

# Audit and Governance Committee

Date: **Tuesday 10 October 2023**

Time: **2pm**

Venue: **Council Chamber, County Hall, Martineau Lane,  
Norwich NR1 2DH**

## Membership

Cllr Ian Mackie (Chairman)  
Cllr Robert Savage (Vice Chairman)

Cllr Terry Jermy  
Cllr Mark Kiddle-Morris  
Cllr David Sayers  
Cllr Karen Vincent  
Cllr Tony White

Chris MacDonald (independent person)  
Tracey Colman (independent person)

Advice for members of the public:  
This meeting will be held in public and in person

It will be live streamed on YouTube and members of the public may watch remotely by clicking on the following link: [Norfolk County Council YouTube](#)

We also welcome attendance in person, but public seating is limited, so if you wish to attend please indicate in advance by emailing [committees@norfolk.gov.uk](mailto:committees@norfolk.gov.uk)

Current practice for respiratory infections requests that we still ask everyone attending to maintain good hand and respiratory hygiene and, at times of high prevalence and in busy areas, please consider wearing a face covering.

Please stay at home if you are unwell, have tested positive for COVID 19, have symptoms of a respiratory infection or if you are a close contact of a positive COVID 19 case. This will help make the event safe for attendees and limit the transmission of respiratory infections including COVID-19.

# A g e n d a

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

2. **Minutes**

To confirm the minutes of the meeting held on Thursday 7 September 2023. (Page 4)

3. **Members to Declare any Interests**

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

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

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

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

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

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

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

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

5. **Office of National Statistics Update Presentation**

Report by the Director of Strategy and Transformation

Page (10)

6. **Norfolk Audit Service Quarterly Report ended September 2023**

Report by the Director of Strategic Finance

Page (13)

7. **Risk Management Report**

Report by the Director of Strategic Finance

Page (46)

8. **Norfolk Pension Fund External Audit Plan 2022-23** Page (98)  
Report by the Director of Strategic Finance
9. **Forward Work Programme** Page (144)  
Report by the Director of Strategic Finance

Tom McCabe  
Chief Executive  
Norfolk County Council  
County Hall  
Martineau Lane  
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Date Agenda Published: 2 October 2023



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**Audit & Governance Committee**  
**Minutes of the Meeting held in Council Chamber, County Hall**  
**on Thursday 7 September 2023 at 2pm.**

**Present:**

Cllr Ian Mackie - Chairman  
Cllr Lesley Bambridge  
Cllr Andy Grant  
Cllr Steve Morpew  
Cllr Robert Savage - Vice-Chairman  
Cllr Karen Vincent

**1 Apologies for Absence**

- 1.1 Apologies were received from Cllr Tony White, Cllr Mark Kiddle-Morris and Cllr Terry Jermy, substituted by Cllr Lesley Bambridge, Cllr Andy Grant and Cllr Steve Morpew respectively.

Apologies were also received from Tracy Colman and Christine MacDonald (independent persons)

**2 Minutes**

- 2.1 The minutes from the Audit & Governance Committee meeting held on Tuesday 25 July 2023 were agreed as an accurate record and signed by the Chairman.

**3 Declaration of Interests**

- 3.1 Cllr Robert Savage declared an "Other Interest" as he was a Member of the Norfolk Pension Fund scheme.
- 3.2 Cllr Karen Vincent declared an "Other Interest" as she was a Member of the Norfolk Pension Fund scheme.
- 3.3 Cllr Steve Morpew declared an "Other Interest" as his wife was a Member of the Norfolk Pension Fund scheme.

**4 Items of Urgent Business**

- 4.1 The Chairman read the following paragraph with regards to the latest news headlines about Reinforced Autoclaved Aerated Concrete (RAAC).

We have all seen the national news around the issue of RAAC concrete in schools.

We were made aware of this issue in 2018 and proactively worked with all of the county council's-maintained schools to identify if RAAC was present and if there were any problems. Structural engineers from NPS carried out surveys of 83 buildings and found no concerns

As you would expect, we are keeping up to date with the changes and updates in DFE guidance and other information on RAAC as it comes through, in case any additional assessment is required to ensure the health and safety of pupils

As you know, most schools are academies, which are independent of the council and they are responsible for their own buildings. We have contacted academies three times since 2018 to flag the potential issues with RAAC and reminded them to complete the Department for Education's survey in June this year

On Friday (1 September), we were contacted by the Thomas Bullock academy school in Shipdham, where RAAC was found in the school hall. The start of term has been delayed by a day to enable checks to take place

We are awaiting further results from a number of other academy schools and the schools will inform parents and staff if any issues are found. We are, as always, ready to assist. I would encourage parents to speak to their schools if they have any concerns. I look forward to receiving further details about how the Government intends to deal with the issue of RAAC in schools

Regarding our own estate, we want to reassure colleagues that NCC has been actively monitoring and surveying buildings for the presence of RAAC since 2020, undertaking over 116 assessments of buildings across our estate, as part of a wider programme of building safety. This includes County Hall as well as our libraries, fire stations, and the Independence Matters estate. No RAAC has been identified. We'll continue to work with partners, statutory agencies, and our specialist building consultancy teams to ensure the safety of staff and visitors to any of our buildings.

- 4.2 Members asked, that to be of help to the academies, if condition surveys were carried out on those schools that transferred to academies before they did transfer. If so, could those reports be provided and reviewed for evidence within the historical information about whether RAAC was present. The Chairman replied officers had taken note of the question and would follow that up.

## **5 Norfolk County Council Audit Results Report – Audit Committee Summary for the year ended 31 March 2022**

- 5.1 The Committee received the report which introduced the External Auditor's (Ernst & Young) Norfolk County Council Provisional Audit Results Reports – Audit and Governance Committee Summary for the year ended 31 March 2022. The report enabled the Committee to formally consider matters raised by the Council's external auditors.

- 5.2 In response to questions from the Committee, the following points were noted:

- 5.3 The Chairman stated that he looked forward to the unqualified set of accounts and the value for money statement. He also stated that the delay of the audited accounts was a concern as, whilst they tried to assure the residents that there was value of the money being spent, the delay had an effect on this. The delay and lag on the audited accounts also put extra workload onto officers at NCC trying to tie up these accounts whilst working on the current year. Capacity has impacted on the timeliness of completing the accounts, as well as staff turnover and Ernst and Young fully acknowledged the delay and the extra work this had caused.
- 5.3.1 It was reported that the timeline for the 2022/2023 accounts was unknown as the process was ongoing. Ministers were in the process of starting a consultation to change the process of auditing accounts. The committee were aware of this consultation and would be responding accordingly to it. Members exclaimed their disappointment at the situation of the market of accountancy firms, as these issues were national, and not just unique to EY. The larger accounting companies were used primarily because they had the capacity, skills and expertise.
- 5.3.2 The investment properties on the airport sale related the Norfolk County Council's share.
- 5.3.3 The council decision regarding the bad debt in relation to the NHS hadn't been considered yet due to the Ernst and Young delay, not because it wasn't known about.
- 5.3.4 Ernst and Young confirmed that an area of concern relating to the governance of the Transport for Norwich Committee at the time of receiving a sum of money from a successful bid had been brought to their attention and had been reviewed. This would be included in their conclusion and the value for money statement. The information was also included in the Annual Governance Statement reflecting on the processes and reporting that had been through and Ernst and Young could see that there was transparent reporting which had taken place. The Monitoring Officer confirmed that the decisions made using that funding were correct and that Officers had an approached the Department for Transport to discuss the change in governance arrangements and no issues were raised.
- 5.3.5 The Committee asked if it could be made clear that a third-party confirmation of an investment was unable to be obtained in the final audit report. Evidence had been provided from Norfolk County Council.
- 5.4 **The Committee RESOLVED to:**
1. Consider the update to the audit scope for risk and materiality issued by Ernst and Young
  2. Consider and agree matters raised in the Ernst and Young Norfolk County Council and Audit Results Reports before Ernst and Young issue their audit opinions.
  3. Note the previously acknowledged Ernst and Young Audit Results Reports for the Norfolk Pension Fund Audit 2021-22 received on 22 November 2022 before Ernst and Young issue their audit opinions.

## **6. Annual Statement of Accounts and Annual Governance Statement Report 2021-22**

6.1 The committee received the report which introduced the Council's Annual Statement of Accounts and Annual Governance Statement 2021-22. The report enabled the Committee to fulfil their role, as those charged with governance, in accordance with their terms of reference.

6.2 In response to member's questions, it was noted:

6.2.1 With reference to p84 item 5.14, Officers reported that at the end of March 2022, NCC were transitioning to a new financial system. In order to ensure a smooth cash flow, the decision was taken to pay as many suppliers as possible who were suitable for payment. The movement was due to payments which were escalated for earlier payment which meant that the payments were brought forward by approx. 4-5 weeks. This was a one-off and would not be a regular occurrence.

6.2.2 With reference to page 141 and the term 'long term debtors', Officers reported that these were instances where NCC had provided funding and would be paid back over a term longer than one year. The majority of the figure stated was Greater Norwich Growth Board who had borrowed money for the Northern Distributor Road and were paying back the funding over a 25-year period.

6.2.3 The Assistant Director of Finance (Audit) updated the committee with the following points which would be amended in the final version of the Annual Governance Statement

- The Cabinet Member decision to set up the Transport for Norwich Steering Group and approved the terms of reference.
- With reference on page 97, that Companies House had reported that the NCC nurseries had been dissolved and the website had been updated.

### **6.3 The Committee RESOLVED to:**

1. agree that, following annual reviews, the systems of internal control and internal audit are considered adequate and effective;
2. consider and approve the Annual Governance Statement for 2021-22;
3. note the non-material audit differences set out in paragraph 6 below, with further detail in paragraph 6.6 of the Appendix 1 to this report.
4. consider and approve the Council's 2021-22 Statement of Accounts on the basis that they may be subject to non-material amendments and clarifications resulting from further audit work prior to certification by the Director of Strategic Finance after consultation with the Chairman and Vice-Chairman of Audit and Governance Committee.
5. delegate to the Chair of the Audit and Governance Committee and the Director of Strategic Finance the authority to certify the audited Annual Accounts and the AGS for

publication once Ernst and Young have completed their audit.

## **7 Audit Letters of Representation Report 2021-22**

7.1 The committee received the report which introduced the audit letters of representation of Norfolk County Council and the Norfolk Pension Fund for 2021-22. Letters of representation cover matters material to the financial statements and possible noncompliance with laws and regulations. The Council's external auditors required that the letters are signed before they could complete their audit.

### **7.2 The Committee RESOLVED to:**

1. note the unadjusted audit differences set out in paragraphs 6.2 and detailed in paragraph A5 and A6 of the draft Letters of Representation attached to this report.

2. endorse the letters of representation in respect of Norfolk County Council and, on the basis that they may be subject to non-material amendments and clarifications resulting from further audit work prior to signature, delegate the Chairman of the Audit and Governance Committee and Director of Strategic Finance to sign the letter on behalf of the Council.

## **8. Forward Work Programme**

8.1 The committee received the report which outlined the committee's work programme. 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. Following constitutional changes agreed by Full Council on 19th of July 2022 the Audit and Standards Committee have merged.

8.2 The money laundering report and the anti-corruption reports would be built into the quarterly reports to reduce the number of reports being brought to the committee.

### **8.3 The Committee RESOLVED**

To agree and consider the work programme for the Committee.

**The meeting ended at 3.07pm**

**Cllr Ian Mackie – Chairman Audit & Governance Committee**





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# Audit and Governance Committee

Item No: 5

**Report Title:** ONS Census Update Presentation

**Date of Meeting:** 10<sup>th</sup> October 2023

**Responsible Cabinet Member:** N/A

**Responsible Director:** Paul Cracknell, Executive Director of Transformation and Strategy

**Is this a Key Decision?** No

## Executive Summary

This report introduces an update presentation on the outputs from the 2021 Census from the ONS and examples of the ways in which Norfolk County Council is using the data.

## Recommendations

The Committee are asked to consider and agree:

- The key messages in the presentation
- if further information is required.

## 1. Background and Purpose

1.1 On 29th July 2021 the then Audit Committee received a powerpoint presentation on the 2021 Census from representatives of the Office National Statistics (ONS) and Jill Terrell the Head of Libraries and Information Services about how the Census was run in Norfolk. Eliska Cheeseman, Head of Norfolk Office of Data & Analytics (NODA) was also present. The ONS presentation is available on [pages 12 to 24 of that meeting's agenda](#).

