ultimately controls the entity</li> </ul>	► Report to those charged with governance
<b>External confirmations</b> <ul style="list-style-type: none"> <li>► Management's refusal for us to request confirmations</li> <li>► Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	► Report to those charged with governance
<b>Consideration of laws and regulations</b> <ul style="list-style-type: none"> <li>► Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>► Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of</li> </ul>	► Report to those charged with governance

Required communication	Reference
<b>Independence</b> Communication of all significant facts and matters that bear on EY's objectivity and independence  Communication of key elements of the audit engagement director's consideration of independence and objectivity such as: <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<ul style="list-style-type: none"> <li>▶ Audit Plan</li> <li>▶ Report to those charged with governance</li> </ul>
<b>Going concern</b> Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	<ul style="list-style-type: none"> <li>▶ Report to those charged with governance</li> </ul>
<b>Significant deficiencies in internal controls identified during the audit</b>	<ul style="list-style-type: none"> <li>▶ Report to those charged with governance</li> </ul>
<b>Fee Information</b> <ul style="list-style-type: none"> <li>▶ Breakdown of fee information at the agreement of the initial audit plan</li> <li>▶ Breakdown of fee information at the completion of the audit</li> </ul>	<ul style="list-style-type: none"> <li>▶ Audit Plan</li> <li>▶ Report to those charged with governance</li> </ul>

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# Audit Committee

Item No 17

<b>Report title:</b>	<b>Project Risk Update – Norwich Northern Distributor Road (NDR)</b>
<b>Date of meeting:</b>	<b>16 June 2016</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance</b>
<b>Strategic impact</b>  The Audit Committee are responsible for monitoring the adequacy and effectiveness of the systems of risk management and internal control, as set out in its Terms of Reference, which is part of the Council's Constitution.  The Norwich Northern Distributor Road (NDR) Project is reported to the Environment, Development, and Transport Committee and is managed on the Community and Environmental Services Department's risk register. It is also a Corporate Risk (RM017) which is managed by the Policy and Resources Committee. Corporate Risks, such as this, are reported to the Audit Committee.	

## Executive summary

This report provides a Project Risk Update for the NDR Project, as requested by the Audit Committee.

### Recommendation:

The Audit Committee consider the risk management arrangements for the NDR Project and determine whether they are satisfactory.

## 1. Proposal (or options)

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

## 2. Evidence

- 2.1 An extensive risk register for the construction of the NDR was developed and included strategic and construction risks. An independent 'gateway review' process was undertaken by '[Local Partnerships](#)' (for more information please click on underlined text) in January 2014, with a recommendation that '... a common risk management methodology process is developed and adopted...'. Local Partnerships completed a further health check review in January

2015 and confirmed that they were content that this was 'complete and implemented'.

- 2.2 The strategic risks have been reported to the NDR Project Board on a monthly basis. More recently it has been agreed with the Board that the strategic and detailed construction risks will be included in a single risk report, with higher risks specifically identified and discussed at monthly board meetings. The Board will continue to consider all risks, but with particular attention given to high (red rated) and medium (amber rated) risks to ensure that adequate contingency/mitigation measures are implemented by the project delivery team.
- 2.3 A contingency allowance for risks owned by NCC is included in the overall budget (£178.95m) which was reported to Full Council in November 2015. This also includes for the contractor risks, which form part of the project construction 'target cost'. Both NCC and Contractor risks are being monitored by the Project Board at its monthly meetings and this includes assessing their impact on the projected completion date and out-turn project costs. At this stage of the project construction, several risks have already passed and have been avoided, but other risks have been identified. It is to be expected therefore that the project out-turn cost forecast will continue to vary as a result of the adopted risk management processes.
- 2.4 There is also a formal 'value engineering' process included as part of the project delivery. This identifies possible opportunities that can be investigated further to reduce the construction costs and mitigate any increased risk provisions. Although an extensive exercise was completed when the target cost for the project was developed, there remain opportunities as part of the construction process. In particular efforts are being made to reduce the overall construction programme and the whole project team continue to target a road opening date of December 2017.
- 2.5 In addition to this, there are various incentives for all parties to the NDR contract to deliver the project below the agreed Target Cost. The project is at a very early stage of construction so the calculation of any 'pain or gain' as part of this incentivisation is very premature. All actual project costs, as well as forecast projections, are being tracked and reported at the monthly board meetings. Future pain/gain projections will be included as part of the project cost reporting.
- 2.6 Financial updates are reported to [EDT Committee](#) as part of their wider governance of their capital programme (see pages 165 Finance Monitoring Report and Page 140 Capital Programme Appendix C – Major Schemes). The most recent report was taken to the January 2016 meeting of the Committee.
- 2.7 There will also be regular (approximately 6 monthly) reports to EDT Committee on the NDR project and delivery of the wider Transport for Norwich plan. The next report will be taken to the 8 July 2016 committee meeting. This follows the Full Council reporting that was completed in November 2015.