The committee were hopeful that once the data relating to Norfolk was available in 2022, representatives from ONS would return to undertake a further presentation to provide a summary of the results of the Census in the county and illustrate how the Census data is being used.

- 1.2 The presentation will be in two parts. First, some slides from ONS representatives on Census datasets, geographies and outputs. Second, some slides from the Head of NODA on how we are using the Census data in Norfolk County Council.

## **2. Proposal**

- 2.1 The ONS representative and NCC colleagues will present powerpoint slides on the results of the Census and use of the data in Norfolk.

## **3. Impact of the Proposal**

- 3.1 The Census outputs inform strategic and local planning, decision making and services.

## **4. Evidence and Reasons for Decision**

- 4.1 Not applicable.

## **5. Alternative Options**

- 5.1 There are no alternative options.

## **6. Financial Implications**

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

## **7. Resource Implications**

- 7.1 There are no Staff/Property or IT implications

## **8. Other Implications**

- 8.1 There are no Legal /Human Rights/ Equality Impact Assessment (EqIA) /Data Protection Impact Assessments (DPIA)/Health and Safety/Sustainability or other implications.

## **9. Risk Implications / Assessment**

- 9.1 There are no risk implications. Risk Management reports feature in the programme.

## **10. Select Committee Comments**

10.1 None.

## **11. Recommendations**

1. Please see the Executive Summary above.

## **12. Background Papers**

12.1 Thursday 29 July 2021 Audit Committee Minutes

### **Officer Contact**

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

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# Audit and Governance Committee

Item No: 6

<b>Decision making report title:</b>	<b>Norfolk Audit Services Quarterly Report for period ending 30<sup>th</sup> September 2023</b>
<b>Date of meeting:</b>	<b>10<sup>th</sup> October 2023</b>
<b>Responsible Cabinet Member:</b>	<b>N/a</b>
<b>Responsible Director:</b>	<b>Harvey Bullen, Director of Strategic Finance (Section 151 Officer), Finance Directorate</b>
<b>Is this a key decision?</b>	<b>No</b>

## Executive Summary

The Section 151 Officer has a duty to ensure there is proper stewardship of public funds and that relevant regulations are complied with.

The 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.

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

The Council is alert to:

- recent local authority Public Interest reports; the risks, consequences and any lessons that can be taken for sustaining and or further strengthening governance, if required to meet new challenges,
- The Consultation on new Statutory Best Value Guidance, published by the Government in July 2023, progress to address the issues in Local Audit; and
- The ongoing development of the CIIA's Global Standards that the Public Sector Internal Audit Standards are based on.

## Recommendations

To consider and agree: -

- The opinion on the overall adequacy and effectiveness of the County Council’s framework of risk management, governance and control, for the quarter ending 30 September 2023, is ‘Acceptable’.
- The Audit Plan for the Audit Year 2023-24 (Appendix C), and that this work will deliver sufficient scope for the required assurances.
- The audit service provided by NAS continues to conform with the International Standards for the Professional Practice of Internal Auditing (Public Sector Internal Auditing Standards (PSIAS)) as verified via an external Quality Assurance Assessment during late 2022 and complies with the Accounts and Audit Regulations 2015 (as amended).
- That the Committee continue to review information on the effectiveness of the management processes and corporate control functions (legal, financial, information, health and safety and human resources services performed) as provided by internal audits, self-assessment, customer feedback and any existing external performance reviews.

## 1. Background and Purpose

- 1.1 The Council must undertake sufficient internal audit coverage to comply with the Accounts and Audit Regulations (England) 2015, as amended. The allocation of audit time was based on a risk assessment, and this was continuously reviewed throughout the year.
- 1.2 On 13th March 2023 the Committee approved the Internal Audit Strategy, Approach and Audit Plan for 2023-24. The Internal Audit Strategy, the approach to developing the Audit Plan for 2023-24 and the first six months of the Audit Plan for 2023-24, supported by the ‘Days Available to Deliver NAS Services 2023-24 and the ‘Detailed Audit Plan for the first six months of the Audit Year 2023-24 and that this work will deliver sufficient scope for the above assurances required. This report updates that detailed plan for the second half of the year, the plan is presented at **Appendix C**.
- 1.3 This report supports the remit of the Committee in providing proactive leadership and direction on audit governance and risk management issues. The purpose of this report is to update the Committee on the progress with the delivery of the internal audit work, the value added and to advise on the overall opinion on the effectiveness of risk management and internal control. The report sets out the work to support the opinion and any matters of note.

**2. Proposals**

2.1. The key messages are as follows: -

Opinion

This quarterly NAS report confirms that the overall opinion on governance, internal controls and risk management remains 'Acceptable'.

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

2022/23 & 2023/24 Opinion work

- **Appendix A** details the final reports Issued in the quarter ending 30 September 2023.
- **Appendix B** details all grants certified for the year up to the quarter ending 30 September 2023.

2.2. Our current cumulative position, as at 30 September, for 2023/24 audits is shown in the table below. This is considered satisfactory at this stage of the year.

Status	Number
Final reports and Management Letters	5
Work in Progress	9
Cancelled or deferred	3
Not started	12
<b>Total audits</b>	<b>29</b>

Audits Cancelled (on a risk assessed basis) in 2023/24

- The Prudential Code for Capital Finance in LAs.
- myOracle functionalities for budget monitoring and reporting – this has been included in the wider review of the post implementation of myOracle.

### Deferred audits into 2024/25

- Winter Service Provision

### Grant Certifications

- 2.3. The grant certifications completed up to the end of quarter 3 are detailed in **Appendix B**. All the required grant certifications have been completed on time.

### Traded Full School Audits

- 2.4. Six such audits were completed in April – July 2023, as listed in **Appendix A**. We currently have eleven planned for the autumn and spring terms.

### Norfolk Pension Fund

- 2.5. One audit from the 2022/23 Audit Plan and one from the 2023/24 Audit Plan have been completed and one is in progress.

### Staffing

- 2.6. A new Senior Auditor has been recruited to replace our Senior Auditor retiring in January 2024. We are currently recruiting to replace our Auditor who left in February 2023; this will be a Trainee Auditor apprenticeship. One of our Principal Client Managers has resigned and leaves us at the end of October 2023. The recruitment process for this post is in progress, in the meantime an Interim appointment has been sought. In May 2023, we welcomed the CIPFA Trainee Accountant to the Team for a three-month placement with us which has been very successful.



Progress with the implementation of agreed recommendations

2.7. The table below show where we are with monitoring the implementation of our recommendations: -

	No. 2021/22	No. 2022/23	No. 2023/24*
Total number of recommendations implemented and <b>closed</b> – verified through management assurance	109	51	0
Total number of recommendations implemented and <b>closed</b> – not verified (closed and picked up in Follow Up audit)	0	2	0
Total number of recommendations <b>no longer applicable</b>	1	1	0
Total number of recommendations implemented and <b>closed</b> – management accepts risk (cost of implementing the recommendation outweighs the risk)	3	1	0
Total number of recommendations <b>in progress</b> of being implemented	4	94	10
<b>Total number of recommendations being monitored for implementation (*as of 1/9/23)</b>	<b>117</b>	<b>149</b>	<b>10</b>

Audits with recommendations in progress <b>being monitored</b>	2	19	1
Number of audits where all the recommendations have been implemented and <b>closed</b>	16	6	0
<b>Total number of audits released for recommendation monitoring</b>	<b>18</b>	<b>25</b>	<b>1</b>

2.8. Regarding the four recommendations still in progress of being implemented in 2021/22: -

- One of these is for the Transforming Care Programme (TCP) Follow Up audit and the reason that this recommendation is still being implemented is as follows: The Executive Director of Adult Social Services and the ICB have commissioned external consultants, Tricordant, to mediate in resolving the issue. Tricordant have completed their first phase of work, reviewing existing TCP arrangements and have now moved on to their second phase of work to remodel and improve services which includes work to agree the finance arrangements. There is leadership support from both organisations for this to happen, aligned to recommendations from the recent Building the Right Support Peer Review. The completion date is dependent on the work of Tricordant but has been agreed as end of October 2023.
- Three relate to Follow up of the Third Party (Staff and Supplier) Access recommendations which four will all be implemented by 31<sup>st</sup> October 2023.

#### Quarter ending 30 September 2023

2.9. Appendix A details the final reports issued in the quarter ending 30 June 2023. This includes the last reports from 2022/23 which have been finalised in quarter 2.

2.10. Our Strategy for 2023-24 included that we will be:

- Focusing on key risk areas
- Strengthening continuous learning in the team
- Exploring and implementing 'agile audit' approaches
- Reviewing the impact of our shortened audit reporting

#### Anti-Fraud and Corruption, Whistleblowing and Money Laundering Reporting Officer

2.11. The Head of Legal Services (from 1<sup>st</sup> January 2023) and Chief Internal Auditor champion the Anti- Fraud and Corruption policy and the Whistleblowing Policy. It is their role to ensure the implementation, integrity, independence and effectiveness of the policy and procedures. The Chief Internal Auditor (formally Deputy MLRO) has taken over the role of Money Laundering Reporting Officer.

2.12. During the quarter: -

#### **Anti-Fraud**

The Investigative Auditor has continued to pursue and liaise with enforcement agencies in respect of ongoing cases.

- Two cases currently with law enforcement are in final stages and awaiting reports in investigation outcomes.

- Two other with law enforcement remain ongoing.  
There has been one new allegation of fraud during the period which is currently under assessment.

Resources to progress internal investigations continue to be a priority.

### **Whistleblowing**

Norfolk Fire and Rescue have launched an independent Whistleblowing reporting line managed by Crime Stoppers. Since going live six new disclosures have been received through the service which are currently being assessed with relevant personnel.

There have been four new Whistleblowing disclosures related to the Council which are also being evaluated and responded to in accordance with the NCC Whistleblowing Policy.

### **Anti Money Laundering**

There have been no relevant Suspicious Activity Reports (SAR's)

- 2.13. A question was asked at the last Committee meeting for further information regarding financial recoveries and savings made from the National Fraud Initiative (NFI) 2020-2022 Exercise. As reported the exercise resulted in savings and recoveries of up to £400,000 for the Council.

- 2.14. [The Government's Fraud Strategy Statement made on 3 May 2023](#) sets out activities taking on fraud in the UK. The [Public Sector Fraud Authority 2023-24 Delivery](#) report explains other work that is taking place nationally.

### France Channel England (FCE) Programme

- 2.15. The Audit Annual Control Report year ending 30 June 2022 will be further discussed at the Annual Bi-Lateral Co-ordination meeting in October 2023. Our auditors at the European Commission appreciate the timely updates we provide them on the more complex issues.
- 2.16. The delivery of audit work for the current accounting year is progressing well. Our assessment is that we have adequate resources to deliver the audit plan for the accounting year ending 30 June 2023.
- 2.17. The Audit Authority is involved in the preparatory work ahead of the closure of the FCE programme and has been included in the programme's request to National Authorities (France and UK) for an additional budget in order to be able to provide the required functions past 31 December 2023.

### **3 Impact of the Proposal**

- 3.1 The Accounts and Audit Regulations 2015 (as amended) require that, from 1 April 2015, the Council must ensure that it has a sound system of internal control that meets the relevant standards. The responsibilities for Internal Audit are set out in the Financial Regulations which are part of the Council's Constitution. Internal Audit follows appropriate standards (the PSIAS).
- 3.2 A sound internal audit function helps ensure that there is an independent examination, evaluation and reporting of an opinion on the adequacy and effectiveness of internal control and risk management as a contribution to the proper, economic, efficient and effective use of resources and the delivery of the County Council's Strategic Ambitions and core role as set out in the County Council's strategy 'Better Together, for Norfolk 2021-2025'.
- 3.3 The internal audit plan will be delivered within the agreed NAS resources and budget. Individual audit topics may change in year which will result in the higher risk areas being include in the plan to inform the annual audit opinion.
- 3.4 This work adds value to the Council, which is key to our purpose and mission. As a result of the delivery of the internal audit plan and audit topic coverage, the Committee, Executive Directors, Senior Officers and Managers will have assurance through our audit conclusions and findings that internal controls, governance and risk management arrangements are working effectively or there are plans in place to strengthen controls.

### **4 Evidence and Reasons for Decision**

- 4.1 As set out in the proposal.

### **5. Alternative Options**

- 5.1 There are no alternative options.

### **6. Financial Implications**

- 6.1 The service expenditure falls within the parameters of the Annual Budget agreed by the Council.
- 6.2 The costings for NAS remains unchanged, no savings are proposed for 2023/24. We will actively maintain chargeable services and pursue new opportunities when they arise.

## 7. Resource Implications

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

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

7.3 **IT:** There are not I.T. implications.

## 8. Other Implications

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

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

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

8.4 **Data Protection Impact Assessments (DPIA):** There are no DPIA implications.

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

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

8.7 **Any other implications:**

8.8 The UK Public Sector Internal Audit Standards are based on global standards set by the Institute of Internal Auditors (IIA). It should be noted that the IIA have recently consulted on new global standards which, when finalised and adopted, will likely have implications for the way Internal Audit operate and for how the Committee engages with Internal Audit. The revised standards are due to be agreed and implemented in quarter 4 of 2023 and when approved by CIPFA, as the relevant regulatory body. We will plan for the changes and differences to be incorporated into our team working once they are agreed and implemented and will report back to the Audit and Governance Committee on any significant changes and progress with implementation.

8.9 There are no other implications.

**9. Risk Implications/Assessment**

9.1 Not applicable.

**10. Select Committee comments**

10.1 Not applicable

**11. Recommendations**

11.1 See Action Required in Executive Summary.

**12. Background Papers**

12.1 None

**Officer Contact**

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

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**Norfolk Audit Services**  
**Final Reports Issued in the Quarter ending 30 September 2023**

NOTE: This report is for audits completed to the 30<sup>th</sup> September 2023. Any audits completed up to the Committee meeting will be reported verbally at the meeting.

**Final Reports: - Issued in Quarter 1**

**2022/23 Audit Plan: -**

**A. Opinion Work**

**1. Management of leases**

**Audit Opinion: - Key Issues – Red**

**Robust action plans have been completed to address our recommendations as detailed below: -**

- a) The Head of Estates, Partnerships and Programmes (HEPP) must improve the processes and contractual requirements in place with NPS to provide 100% accurate lease data.
- b) The HEPP should review the portfolios that remain outside the Corporate landlord model and make recommendations to the organisation to increase the scope of the model in line with the 21-26 Strategic Asset Management Framework, and in so doing identify and plan to eliminate any grey areas within the Schools and Highways portfolios.
- c) The HEPP should review the management of leases by directorate teams.
- d) The Finance and Budget Planning Assistant should also perform a monthly reconciliation from the myOracle system matching and rental payments and receipts due under the lease coding to the details on the QUBE system. This will help to identify any leases that may have been set up by teams that are unknown to the Corporate Property Team (CPT), npLaw or NPS as well as rental payments and receipts which are not set up on Qube. Implemented
- e) When invoices and purchase orders are raised for lease rental payments and receipts, those staff members who complete the documentation to have these documents raised should ensure that the UPRN reference for the site is recorded within the details of the invoice and purchase order to assist the Finance and Budget Planning Assistant in their reconciliations. Implemented

- f) Where the Finance and Budget Planning Assistant ascertains, through their reconciliations, that rental payments (money NCC owes as a tenant) or receipts (money owed to us as a Landlord) have not been made or received, they should liaise with the Invoicing Team and Credit Control to ensure that payments will be made, and receipts chased and report the outstanding payments and receipts to the HEPP.  
Implemented
- g) The CPT should liaise with NPS to ensure lease notifications are received by R&I Team at an earlier stage of the lease process so that any insurance obligations can be set up timely. It would also be useful if the Finance and Budget Planning Assistant could receive the lease notifications as well to assist in their work. The HEPP must review the processes to ensure that in all lease transactions the finance and R&I teams receive information ahead of completion as well as on completion.
- h) Leases in and out: The HEPP needs to ensure that there is closer integration between the Estates and FM teams to ensure maintenance obligations are understood, planned, documented and fulfilled. Any exceptions should be reported.
- i) Tenant obligations on leases (with NCC as landlord): CPT should review whether tenant obligations on leases are checked for completion during the life of the lease rather than waiting until the lease ends to check obligations have been completed and deal with any tenant charges then which is likely to be inefficient. If CPT reviews tenant obligations during the life of the lease, they should undertake agreed site inspections.
- j) The CPT should reiterate the rent review process with NPS and ensure that Rent Review Memos are raised for all rent reviews so that agreements to rent increases and decisions not to increase rent can be recorded and approved on this one document.
- k) Once the Qube system has been updated with missing rental information, CPT should ensure that NPS commence rent reviews promptly to allow them to be completed in a timely manner.
- l) The CPT should monitor lease renewals and follow-up with departments for the necessary documentation to ensure that lease renewals are completed in a timely manner.

Last date for actions – 31 January 2024

## 2. myOracle Accounts Payable

**Audit Opinion: - No opinion given**

**Robust action plans have been completed to address our recommendations as detailed below: -**

- a) The systems team should explore what myOracle system access restrictions could be added to ensure that adequate segregation of duties are in place. If suitable automated controls cannot be achieved via myOracle, an appropriate senior manager should receive regular



monitoring reports. Actions should also include understanding ways where a read only access for the procurement system could be provided in the future.

**Management update as at 18 September** - Segregation, to prevent AP managers and supervisors from being able to create & update purchase requisitions and purchase orders – will be resolved by week beginning 11/09/2023 as the result of the development and successful testing of a new 'read only' myOracle system role.

- b) Alternative solutions should continue to be investigated to address the adaptive learning functionality issues of IDR to ensure that future costs are minimised as far as possible. Senior Management and Members should be kept fully aware of the financial implications in respect of myOracle not working as originally expected. a business case detailing the cost of the different actions to be taken is currently being produced and will go to Oracle Board.

**Management update as at 18 September** - Segregation, to prevent procurement team members updating payment site details namely supplier bank account details and payments team members from updating purchasing site details – is currently in testing with the view to introducing new myOracle system roles to be deployed to associated procurement and payables team members. We expect testing will be successful and recommendation will be met by 30/09/2023.

- c) Reminders about the requirement to comply with NCC's Payment Policy and Framework should continue to be regularly made to both suppliers and departments – especially about all invoices needing to be raised with the correct PO number and to be sent direct by a supplier to [invoices@norfolk.gov.uk](mailto:invoices@norfolk.gov.uk).
- d) Where the payment period has deviated from the normal 30 days, the Director of Finance Exchequer Services should continue to support teams in either changing the terms and conditions to comply with the normal 30 days or to receive details about the charge prior to the invoice being issued, which will assist with a more timely review by the receiving team, and provide sufficient time for P2P to perform their work when the actual invoice is received.
- e) Reminders should be issued to the Payments Team and RBOs to ensure they check the payee before initiating/approving payment, especially in the cases of No PO No Pay payments.

Last date for actions – 30 September 2023.

### 3. PowerBi

**Audit Opinion: - Key Issues – Amber**

**Robust action plans are in place to address our recommendations as detailed below: -**

- a) A new person should be assigned to administer the Data and Analytics Governance Board and the Board should meet on a regular basis.

Minutes from the meetings and an action log (with clear responsibilities and due dates) should be maintained.

- b) Data and Analytics Governance Board should confirm the Director of Digital Services as the Executive Sponsor for the implementation of PBI. As per the Microsoft Power BI Road Map, the Executive Sponsor should be available to escalate issues that cannot be solved at lower levels.
- c) Clearer targets should be set by the Data and Analytics Governance Board for the implementation of PBI by the Data Services Team. These should be monitored for completion and linked to the Digital Strategy and Roadmap for NCC, Risk Register (Corporate or Data and Analytics Governance Board) and the Microsoft Power BI Road Map where applicable.
- d) The Data and Analytics Governance Board should set how Power BI is promoted across NCC.
- e) Risks on the risk register for the Data and Analytics Governance Board should have individuals identified as the owner with clearer actions and due dates. The Data and Analytics Governance Board should review the risk register and the mitigating actions at its meetings and the minutes or notes of the meeting should record that this has happened.
- f) A review of security group membership needs to be completed by the Data Services Team for the additional PBI functionalities and data gateway security groups confirming that those included in the groups are appropriate.
- g) Access to security groups should be removed as soon as possible for any users who no longer need the access or who do not respond in a reasonable timescale.
- h) The Data and Analytics Governance Board should consider whether it is appropriate for the Data Services Team to make decisions on enabling or disabling tenant settings of PBI. If it is appropriate, the Board should give direction on what should be disabled or enabled considering the strategic direction for PBI and its implementation.
- i) Whoever makes the enabling or disabling decision for tenant settings, the decision should be recorded with the reasoning behind the decision, who made the decision and when. Tenant Settings should be transparent with NCC users to allow users to identify why they may not be able to complete certain functions and reduce the need to contact Digital Services for support.
- j) For data gateways that have been created to be used with PBI reporting:
  - The current data gateways in place should be reviewed by the Data Services Team to ensure they have the approval of the relevant data owners and that the gateway is still needed.

- The record of data gateways should be updated to include the Data Owner (or relevant contact with delegated authority) and who has been approved to be part of this security group.
  - The record should also confirm if a DPIA has been completed before the gateway is set up.
  - The myIT request form may need to be updated or new forms created to capture this information when the data gateway is requested or changed.
  - The record of data gateways should be regularly reviewed to confirm they are still required.
- k) The SharePoint Guidance should be reviewed to confirm it is still accurate and in line with the strategic direction of NCC. As per the Microsoft Power BI Road Map, the use of guidance should be clear and transparent on what actions are permitted, why, and how. More detailed procedures could be used to set out what is permitted for general users in terms of the sharing of data and use of workspaces.
- l) The SharePoint Guidance created by Data Services Team should be reviewed against the relevant information management policies and clear links to the relevant policies added as appropriate. For example, the how to guidance section on sharing Power BI Reports could have a link to the Sharing of Information Policy.
- m) The Data and Analytics Governance Board should decide whether training is required before additional PBI functionality is given to users via security groups to ensure that users understand their responsibilities and the risks associated with the additional functionality. Once the format of the training is decided, consideration should be given to whether existing security group users also need to complete the training.

Last date for actions – 31 January 2024

***Management update as at 18 September 2023*** - the initial actions identified by the audit are now 'work in progress' and all the actions are now planned. The Director of Digital Services, Geoff Connell has confirmed that he will continue in the role as Executive Sponsor for the implementation of Power BI. In addition, the Data Services Manager (Digital Services), Tim Hudson, has been assigned to administer the Data & Analytics Governance Board. The first meeting of the newly convened Board was scheduled to meet on Friday 22<sup>nd</sup> September and the agenda included a standing item monitoring and recording progress on the implementation of Audit actions.

#### **4. Norse Fleet – Contract Management and Monitoring**

**Audit Opinion: - Key Issues – Amber**

**Robust action plans have been completed to address our recommendations as detailed below: -**

- a) As allowed for in the SLA, Appendix B of Schedule 2, Part 6 – Fleet Services Specification, the Director of Highways, Transport and Waste should arrange an appropriate external review, specifically covering the fire fleet services and to share the outcomes with NFRS for their assurance. This should take place before the future of the contract is determined.
- b) The areas of the SLA ask that are currently not met in terms of delivery, performance and monitoring should be complied with or agreement reached on whether these need to be removed from the SLA or incorporated into other areas of the SLA ask.
- c) The SLA should be reviewed in terms of whether the ask for each area is still relevant in terms of delivery, performance and measurement. Any significant changes coming out of the updated NFCC Fire standards and guidance should be incorporated into the SLA ask with the roles and responsibilities for NFRS and Norse clearly identified.
- d) The less objective areas of the SLA ask by NFRS and Norse and agreement should be clarified, and agreement reached on if and how these will be measured and reported. For areas that are less measurable an annual report detailing delivery would be sufficient to inform NFRS that the ask had been met/taken place.
- e) The Local Performance Indicators in the SLA that are currently not met in terms of delivery, performance and monitoring should be complied with or agreement reached on whether these need to be removed from the SLA or incorporated into other areas of the SLA.
- f) Norse and NFRS should review the performance indicators (PIs) and agree whether they are still fit for purpose. Once agreed monitoring and reporting against all PIs should be undertaken.
- g) The Director of Highways Transport and Waste should ask Norse to evaluate making better use of the r2c system to produce reports and performance information to make the process of PI reporting more efficient and more relevant (currently some PIs are not reported due to unavailable information). The use of data analytics using Power Bi should be considered for efficient and timely reporting of PIs.
- h) The SLA should have clarity in respect of who is responsible, either NFRS or Norse, for the maintenance of which assets.
- i) The Director of Highways, Transport and Waste should make clear the level of financial information to be provided by Norse to NFRS to enable NFRS to actively monitor and understand their spend against their budget. More relevant financial information should be presented at the monthly NCC / Norse Fleet Governance meetings, which NFRS should attend.
- j) The SLA should include clarity of roles and responsibilities in respect of budget monitoring and reporting.
- k) The Director of Highways, Transport and Waste should establish and agree who within NFRS/NCC will review, monitor and report on any additional financial reporting that may be undertaken, as this was

unclear at the time of the audit. This reporting and scrutinisation should be linked to the agreed NFRS action plan from their recent HMICNFRS inspection to demonstrate how efficiencies and value for money are being obtained.