### **3. Financial Implications**

3.1 All financial implications are detailed in this report.

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

### **4.1. Risk implications**

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

4.2. There are no implications with respect to:

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

## **5. Background**

5.1. The Audit Committee considered risk (RM0201) at its meeting on 24th September 2015. That risk was closed in December 2015 on the move to the construction phase. A new risk (RM14248) was introduced to reflect that new phase of the project. The Audit Committee requested an update at its June 2016 meeting.

5.2. During the early contractor involvement (ECI) process, and during the development of the target cost, an extensive risk register for the construction of the NDR was developed and this is included in the contract documentation. It has been and will continue to be regularly reviewed throughout the construction process and reported to the project Board.

5.3. The project was independently assessed by 'Local Partnerships' in January 2014, with a follow up 'health check' process in January 2015. These reviews, part of the formal gateway review process required by DfT before releasing their funding for the project, were in order to ensure the project governance was sufficient and the project was in good health to move to its funding decision stage.

5.4. Each risk has an assigned owner, either NCC or Balfour Beatty (BB), dependent on who is best able to manage the risk. The agreed target cost reflects and includes the risks owned by the contractor (BB) and therefore the target price covers the cost of those risks should they arise. For risks owned by the client (NCC) no allowance is included in the target cost and if they occur the contractor would be entitled to a Compensation Event to cover the cost. A contingency allowance for risks owned by NCC is included in the overall budget.

5.5. The contract has been let under standard New Engineering Contract (NEC) 'Option C' terms, which includes for the Target Cost with "Pain / Gain" mechanism, providing an incentive for all parties to deliver the project below the agreed Target Cost. Any 'gain' is shared and any 'pain' due to cost overrun is also shared, with specific thresholds set out depending on the extent of any pain or gain.

5.6. During the now ongoing construction phase, regular risk meetings are held to review the risk register and look to mitigate risks where possible. Financial updates will be reported to EDT Committee as part of their wider governance of their capital programme and there will also be reports to EDT Committee on the NDR project approximately every 6 months, including the wider 'Transport for Norwich' plan. This will provide elected members with the opportunity to scrutinise the project in greater detail.

### **Officer Contact**

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

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

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# Audit Committee

Item No 18

<b>Report title:</b>	<b>Work Programme</b>
<b>Date of meeting:</b>	<b>16 June 2016</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance</b>
<b>Strategic impact</b>  <p>The Committee's work fulfils its Terms of Reference as set out in the Council's Constitution and agreed by the Council. The terms of reference fulfil the relevant regulatory requirements of the Council for Accounts and Audit matters, including risk management, internal control and good governance.</p> <p>In accordance with its Terms of Reference the Committee should consider the programme of work set out below.</p>	

<b>September 2016</b>	<b>Executive Director</b>
NAS Quarterly Report Quarter ended 30 June 2016	Executive Director of Finance
Risk Management Report	Executive Director of Finance
Audit Committee Work Programme	Executive Director of Finance
Anti-Fraud and Corruption Update	Head of Law
Annual Governance Statement 2015-16 for Approval	Executive Director of Finance
Statement of Accounts 2015-16 for Approval	Executive Director of Finance
Letter of Representation for Statement of Accounts 2015-16, Audit Results Report 2015-16	Executive Director of Finance/External Auditors
Review of Whistleblowing Policy	Head of Law
Local Audit and Accountability Act 2014	Executive Director of Finance
Internal Audit Plan for the second half of 2016-17	Executive Director of Finance

<b>January 2017</b>	<b>Executive Director</b>
NAS Quarterly Report Quarter ended 30 September 2016 (including the approach to the Annual Review of the Effectiveness of the System of Internal Audit)	Executive Director of Finance
Review of NAS Terms of Reference, Code of Ethics and Strategy	Executive Director of Finance
A Half yearly update of the Audit Committee	Executive Director of Finance
Internal Audit Strategy, Approach, Strategic Plan 2017-2020 and Internal Audit Plan for 2017-18	Executive Director of Finance



Audit Committee Terms of Reference	Executive Director of Finance
Anti-Fraud and Corruption Update	Head of Law
Certificate of Claims and Returns Annual Report 2015-16	Executive Director of Finance/External Audit
Risk Management Report	Executive Director of Finance
Audit Committee Work Programme	Executive Director of Finance

<b>April 2017</b>	<b>Executive Director</b>
NAS Quarterly Report Quarter ended 31 December 2016 (including the approach to the Annual Review of the Effectiveness of the System of Internal Audit)	Executive Director of Finance
Anti-Fraud and Corruption Update	Head of Law
External Auditor's Audit Plan 2015-16	Executive Director of Finance
Risk Management Report	Executive Director of Finance
Audit Committee Work Programme	Executive Director of Finance

## Officer Contact

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

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