- l) NCC and Norse should review the timescales for producing and approving the annual Business Plan (which includes the fleet elements from this audit). The review should cover what information should be included in the business plan, when information is available, who is responsible for monitoring and reporting progress and how often this is carried out and against what predetermined measures.
- m) Clearer understanding, monitoring and reporting of the Initial Savings Efficiency Concept (ISEC) savings should be undertaken as a priority, linked directly to the annual business plan to support transparent reporting of the ICESs detailed in the agreed Norse business case.
- n) Understanding and clarification should be obtained over ISECs and added value savings to gain assurance that agreed ISECs savings have been realised. Full reporting of the outcomes of this understanding should be reported to the Infrastructure and Development Committee. This reporting and scrutiny should be linked to the agreed NFRS action plan from their recent HMICNFRS inspection to demonstrate how efficiencies and value for money are being obtained.
- o) Direction should be given to whether to undertake a more detailed audit on savings realisation for the Norse Highways contract.
- p) The Director of Highways, Transport and Waste and NFRS should ensure compliance for Norse to provide at least one monthly independently written inspection report to them as part of the monthly governance meeting as per section 13.3 of the SLA; or agreement reached on whether these need to be removed from the SLA or incorporated into other areas of the SLA.
- q) Consideration should be given to whether it would be beneficial to undertake and report on these as a percentage of the fleet throughout the year instead of rigorously each month to support work peaks.
- r) NFRS should maintain records to support incidents and timescales when all spare appliances have been deployed and report this information to Norse at the monthly Fleet Governance meetings. This will inform whether there is a need to increase the number of spare appliances to ensure the service is not compromised.
- s) The provisions in the SLA that are currently not met in terms of delivery, performance and monitoring should be complied with or agreement reached on whether these need to be removed from the SLA or incorporated into other areas of the SLA.
- t) An agreed strategy and business continuity plan should be put in place, in line with industry stock levels, for ordering more common parts to maintain stock, manage the asset reserve and how to manage the delays for uncommon parts.
- u) Levels of stock and items should tie in with the most common defects.

- v) Regular physical stock checks should be carried out to ensure the numbers and items recorded as reserves (spares) are actually retained and available in the workshop stores. In accordance with the SLA section 8 monitoring of levels of stock are to be reported to the monthly NCC / Norse Fleet Governance meetings.
- w) Clear roles and responsibilities for Norse and NFRS should be defined in respect of purchasing, relocating or disposing of any NFRS assets.
- x) Norse and NCC should produce a terms of references for the Liaison Board and NCC / Norse Fleet Governance meetings, or alternatively there could be a more detailed remit within the SLA for these meetings.

Last date of actions – 1 February 2024

**Management update as at 18 September 2023** -The audit recommendations have been reviewed and assigned to the relevant leads within the service and where appropriate within Norse. Good progress against a number of the recommendations have already been made and several have already been completed. The remaining actions are being reviewed and actioned as appropriate. The audit recommendations are also being discussed and reviewed at the regular County Council / Norse Fleet Governance meetings, and these meetings are also being used to monitor progress against the due dates.

## **5. Repton Development Company Limited**

### **Audit Opinion: - Key Issues – Acceptable**

Robust action plans have been completed to address the one medium and two low priority findings.

Last date for actions - 16 October 2023

### **2023/24 Audit Plan: -**

## **6. AGS - Repton Development Company Limited**

### **Audit Opinion: - Key Issues – Acceptable**

Robust action plans have been completed to address the two low priority findings.

Last date for actions - 16 October 2023

## **7. Sustaining Connecting Communities' Benefits**

### **Audit Opinion: - Key Issues – Amber**

**Robust action plans have been completed to address our recommendations as detailed below: -**

- a) A clear plan with target dates should be agreed with Newton Europe for the handover process to Adult Social Services for programme governance and its administration. The progress towards this plan should be monitored by DLT.

b) Terms of reference like those in the Short-Term Services Manual for the Workforce Development meeting, covering the purpose, frequency and duration of the meeting, attendees, inputs, outputs and roles and responsibilities of the attendees and the Chair and the meeting agenda should be documented and shared with relevant attendees for the following: -

- The Recovery Learning Cycles
- The NFR Service Performance meeting on a Thursday
- The NFR SLT meeting on a Tuesday
- The Legacy Group
- The Programme Board
- The Finance and Performance Delivery Group
- The Delivery and Impact Group; and

Updated for the NFR Transformation Board to include their new responsibilities as the Finance and Performance Group for the Short-term Service workstream.

- c) Action logs and a list of attendees and apologies should be maintained for all meetings involved in the programme and BAU governance structure for the Short-Term Services Workstream if not already in place. If any group / Board has decision making responsibilities, then a decision log should be maintained.
- d) The BAU governance structure for NFR should be finalised and show the reporting structure and relationship between the recruitment and retention meeting, the Service Performance meeting, the NFR SLT meeting and the NFR Transformation Board. The name of the Recruitment and Retention meeting should be finalised as either this or Workforce Development meeting.
- e) A clear forward plan for the Legacy Group should be established to ensure all the legacy components are monitored.
- f) After workstreams have moved to sustain, the Programme Board (DLT) need to identify a defined point at which all reporting and monitoring should switch over to the BAU governance structure and cease under the Connecting Communities Programme governance structure to avoid duplication of reporting. Terms of reference for the Programme Board (DLT) should include this review.
- g) The future use of the sustainability matrix, now that the Short-Term Service Workstream has entered sustainability, should be decided by the Programme Board (DLT). For example, will the sustainability matrix continue to be used whilst during the sustainability phase to ensure the new ways of working are being sustained and will it continue to be completed after this as a BAU process as further transformation occurs?

- h) The NFR Transformation Board should agree the use of the Short-Term Service Product Manual going forward and whether it is treated as a static document to refer back to if required, or whether it should be updated as further transformation of the service continues. Depending on the decision made, more staff should be made aware of the Manual for business continuity purposes.
- i) Operating procedures in relation to the Short-Term Services Workstream should be updated in line with the new ways of working to reduce the risk of new ways of working not being sustained.
- j) There should be a review and update of the Finance and Performance Delivery Group Risk Register as a regular agenda item with updates on actions included on the Risk Register and monitored at the meeting. This also applies to the Delivery and Impact Group if responsibility for the Risk Register is transferred to them.
- k) The Programme Lead should ensure that all core attendees attend the Recovery Learning Cycle meetings to ensure the meeting remains effective.
- l) All decisions taken at meetings should be recorded in the minutes or decision log. The decision to move to the sustain phase should be retrospectively recorded in the next Programme Board (DLT) minutes with reference to the meeting where the decision was made. The approval of the Blueprint should be recorded in the decision log of the NFR Transformation Board and the minutes of the Programme Board (DLT) with reference to the meeting where the decision was made.

Last date for actions – 31 December 2023

**Management update as at 18 September** - The scope of the audit focused on the Short-Term Services Workstream which was approved by the Programme Board to move to the sustain phase in April 2023.

Sustainability matrices were designed by consultants Newton Europe to assess how well Adult Social Services were sustaining the model, with the most recent matrix self-assessment completed in July 2023. Our audit identified seven medium priority recommendations and three low priority recommendations. The audit did not identify any significant high priority issues or control weaknesses.

Five of the medium priority findings were in relation to improvements in the BAU governance structure, the governance of the various meetings that take place and the handover process, one was in relation to improvements in the matrix self-assessment process and one was in relation to the use of the Short-Term Services Product Manual. Robust agreed action plans in relation to these are now in place and will be followed up by Norfolk Audit Services with the relevant business contacts.

The Connecting Communities Programme Board chaired by Debbie Bartlett, Executive Director of Adult Social Services, will monitor



progress against the NAS audit recommendations including evaluating the handover plan and decision for the programme to enter the sustain phase, with Newton Europe planning to offboard, at the September Board meeting.

## **8. myOracle Budget Data Input Functionality**

### **Audit Opinion: - Key Issues – Acceptable**

No recommendations were raised.

## **B. Management Letters**

Management letters were issued for the following audits in quarter 2 for 2023/24 audits: -

- a) Thematic School Audit on Payroll – eight recommendations were detailed in our Management Information Sheet for all schools to review and consider. The ten schools visited each had their own management letter with their specific recommendations to address.
- b) Teachers' Pension (EOYC) – advisory work was completed on a specific aspect of the End of Year Certificate (EOYC) and seven recommendations were made and management have completed robust action plans for these.

## **C. Norfolk Pension Fund**

### **2022/23 Audit Plan: -**

#### **1. Compliance with NPF Training Strategy**

##### **Audit Opinion: - Acceptable**

- a) No recommendations were made.

### **2023/24 Audit Plan: -**

#### **2. Cyber Security Pledge – Acceptable**

Four improvements were suggested for management.

## **D. Traded Full School Audits**

Audits have been completed at the following schools: -

- a) Horsford C of E VA Primary School
- b) Chapel Break Infant School
- c) Brooke Primary School
- d) Coltishall Primary School
- e) Harford Manor school
- f) St Michael's C of E Primary and Nursery School (Aylsham)

**E. External Clients**

1. An audit on specific aspects of health and safety was completed for our external client, Norwich Housing Society and a report issued to them.
2. Internal audit work was completed for Eastern Inshore Fisheries Conservation Authority, (EIFCA) and our report (this is a section in their Annual Return for the financial year which we certify and sign) and management letter was issued to them.

**Appendix B****All grants certified for the year up to the quarter ending 30 September 2023**

<b>LGA</b>	<b>EU</b>	<b>Other</b>
Fire (July 23)	Monument (P/e March 23)	Norse (P/e March 23)
Transforming Care (June 23)	FACET (P/e March 23)	Supported Families (P/e Jun 23)
CES (September 23)		Supported Families (P/e Sep 23)
LA Bus Subsidy (September 22)		Police & Crime Panel (P/e August 23)
Traffic Management (September 2023)		BDUK Q4 2022/23
Disabled Facilities Grant (Oct 23)		

# Audit Plan for 2023/24

# Appendix C

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
<b>Community and Environmental Services</b>					
<b>Highways and Waste</b>					
Norse Highways Contract Management & Monitoring	Service risk	Assurance over the contract management and monitoring arrangements in place for Norse Highways contract - Fire fleet	N/a	25	
<b>Culture and Heritage</b>					
<b>Community information and Learning</b>					
Equality Diversity and Inclusion	Service Risk	Assurance over progress with race equality actions	Strong, engaged and inclusive communities		20
<b>Total Community &amp; Environment Services</b>				25	20
<b>Adult Social Services</b>					
<b>All departments</b>					

# Audit Plan for 2023/24

# Appendix C

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
Sustaining connecting communities' benefits - Part 1	Dept Risk RM14505 (Failure to deliver the outcomes from the Connecting Communities transformation programme)	Assurance that the arrangements put in place to deliver and sustain the new improved and benefits are fit for purpose	Healthy, fulfilling and independent lives	25	
Brokerage of Care Packages	Service Risk	Assurance that the brokerage (incl. E-brokerage) and negotiation of prices for care packages is operating in accordance with procedures and the price agreed through this process is what is paid in practice	Healthy, fulfilling and independent lives	25	
Discharge Process	Service Risk	Assurance that the discharge pathway is operating and in compliance with the Care Act requirements	Healthy, fulfilling and independent lives	25	
Sponsorship of International Employees by Adult Social Care Providers	Service risk	Assurance that controls are in place working effectively to ensure compliance with the terms of their sponsorship licences	N/a		25

# Audit Plan for 2023/24

# Appendix C

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
Adult Social Care Providers' National Minimum Wages (NMW) audit	Service Risk	Assurance that controls are in place and working effectively to ensure compliance with NMW	N/a		17
<b>Total Adult Services</b>				<b>75</b>	<b>42</b>
<b>Children's Services</b>					
<b>Education</b>					
Health and safety follow up - statutory compliance in schools	Service Risk	Assurance that the agreed actions from the 2022/23 audit have been fully actioned and implemented	Better opportunities for children and young people		10
Thematic Audit - Payroll		TBC	N/a	30	
<b>All departmentms</b>					
School Admissions	Service Risk	Assurance that internal controls are appropriate and working effectively	Better opportunities for children and young people		20

# Audit Plan for 2023/24

# Appendix C

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
Processes and governance arrangements for defending SEND appeals and tribunals	Service Risk	Assurance that internal controls are appropriate and working effectively	N/a	20	
Demand Led Budgets	Corporate Risk RM031 (CHS overspend from service demand and other external factors)	Assurance on the process in place for the monitoring of and oversight of demand led budgets by Children's Services, with specific focus on joint funded packages where processes have recently changed	A vibrant and sustainable economy		25
<b>Total Children's Services</b>				<b>50</b>	<b>55</b>
<b>Strategy and Transformation</b>					
<b>Transformation</b>					
Post implementation review of myOracle to inform the management of future large scale projects	Associated Corporate Risk RM027 (Failure of myOracle whereby key operational process do not deliver the required outcomes for NCC)	Assurance on how we managed the myOracle project and the supplier to deliver our requirements, and lessons learnt for future large scale projects	N/a		25

# Audit Plan for 2023/24

# Appendix C

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
<b>Health and Safety</b>					
<b>Human Resources &amp; Organisational Development</b>					
Driving for work follow up	Service risk	Assurance that the agreed actions from the 2022/23 audit have been fully actioned and implemented			10
Sponsorship of International Employees	HR Risk	Assurance that NCC is following its recruitment policies and procedures when international employees are appointed	N/a		20
myOracle - Additional payments made to staff	HR Risk	Assurance that self-service functions where there is no oversight from HR, are being completed by managers and as a result of these findings, whether it is right to continue in this way for these functions.	N/a	30	
<b>Total Strategy and Transformation</b>				<b>30</b>	<b>55</b>
<b>Work to Support AGS</b>					



# Audit Plan for 2023/24

# Appendix C

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
Repton Housing Development Company - full assurance audit	Corporate Risk RM013 (Failure of the governance proctocols for entities controlled by NCC)	Assurance that adequate governance controls were in place during 2022/23	N/a	10	
Norse -self assessments management assertions	N/a	Assurance that adequate governance controls were in place during 2021/22	N/a	3	
<b>Total for Work to Support AGS</b>				<b>13</b>	<b>0</b>
<b>Finance and Commercial Services</b>					
<b>Finance and Exchequer Services</b>					
myOracle - Budget data input functionality	Corporate Risk RM035 (Adverse impact of significant and abnormal levels of inflationary pressure on revenue and capital budgets)	Assurance that internal controls are appropriate and working effectively	N/a	15	

# Audit Plan for 2023/24

# Appendix C

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
myOracle - budget monitoring and reporting	Service Risk	Assueance that internal controls are apporprate and working effectively	N/a		30
myOracle - Control accounts and bank reconciliations	Service Risk	Assurance that internal controls are appropriate and working effectively	N/A		25
Teachers Pension	Service Risk	Assurance that internal controls are appropriate and working effectively	N/A	7	
Financial Assessments Follow Up audit	Service Risk	Assurance that the agreed actions from the 2022/23 audit have been fully actioned and implemented	N/A	15	
<b>Corporate Property Team</b>					

# Audit Plan for 2023/24

# Appendix C

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
Repton Housing Development Company	Corporate Risk RM013 (Failure of the governance protocols for entities controlled by NCC)	Assurance that controls in place to govern and manage the build and sale of houses are working in practice	Strong, engaged and inclusive communities		20
Security (delivered by Norse)	Property Risk	Assurance that the controls in place to deliver security contract are adequate and effective	N/a		25
Gypsy, Roma and Traveller Allocations Policy	Property Risk	Assurance that the allocations policy is being fairly applied	Strong, engaged and inclusive communities		20
<b>Procurement</b>					
Retro Purchase Orders	Financial Risk	Advisory work on why retro purchase orders are being raised and advice on how controls can be improved to prevent this	N/a		20
<b>Information Management Technology</b>					

# Audit Plan for 2023/24

# Appendix C

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
Handover of myOracle to IMT	IT Risk	Assurance of the handover process for myOracle system to IMT to ensure that IMT have the necessary processes in place to manage the system as business as usual	N/a	20	
Retention and Disposal	Corporate Risk RM003a (Failing to comply with statutory information compliance requirement under e.g., GDPR).	Assurance on whether departments are on top of their disposal and retention of data in their shared drives, in readiness for the move to Sharepoint	N/a	25	
Capita Network Replacement	IT Risk	Assurance that controls for the testing phase in each of the three milestones in the project plan are being completed and issues resolved	N/a		20
<b>Total Finance and Commerical Services</b>				<b>82</b>	<b>160</b>
<b>Other Areas</b>					
National Fraud Initiative	N/a	Work to support the NFI	N/a	25	

# Audit Plan for 2023/24

# Appendix C

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
Follow Up Days of MPF & HPF Recommendations				25	25
<b>Total Other Areas</b>				<b>50</b>	<b>25</b>
<b>Total Opinion Days to be delivered in 2023/24</b>				<b>325</b>	<b>357</b>

# Audit and Governance Committee

Item No:7

**Report Title: Risk Management Quarterly report**

**Date of Meeting: 10<sup>th</sup> October 2023**

**Responsible Cabinet**

**Member: N/A**

**Responsible Director: Harvey Bullen, Director of Strategic Finance (Section 151 Officer)**

**Is this a Key Decision? No**

## Executive Summary

Risk management contributes to achieving corporate objectives, the Council's key priorities and strategy Better Together, For Norfolk, and is a key part of the performance management framework. The responsibility for an adequate and effective risk management function rests with the Cabinet, supported by portfolio holders and delivered by the risk owners, reviewers and Risk Management Officer as part of the risk management framework.

This quarterly report references Norfolk County Council's corporate risk register as it stands in October 2023, using risk data that was presented within the risk management report to Cabinet on 2<sup>nd</sup> October 2023.

This report sets out the key corporate risk management messages, agreed at the October 2023 Cabinet meeting following the review of corporate risks over the second quarter of 2023/24. Corporate risks continue to be monitored and treated appropriately in line with the Council's risk management framework and the Full Council-agreed strategy 'Better Together, For Norfolk'.

A summary of significant changes to corporate risks since they were last reported to this Committee has been included in **Appendix A** for information purposes. The latest corporate risk heat map for the corporate risk register is included in **Appendix B** providing a visual summary of corporate risks, and shows the Red, Amber, Green (RAG) status of each risk. Full details of the current corporate risks are included in **Appendix C**, including further explanation on risk scoring.

## Recommendations:

To consider and agree the latest:

- a. key messages as per paragraphs 2.1 and 2.2 of this report
- b. key changes to the corporate risk register (**Appendix A**);
- c. corporate risk heat map (**Appendix B**);
- d. corporate risks as at October 2023 (**Appendix C**);
- e. information in this report is sufficient.

## 1. Background and Purpose

- 1.1 One of the Committee's roles is to consider the effectiveness of the Council's risk management. The purpose of this report is therefore to provide assurance on the effectiveness of risk management and the corporate risk register as a tool for managing the biggest risks that the Council faces, helping the Committee undertake some of its key responsibilities. Risk management contributes to achieving corporate objectives and is a key part of the Council's performance management framework.
- 1.2 The Council's corporate risks were last reported to, and agreed by, Cabinet on 2<sup>nd</sup> October 2023. Prior to reporting these risks, they have been reviewed and updated wherever there is additional mitigation progress or additional risk information to report by risk reviewers on behalf of the risk owners.

## 2. Proposal

- 2.1 The key general risk messages are as follows:
  - The review and updating of corporate risks has taken place with risk owners and reviewer's input
  - The Risk Management Function complies with the Accounts and Audit (England) Regulations 2015 (as amended in 2020) and recognised Public Sector Internal Audit standards
- 2.2 The key specific corporate risk messages are as follows:

### New risk

#### **RM041 - Adult Social Services Supplier or Market Failure**

There is a proposal for a new corporate risk of Adult Social Services supplier or market failure. This is an existing risk with a risk escalation from departmental level.

## New risk owners

There are new risk owners for the following risks, following staffing changes;

### **RM001 – Infrastructure Funding Requirements**

The new risk owner for this risk is Grahame Bygrave, the Interim Executive Director of Community and Environmental Services.

### **RM003a - Information compliance requirements**

The new risk owner for this risk is Simon Wynn, the Director of Insight and Analytics.

### **RM022b - Replacement EU Funding for Economic Growth**

The new risk owner for this risk is Chris Starkie, the Director of Growth and Investment.

### **RM024 - Great Yarmouth Third River Crossing (3RC)**

The new risk owner for this risk is Grahame Bygrave, the Interim Executive Director of Community and Environmental Services.

### **RM029 - Critical skills required for the organisation to operate effectively**

The new risk owner for this risk is Derryth Wright, the Interim Director for People.

### **RM033 - Norwich Western Link Project**

The new risk owner for this risk is Grahame Bygrave, the Interim Executive Director of Community and Environmental Services.

Further information on the specific proposed risk changes listed above in 2.2 can be found in **Appendices A and C**.

## **3. Impact of the Proposal**

- 3.1 Risk management plays a key role in managing performance and is a requirement in the Accounts and Audit Regulations 2015 (amended 2020). Sound risk management helps ensure that objectives are fulfilled, that resources and assets are protected and used effectively and efficiently. The responsibilities for risk management are set out in the Financial Regulations, which are part of the Council's Constitution.
- 3.2 Details of the proposals above in 2.2. can be viewed in **Appendix A**, offering further rationale and impact of the proposals.



## 4. Evidence and Reasons for Decision

4.1 Not applicable, as no decision is being made.

## 5. Alternative Options

5.1 There are no alternative options identified.

## 6. Financial Implications

6.1 There are financial implications to consider, which are set out within the risks at **Appendix C**. The budget for this financial year 2023-24 was set and agreed by Full Council in February 2023, following consultation. Mitigations supporting the controlled treatment of the risk of the potential failure to manage significant reductions in local and national income streams are set out in risk **RM002 - Income streams**, and the corporate risk covering the impact of rising inflation is covered in risk **RM035 - Adverse impact of significant and abnormal levels of inflationary pressure on revenue and capital budgets**.

## 7. Resource Implications

7.1 **Staff:** There are staffing resource implications to consider as part of risk **RM029 - Critical skills required for the organisation to operate effectively**.

7.2 **Property:** There is ongoing work to identify and implement opportunities to reduce our carbon footprint throughout our corporate property portfolio.

7.3 **IT:** The Council's Digital Services (previously Information Management) team are continuing to closely monitor cyber security threat levels with the current geo-political situation in Ukraine, and continue to roll out the technology advances that are helping Members and officers to carry out their duties effectively from home as well as Council offices.

## 8. Other Implications

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

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

8.3 **Equality Impact Assessment (EqIA) (this must be included):** None applicable.

**8.4 Data Protection Impact Assessments (DPIA):** None applicable.

**8.5 Health and Safety implications (where appropriate):** We were made aware of the issue of reinforced autoclaved aerated concrete (RAAC) in 2018 and proactively worked with all of the county council's maintained schools to identify if RAAC was present and if there were any problems. Structural engineers from NPS carried out surveys of 83 buildings and found no concerns. We are keeping up to date with the changes and updates in DFE guidance and other information on RAAC as it comes through, in case any additional assessment is required to ensure the health and safety of pupils. NCC has been actively monitoring and surveying buildings for the presence of RAAC since 2020, undertaking over 200 assessments of buildings across our estate, as part of a wider programme of building safety. This includes County Hall as well as our libraries, fire stations, and the Independence Matters estate. No RAAC has been identified. We will continue to work with partners, statutory agencies, and our specialist building consultancy teams to ensure the safety of staff and visitors to any of our buildings.

**8.6 Sustainability implications (where appropriate):** There are no specific sustainability implications to consider within this report other than to note corporate risk **RM036 – Non-delivery of the NCC Environmental Policy** covering the risk of not delivering the key objectives of the NCC environmental policy, which incorporate sustainability.

**8.7 Any Other Implications:** There are no other risk implications to consider within this report that are not already addressed.

## **9. Risk Implications / Assessment**

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

9.2 The council's Risk Management Policy and accompanying procedures have been reviewed to ensure they continue to reflect industry best practice. They can be viewed on the Risk Management page on myNet [here](#).

9.3 Departmental risk summaries with full details of red rated risks were presented within the October 2023 risk management report to Cabinet, as per our commitment to providing this information every six months, for Cabinet's awareness. These can be viewed [here](#) (pp. 170 - 192).

## 10. Select Committee Comments

10.1 There are no recent risk-based comments from the Select Committee to report.

## 11. Recommendations

### Recommendations:

To consider and agree the latest:

- key messages as per paragraphs 2.1 and 2.2 of this report
- key changes to the corporate risk register (**Appendix A**);
- corporate risk heat map (**Appendix B**);
- corporate risks as at October 2023 (**Appendix C**);
- information in this report is sufficient.

## 12. Background Papers

12.1 The [Cabinet risk management report of October 2023](#) (pp. 117 - 192)

### Officer Contact

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

#### Officer name:

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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.

## Key changes to corporate risks

### New corporate risk

#### **RM041 - Adult Social Services Supplier or Market Failure**

There is a new corporate risk of Adult Social Services supplier or market failure. This is an existing risk with a risk escalation from departmental level. This risk primarily covers the risk of market failure within the Learning Disabilities market, where the market is getting smaller.

### New risk owners

There are new risk owners for the following risks, following staffing changes;

#### **RM001 – Infrastructure Funding Requirements**

The new risk owner for this risk is Grahame Bygrave, the Interim Executive Director of Community and Environmental Services.

#### **RM003a - Information compliance requirements**

The new risk owner for this risk is Simon Wynn, the Director of Insight and Analytics.

#### **RM022b - Replacement EU Funding for Economic Growth**

The new risk owner for this risk is Chris Starkie, the Director of Growth and Investment.

#### **RM024 - Great Yarmouth Third River Crossing (3RC)**

The new risk owner for this risk is Grahame Bygrave, the Interim Executive Director of Community and Environmental Services.

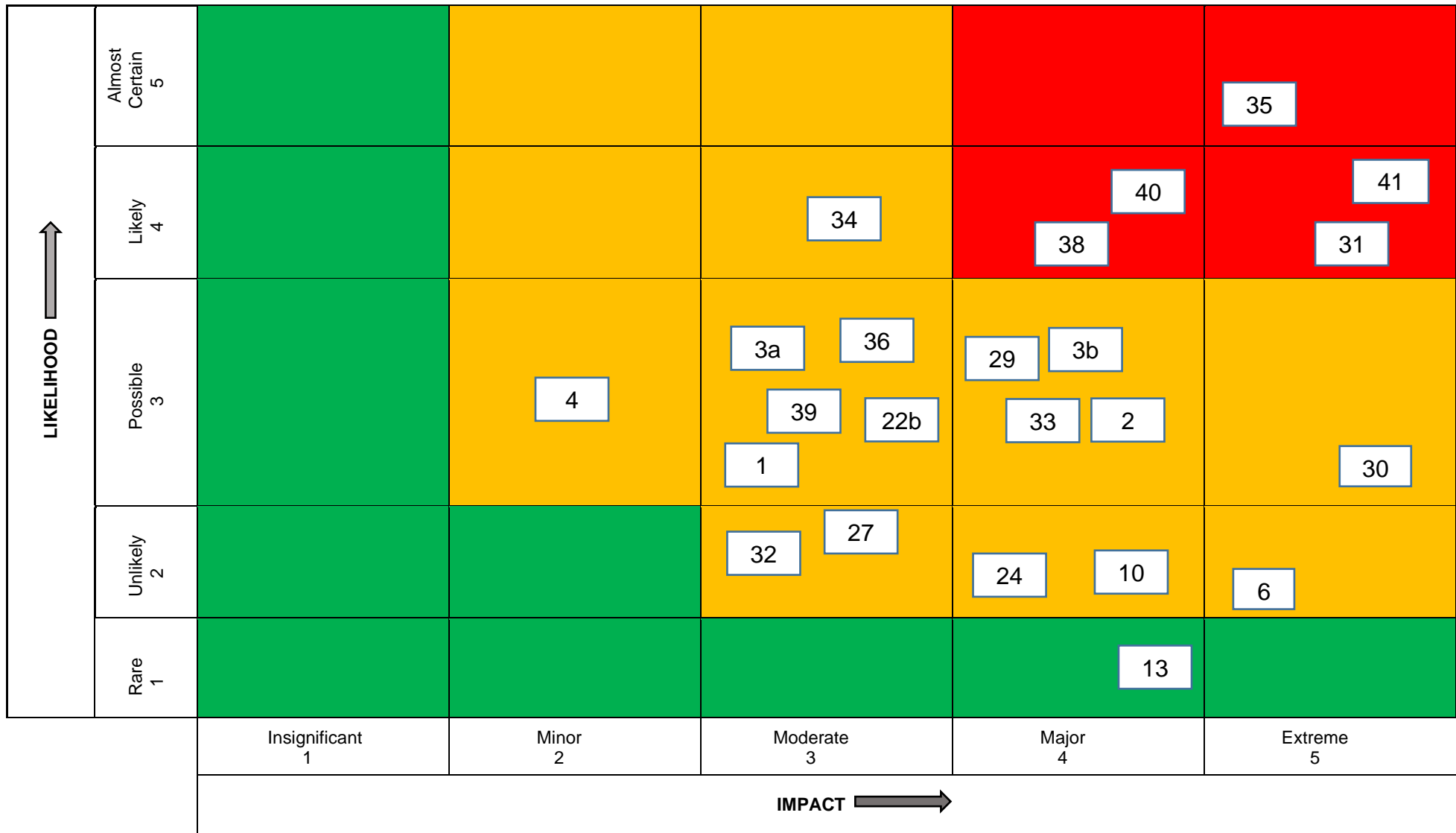
#### **RM029 - Critical skills required for the organisation to operate effectively**

The new risk owner for this risk is Derryth Wright, the Interim Director for People.

#### **RM033 - Norwich Western Link Project**

The new risk owner for this risk is Grahame Bygrave, the Interim Executive Director of Community and Environmental Services.

### Corporate Risks - Heat Map



= Risk score increase     
 = Key = no score change     
 = risk score decrease

Each corporate risk is assigned a unique risk number to be able to easily identify it. These can be seen in the heat map above.

## Red Rated Risks

Risk Number	Risk Title	Score
RM035	Adverse impact of significant and abnormal levels of inflationary pressure on revenue and capital budgets	25
RM041	Adult Social Services Supplier or Market Failure (Proposed New Risk)	20
RM031	NCC Funded Children's Services Overspend	20
RM038	ASSD Recovery from the Covid-19 pandemic	16
RM040	ASSD assurance implementation	16

## Amber Rated Risks

Risk Number	Risk Title	Score
RM030	Non-realisation of Children's Services Transformation change and expected benefits	15
RM002	Income streams	12
RM003b	Information and cyber security requirements	12
RM033	Norwich Western Link Project	12

RM034	Supply Chain Interruption	12
RM029	Critical skills required for the organisation to operate effectively	12
RM006	Service Delivery	10
RM001	Infrastructure funding requirements	9
RM003a	Information compliance requirements	9
RM022b	Replacement EU Funding for Economic Growth	9
RM036	Non-delivery of the NCC Environmental Policy	9
RM039	ASSD financial, staffing & market stability impacts due to implementation of social care reform	9
RM010	Loss of key ICT systems	8
RM024	Great Yarmouth Third River Crossing (3RC)	8
RM027	myOracle	6
RM032	Capacity to manage a large or multiple incidents or disruptions to business	6
RM004	Contract management for commissioned services.	6

## Green Rated Risks

Risk Number	Risk Title	Score
RM013	Governance protocols for entities controlled by the Council.	4



<b>Risk Number</b>	RM001		<b>Date of update</b>		22 August 2023					
<b>Risk Name</b>	Infrastructure funding requirements									
<b>Portfolio lead</b>	Cllr. Graham Plant			<b>Risk Owner</b>	Grahame Bygrave					
<b>Risk Description</b>			<b>Date entered on risk register</b>		01 October 2022					
<p>There is a risk of not realising infrastructure funding requirements to achieve the infrastructure ambition of the Business Plan. 1) Not securing sufficient funding to deliver all the required infrastructure for existing needs and planned growth leading to: • Congestion, delay and unreliable journey times on the transport network • A lack of the essential facilities that create attractive conditions for business activity and investment, and sustainable communities, including good connectivity, public transport, walking and cycling routes, open space and green infrastructure, and funding for the infrastructure necessary to enable the county council to perform its statutory responsibilities, eg education. Overall risk treatment: Treat</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	3	2	6	Mar-24	Amber
<b>Tasks to mitigate the risk</b>										
<p>1.1) Work with other county council officers and partners including government, local enterprise partnerships and district councils to compile evidence and the case for investment into infrastructure in order to achieve success through bidding rounds for capital investment.</p> <p>1.2) Identify and secure funding including Pooled Business Rates (PBR) to develop projects to a point where successful bids can be made for funding through compiling evidence and cases for investment.</p> <p>1.3) Engage with providers of national infrastructure – National Highways for strategic (trunk) roads and Network Rail for rail delivery – to ensure timely delivery of infrastructure projects, and work with partners on advocacy and lobbying with government to secure future investment into the networks.</p> <p>1.4) Review Planning Obligations Standards annually to ensure the county council is able to seek and secure the maximum possible contribution from developers.</p> <p>1.5) Continue to build the relationship with strategic partners including elected representatives, government departments, local enterprise partnerships, regional bodies such as Transport East (the Sub-National Transport Body) and other local authorities to maximise opportunity and work together in the most effective joined-up manner.</p> <p>1.6) Periodically review timescales for S106, and other, funding contributions to ensure they are spent before the end date and take action as required. Periodic reviews for transport contributions and an annual review process for library and education contributions.</p> <p>1.7) Manage risk RM033, Norwich Western Link.</p>										
<b>Progress update</b>										

## Progress update

1.1) Working with Transport East on strategic ambitions including on current projects and our intentions on developing future programmes. Current focus on pipeline projects for RIS3 trunk road programme: A11 Mildenhall, A129 and A14 Copdock Junction. Met DfT officials 4 July to discuss current and potential future programmes

NWL (See RM033): Outline Business Case (OBC) submitted to DfT for approval at end of June 2021. (Addendum submitted Sept 2022.) Awaiting funding confirmation.

Long Stratton Bypass: OBC approved by government July 2021. Planning applications consented by S Norfolk planning committee 15 March 2023.

West Winch Housing Access Road: Government progression to the next stage received 7 July 2022. September Cabinet to be asked to delegate authority to approve OBC.

A47/A17 Pullover Junction King's Lynn: Draft Strategic Outline Case received from WSP. Has been reviewed and progression to the next stage will now be the subject of member decision-making.

Working with partners: Continuing to work with Transport East, districts and other partners.

1.2) PBR funding secured for various projects including Norwich Western Link, West Winch Housing Access Road and A47/A17 Pullover Junction (see 1.1). County levelling-up bid for Southgates, King's Lynn successful, drawing in circa £24m for measures at Southgates and the Gyrotory system (January 23).

1.3) Secretary of State granted Development Consent Orders for dualling A47 Blofield to Burlingham, N. Tuddenham to Easton and Thickthorn. JR Hearing took place 10, 11 May. Judgement in favour of scheme delivery now subject of appeal

A47 Alliance meeting held 26 June. Task and Finish Group overseeing programme of advocacy in the run-up to RIS3 decision. Activities commenced post May local elections

Continuing to work with partners on Norwich to London rail, Ely Task Force and East West Rail Main Line Partnership. Government confirmed commitment to EWR and preferred route alignment between

Continuing to work with partners on Norwich to London rail, Ely Task Force and East West Rail Main Line Partnership. Government confirmed commitment to EWR and preferred route alignment between

Cambridge and Bedford May 2023. Working with Transport East on Transport East Rail Plan and advice on next trunk road programme (see 1.1)

Working with National Highways to deliver improvements at Harfreys Roundabout (now in construction) ahead of completing 3RC and on bringing forward Vauxhall Junction improvement post 3RC

1.4) Standards for 2023 were agreed by Cabinet in June and have been applied to NCC responses to planning applications from 5th June 2023. Work will begin on updating the standards for 2024 at the end of the year and officers are exploring the options to include school transport and review the monitoring fee

1.5) Continuing to work with Transport East: Transport strategy endorsed by NCC Cabinet in November 2022. Working with TE on additional workstreams initiated following three-year funding settlement from DfT.

Liaising and attending various wider partnership groups including with DfT, Network Rail and National Highways on strategic road and rail schemes

Engaging with other authorities on Local Transport Plans

1.6) County Council published 2022 Infrastructure Funding Statement in November 2022 and will start preparing the IFS for 2023 in the autumn. Working with other departments such as Children's Services who collect housing data to develop a SharePoint hub to ensure NCC has as much up to date information to inform the collection of S106 payments. Planning Obligations database will be updated and shared with relevant departments to ensure invoices are raised for S106 payments on time.

1.7) See risk RM033, Norwich Western Link.

<b>Risk Number</b>	RM002		<b>Date of update</b>		19 August 2023					
<b>Risk Name</b>	Income streams									
<b>Portfolio lead</b>	Cllr. Andrew Jamieson			<b>Risk Owner</b>	Harvey Bullen					
<b>Risk Description</b>			<b>Date entered on risk register</b>		01 October 2022					
<p>There is a risk of failure to manage significant reductions to, or insufficient increases in, local and national income streams. This may arise from global or local economic circumstances (i.e. rising inflation), and/or government policy on public sector budgets and funding. As a result there is a risk that the Medium Term Financial Strategy savings required for 2023/24 to 2026/27 are not delivered because of uncertainty as to the scale of savings resulting in significant budget overspends, unsustainable drawing on reserves, and severe emergency savings measures needing to be taken. The financial implications are set out in the Council's Budget Book, available on the Council's website. Overall risk treatment: Treat</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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-24	Amber
<b>Tasks to mitigate the risk</b>										
<p>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 Executive Directors and members.  Regular finance monitoring reports to Cabinet.  Close monitoring of central government grant terms and conditions to ensure that these are met to receive grants.  Plans to be adjusted accordingly once the most up to date data has been received.</p>										
<b>Progress update</b>										

## **Progress update**

County Council on 21.02.22 approved the 2022-23 budget and future Medium Term Financial Strategy 2022-26 taking into account the 2022-23 Local Government Finance Settlement.

The council's external auditors gave an unqualified audit opinion on the 2020-21 Statement of Accounts and were satisfied that the County Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31.03.2021. The External Auditor's opinion on the 2021/22 Statement of Accounts is expected to be reported to the Audit and Governance Committee 07.09.2023.

The absence of a multi-year funding settlement, coupled with continued uncertainty and the further delay of the significant planned reforms for local government finance, represents a major challenge for the Council in developing its Medium term Financial Strategy. Cabinet on 30.01.23 considered and agreed the 2023-24 Revenue Budget and Medium Term Financial Strategy 2023-27 and made recommendations to County Council. On 21.02.23 County Council agreed the 2023-24 Budget, level of council tax and future Medium Term Financial Strategy 2023-27 taking into account the 2023-24 Local Government Finance Settlement.

On 05.07.23 Cabinet considered the proposed approach to 2024/25 Budget Setting and agreed the target level of savings to be found within Departments. On 02.10.23 Cabinet will consider the initial proposals identified to contribute to closing the Council's 2024/25 budget gap, and will begin the process of public consultation. This supports the Council's robust approach to budget setting to deliver a balanced Budget for Council to consider in February 2024.

<b>Risk Number</b>	RM003a		<b>Date of update</b>		17 August 2023					
<b>Risk Name</b>	Information compliance requirements									
<b>Portfolio lead</b>	Cllr.Kay Mason Billig			<b>Risk Owner</b>		Simon Wynn				
<b>Risk Description</b>			<b>Date entered on risk register</b>		01 October 2022					
There is a risk of failing to comply with statutory information compliance requirements (e.g. under GDPR, FOI, EIR) which could lead to reputational damage and financial impact from any fines or compensation sought, and operational inefficiencies within the organisation, and loss of cooperation with external partners (eg. NHS). Overall risk treatment: Treat										
<b>Original</b>			<b>Current</b>			<b>Tolerance Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	3	12	3	3	9	2	3	6	Dec-23	Green
<b>Tasks to mitigate the risk</b>										
<ol style="list-style-type: none"> <li>1. Mandatory Information Governance Training for all colleagues, with ongoing awareness of IG responsibilities for colleagues.</li> <li>2. Information Governance Group and Steering Group occur bi-monthly</li> <li>3. Detailed management information in place to monitor performance</li> <li>4. Two-way relationship with ICO maintained to ensure positive working relationship</li> <li>5. Focus on resource available / required to ensure consistency of service</li> <li>6. Ongoing improvements underway to improve IG operational efficiency and effectiveness.</li> <li>7. Working closely with Digital Services to exploit the technical opportunities as described in RM003b.</li> </ol>										
<b>Progress update</b>										
<p>Mandatory training for Information Governance (Data Protection Essentials) has been live since January 2021 should now have been completed by all colleagues on a 2 year cycle. The migration of the learning platform in April 2022 led to the inability to effectively monitor completion rates until late 2022. The current completion rate achieved 95% in June 2023 following targeted communications and monthly reminders are now being sent by IG until an automated myOracle solution is delivered. A workbook remains in place to match the online training for non-IT users. All NCC employees and anyone accessing NCC data receive IG training.</p> <p>Information Governance Group and the escalation Steering Group comprising the SIRO, DPO, Dir. Digital Services, Audit and Caldicott Guardians continues to meet, occurring bi-monthly to deliver a strong focus and accountability on information related matters. There has been some change in personnel due to departures/moves but this has not impacted the effectiveness of the group.</p> <p>Management information continues to be monitored to allow actions to be taken on activity within the IG team and resource to be appropriately allocated / requested. Performance remains strong in Freedom of Information Requests and Police disclosures. Subject Access Requests (SARs) has seen significant improvements since a single team was created in August 2022 which has seen a 30% reduction in open cases to date and a significant improvement in response times within statutory timescales. Following the</p>										

**Progress update**

which has seen a 30% reduction in open cases to date and a significant improvement in response times within statutory timescales. Following the ICO reprimand in May 2023, we have until November 2023 to update the ICO with progress. Recruitment is now complete with full capacity on board by September. Increasing incoming volumes are a concern which are currently 20% above plan. We continue to look for improvements to process where possible including working with Digital Service to deliver technology solutions to improve performance and reduce risk.

Positive relationship with the ICO in relation to data incidents and responses to subject access request complaints which helps demonstrate a good culture towards information in NCC.

In conjunction with Digital Services, the Electronic Storage Programme underway to reduce risk associated with unstructured information held on Fileshares with the first migrations complete. A schedule of migrations is now planned in 2023 to move departments over to the new storage, with retention labels being a key addition.

These activities will enhance many of the mitigations to a higher standard, reducing the likelihood of occurrence - the impact should anything happen would likely result in local or national media attention, depending on the severity of the issue.

<b>Risk Number</b>	RM003b		<b>Date of update</b>		29 August 2023					
<b>Risk Name</b>	Information and cyber security requirements									
<b>Portfolio lead</b>	Cllr. Jane James			<b>Risk Owner</b>	Geoff Connell					
<b>Risk Description</b>			<b>Date entered on risk register</b>		01 October 2022					
There is a risk of failure to comply with relevant information and cyber security requirements. This would incorporate Public Sector Network Assurance, NHS Data Security and Protection Toolkit, and Payment Card Industry -Data Security Standards which could lead to operational, financial and reputation impact. Overall risk treatment: Treat										
<b>Original</b>			<b>Current</b>			<b>Tolerance Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	3	12	3	4	12	1	3	3	Mar-24	Green
<b>Tasks to mitigate the risk</b>										
<ol style="list-style-type: none"> <li>1. Mandatory Training in place for all colleagues - ongoing. A wider phishing simulation will be delivered in 2023/24.</li> <li>2. Development and monitoring for breaches - ongoing</li> <li>3. Implementation of improved security measures - ongoing</li> <li>4. External networking to ensure best practice - ongoing</li> <li>5. Completing required accreditations - To gain PSN accreditation and Cyber Essentials by Q3.</li> <li>6. Cyber communications campaign to be rolled out from Q1 of 2023/24.</li> </ol>										
<b>Progress update</b>										
<ul style="list-style-type: none"> <li>- Ongoing monitoring of compliance levels with mandatory training for all colleagues.</li> <li>- Implementation of improved security measures e.g. E5 Licencing</li> <li>- Involvement with National cybersecurity organisation</li> <li>- Extensive communications to NCC staff on remaining vigilant against cyber-attacks</li> <li>- Increased take up of IT training;</li> <li>- A simulated phishing exercise, carried out to understand where weaknesses remain;</li> <li>- Roll-out of Safe Links and Safe Attachments technology, which screens MS Office attachments and links before being opened;</li> <li>- Anti-spoofing technology software being introduced.</li> <li>- Cyber comms. campaign (e.g. lockscreen notifications) is being rolled out.</li> </ul> <p>- PSN accreditation will continue while new Government standards are developed. PSN Health Check is complete and submission being finalised for September 2023 recertification.</p>										

**Progress update**

- Microsoft 365 E5 “Defender for Endpoint” and “Defender for Identity” products deployed
- Zero Trust design for laptops is 100% deployed
- NHS DSP Toolkit application for 2023 completed, valid 30 June 2024.

Microsoft Insider Risk Management implementation planned Q3 2023.

Security patches are applied monthly.

- Phishing simulation has been run for digital services and vulnerabilities have been rectified. Phishing simulation for rest of organisation will commence in Q3 2023.

Risk score of 12 at present due to a number of continual threats from the geo-political landscape. The impact should anything happen could result in significant operational and financial impact as well as local or national media attention, depending on the severity of the issue.



<b>Risk Number</b>	RM004		<b>Date of update</b>		20 August 2023						
<b>Risk Name</b>	Contract management for commissioned services.										
<b>Portfolio lead</b>	Cllr. Andrew Jamieson			<b>Risk Owner</b>		Al Collier					
<b>Risk Description</b>			<b>Date entered on risk register</b>		01 October 2022						
There is a risk of failure to deliver effective and robust contract management for commissioned services. Ineffective contract management leads to wasted expenditure, poor quality, failure to achieve anticipated environmental or social benefits, unanticipated supplier default or contractual or legal disputes, and/or reputational damage to the Council. The council spends some £900m on contracted goods and services each year. Overall risk treatment: Tolerate											
<b>Original</b>			<b>Current</b>			<b>Tolerance Target</b>					
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date	
3	4	12	2	3	6	1	3	3	Mar-24	Green	
<b>Tasks to mitigate the risk</b>											
<p>1) New governance arrangements: Stand up the Commissioning and Procurement Leadership Group to add senior rigour to contract and category management across ASS, CS and PH. Ensure similar rigour is ensured for other contracts (ie Non-Light Touch Regime/Provider Selection Regime) via working groups and DLTs. Stand up a Commercial Board for escalation and to endorse significant strategies</p>											
<p>2) New route for procurement pipeline - annual process with additional ad-hoc plans as they arise Approval from new Commercial Board Endorsement from Corporate Board Agreement from Cabinet</p>											
<p>3) Segment all contracts into Gold/Silver/Bronze according to a defined framework. Also agree where certain categories should be promoted to a higher segment than that for individual contract. Record this on contract register</p>											
<p>4) Agree minimum contract management requirements for each segment. Ensure these are monitored regularly at departmental DLTs</p>											
<p>5) Ensure that staff managing contracts participate in relevant contract management training</p>											
<p>6) Procure and implement a new contract management system to automate the current manual processes, and to provide a single repository of contract information which is accessible to all relevant stakeholders across both procurement and departmental commissioners/contract managers</p>											
<p>7) Review arrangements between commissioning departments and procurement - escalation, role boundaries, informal vs formal mechanisms</p>											
<b>Progress update</b>											

## Progress update

- 1) Governance structure agreed by Tom McCabe. Terms Of Reference, Membership, Meeting Frequency etc in place
- 2) To be agreed and implemented through the Governance groups described in (1) above
- 3) Contract segmentation tool finalised. Exceptions will be agreed by Commercial Board. Individual contract segmentation is recorded on contract register.
- 4) Work is underway with a subgroup of CPLG to agree the contract management requirements, and the governance arrangements to ensure robust contract management, and reporting of such to senior department management teams
- 5) Contract Management Pioneer Programme available for 10 free places in early 2023. NCC has been accepted onto the programme and delegates are part way through the programme. Once complete (or maybe sooner) we will consider whether additional staff would benefit from the programme - we would need to pay for further places. Commercial Board has agreed that contract managers will complete the Foundation level of the GCC Contract Management Training
- 6) Commercial Board has agreed to implement the contract management module of In-tend: the system we already use for e-tendering. Project Plan under development.
- 7) Detailed RACI conversations at CPLG have built a basis for process mapping. Process mapping work can now begin, since resource has been procured via the Strategy and Transformation Department

<b>Risk Number</b>	RM006		<b>Date of update</b>		19 August 2023					
<b>Risk Name</b>	Service Delivery									
<b>Portfolio lead</b>	Cllr. Kay Mason Billig			<b>Risk Owner</b>	Tom McCabe					
<b>Risk Description</b>				<b>Date entered on risk register</b>		01 October 2022				
<p>There is a potential risk of failure to deliver our services within the resources available for the period 2023/24 to the end of 2024/25. The failure to deliver agreed savings or to deliver our services within the resources available, factoring in causation such as rising inflation, resulting in the risk of legal challenge and overspends, requiring the need for in year spending decisions during the life of the plan, to the detriment of local communities and vulnerable service users. Overall risk treatment: Treat</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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-24	Green
<b>Tasks to mitigate the risk</b>										
<p>'1) Clear robust framework, ' Better Together, for Norfolk - Business Plan' in place which drives the delivery of the overall vision and priority outcomes. The delivery of a council-wide strategy which seeks to shift focus to early help and prevention, and to managing demand.</p> <p>2) Delivery against the strategic service and financial planning, by translating the vision and priorities into achieved, delivered targets.</p> <p>3) A robust annual process to provide evidence for Members to make decisions about spending priorities.</p> <p>4) Regular and robust in-year financial monitoring to track delivery of savings and manage in-year pressures.</p> <p>5) Sound engagement and consultation with stakeholders and the public around service delivery.</p> <p>6) A performance management and risk system which ensures resources are used to best effect, and that the Council delivers against its objectives and targets.</p>										
<b>Progress update</b>										
<p>Regular budget and performance monitoring reports to Cabinet demonstrated how the Council has delivered against the 2022/23 budgets and priorities set for each of our services, with a balanced outturn position for the year being achieved.</p> <p>The Council has a robust and established process, including regular reporting to Members, which is closely linked to the wider Council Strategy, in order to support the development of future year budget plans taking account of the latest available information about government funding levels and other pressures. This process includes reviewing service budgets and taking into account financial performance and issues arising in the current financial year as detailed in the budget monitoring reports. There is financial monitoring of in-year cost, with monitoring of 2023/24 spend being reported to Cabinet on a monthly basis. There has been an updated MTFs position reported to Cabinet within the year, and there will be a budget setting meeting of Full Council in February 2024, and monitoring reports taken to Cabinet in 2024/25. Savings from the Strategic Review are to be embedded in 2023/24 and work is underway to identify further proposals to contribute to closing 2024/25 gap.</p>										

<b>Risk Number</b>	RM010		<b>Date of update</b>		29 August 2023					
<b>Risk Name</b>	Loss of key ICT systems									
<b>Portfolio lead</b>	Cllr. Jane James			<b>Risk Owner</b>	Geoff Connell					
<b>Risk Description</b>			<b>Date entered on risk register</b>		01 October 2022					
<p>The risk of the loss of key ICT systems including: - Network connectivity; - Telephony; - Microsoft Office &amp; all business systems. Loss of core / key ICT systems, communications or utilities for a significant period - as a result of a cyber attack, loss of power, physical failure, fire or flood, or supplier failure - would result in a failure to deliver IT based services leading to disruption to critical service delivery, a loss of reputation, and additional costs. Ransomware is currently the highest risk cyber security threat. While every effort is made to avoid such a security breach, it is also important to ensure we are able to recover as quickly as possible if we became infected. Overall risk treatment: Treat.</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance Target</b>				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	2	3	6	1	3	3	Mar-24	Green
<b>Tasks to mitigate the risk</b>										
<p>Implement Cloud-based business systems with resilient links for key areas</p> <p>Review and Implement suitable arrangements to protect against possible cyber / ransomware attacks including;</p> <p>Running a number of Cyber Attack exercises with senior stakeholders to reduce the risk of taking the wrong action in the event of a cyber attack</p> <p>We will hold a number of Business Continuity exercises to understand and reduce the impact of risk scenarios</p> <p>WFH has changed the critical points of infrastructure. Access to cloud services like O365 without reliance on County Hall data centres is critical to ensure service continuity.</p> <p>Keep all software security patched and up to date and supported. Actively and regularly review all software in use at NCC and retire all out of date software that presents a risk to keeping accredited to these standards.</p> <p>Continue to closely monitor security processes.</p>										
<b>Progress update</b>										

## Progress update

Ransomware is currently the highest risk cyber security threat. While every effort is made to avoid such a security breach, it is also important to ensure we are able to recover as quickly as possible if we became infected.

### Cyber / Ransomware

To help the Authority recover from ransomware we have purchased and implemented a Microsoft Office 365 backup solution, which will ensure we have a copy of our key data to recover from in the event that our Microsoft Tenant is encrypted. We have also purchased and installed new on storage in our data centre's retaining the old storage, disconnected and switched off so we have a point in time offline backup copy of our some of our most critical data.

We have completed a Phishing Simulation across all of Digital Services to reduce the risk of people being tricked into clicking on a link, these excercises will be regularly run across the authority.

We are regular scanning our environment for vulnerabilities and when identified patching them and we operate a monthly patch night to apply updates to servers and software as patches are released.

e a monthly patch night to apply updates to servers and software as patches are released.

### Future Network

We are now 75% the way through implementing a new network which will reduce the complexity, improve security by contributing to the introduction of zero trust network architecture. We are ensuring we do not increase the risk by dual running the networks together as the new network is delivered.

"Zero Trust" laptop design is 100% rolled out, removing reliance on County Hall infrastructure for all cloud services including Oracle and Office 365, enabling staff to work from anywhere even if County Hall data centres unavailable.

### Guidance

Procurement guidance for purchasing cloud based servcies including security has been refreshed

### Monitoring and Improvement

Since COVID-19 has resulted in the majority of the workforce working from home, we continue to monitor the network to tweak and improve performance. We have moved our Domain Service to help us protect against Denial of Service Attacks.

<b>Risk Number</b>	RM013		<b>Date of update</b>		19 August 2023					
<b>Risk Name</b>	Governance protocols for entities controlled by the Council.									
<b>Portfolio lead</b>	Cllr. Kay Mason Billig			<b>Risk Owner</b> Harvey Bullen						
<b>Risk Description</b>				<b>Date entered on risk register</b>		01 October 2022				
<p>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. The failure of governance leading to controlled entities: Non Compliance with relevant laws (Companies, subsidy control procurement, environmental 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 latest Annual Statement of Accounts. Overall risk treatment: Treat This risk is scored at a likelihood of 1 due to the strong governance in place and an impact score of 4 given the size of the controlled companies.</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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
1	4	4	1	4	4	1	4	4	Mar-24	Met
<b>Tasks to mitigate the risk</b>										
<p>1) All controlled entities and subsidiary companies have a system of governance which is the responsibility of their Board of Directors. The Council needs to ensure that it has given clear direction of it's policy, ambitions and expectations of the controlled entities. The NORSE Group objectives are for Business Growth and Diversification of business to spread risks. Risks need to be recorded on the Group's risk register.</p> <p>2) The shareholder committee should meet quarterly and monitor the performance of NORSE. A member of the shareholder board, the shareholder representative, should also attend the NORSE board.</p> <p>3) The Council holds control of the Group of Companies by way of its shareholding, restrictions in the NORSE articles of association and the voting rights of the Directors. The mission, vision and value statements of the individual NORSE companies should be reviewed regularly and included in the annual business plan approved by the Board. NORSE should have its own Memorandum and Articles of Association outlining its powers and procedures, as well as an overarching agreement with the Council which outlines the controls that the Council exercises over NORSE and the actions which require prior approval of the Council.</p> <p>4) To ensure that governance procedures are being discharged appropriately to Independence Matters. The Director of Strategic Finance's representative attends as shareholder representative for Independence Matters.</p> <p>5) Shareholder representation required from the Director of Strategic Finance on both the Norse, and Repton Boards.</p>										
<b>Progress update</b>										

## Progress update

- 1) There are regular Board meetings, share holder meetings and reporting as required. For NORSE, risks are recorded on the NORSE group risk register.
- 2) The Norse Group follows the guidance issued by the Institute of Directors for Unlisted Companies where appropriate for a wholly owned LA company. The shareholder committee meets quarterly and monitors the performance of Norse. A member of the shareholder board, the shareholder representative, also attends the Norse board.
- 3) The Council has reviewed its framework of controls to ensure it is meeting its Teckal requirements in terms of governance and control. The Director of Strategic Finance is responsible for reviewing the ongoing viability of wholly owned entities and regularly reporting the performance of their activities, with a view to ensuring that the County Council's interests are being protected.  
All County Council subsidiary limited company Directors have been approved in accordance with the Constitution.
- 4) The Director of Strategic Finance directs external governance.
- 5) There is Shareholder representation from the Director of Strategic Finance on both the Norse, and Repton Boards.

<b>Risk Number</b>	RM022b		<b>Date of update</b>		25 August 2023					
<b>Risk Name</b>	Replacement EU Funding for Economic Growth									
<b>Portfolio lead</b>	Cllr. Fabian Eagle			<b>Risk Owner</b>		Chris Starkie				
<b>Risk Description</b>			<b>Date entered on risk register</b>		01 October 2022					
<p>There are two parts to this risk as follows; a) external funding and b) Norfolk businesses a) Risk RM14429 covers the closedown of the France (Channel) England INTERREG programme, managed by NCC. In terms of future external funding, we need to make a compelling case to Government for investment in Norfolk from the UK Shared Prosperity Fund (UKSPF), which replaces EU funding. There is a risk of limited opportunity for future skills funding from the UKSPF that NCC needs to be able to achieve the objectives of the Norfolk Investment Framework. b) We need to understand the implications for Norfolk businesses of the Territorial Cooperation Agreement and work with partners to support Norfolk businesses to trade. Overall risk treatment: Treat</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	3	6	Mar-24	Amber
<b>Tasks to mitigate the risk</b>										
<p>a) Development of Norfolk Investment Framework to target the UK Shared Prosperity Fund (replacement for EU funding).</p> <p>b) Focussed support for business, in conjunction with LEP and Chamber of Commerce.</p>										
<b>Progress update</b>										
<p>a) The Levelling Up White Paper indicates that in the short-term SPF and LU funds will be delivered through Districts. Should a County Deal be agreed, this may change. There is a need to develop a County Deal in order to gain strategic control over key functions and funds, but also to work with districts to maximise strategic use of SPF.</p> <p>Feedback from Stakeholders confirms the need for a NIF. Approach endorsed by the Steering Committee (including Town Deal Board Chairs/Local Authorities/Business Reps/University &amp; Research Institutes and Private Sector).</p> <p>The NIF will identify funding options for delivery from a range of options including SPF and LUF, other national funding pots as well as private sector investment. The NIF has now been developed for delivery themes, that consist of skills, public sector services, business development and climate change.</p> <p>b) There is growth in the economy, but rising inflation and rise of 'cost of goods' and energy pose a risk/ added pressure on businesses at present.</p> <p>Business advice provided by the LEP's Growth Hub, Norfolk Chamber and Federation of Small Business. While these bodies can provide advice, the challenge for businesses is to invest more resource in producing the paperwork that is now required for the import/export of goods, and still generate a profit. Government has introduced measures to help secure more HGV drivers (to replace those lost due to both Brexit and the pandemic) and increase the number of seasonal agricultural workers who can work in the UK.</p>										



<b>Risk Number</b>	RM024		<b>Date of update</b>		24 August 2023					
<b>Risk Name</b>	Great Yarmouth Third River Crossing (3RC)									
<b>Portfolio lead</b>	Cllr. Graham Plant			<b>Risk Owner</b>	Grahame Bygrave					
<b>Risk Description</b>			<b>Date entered on risk register</b>		01 October 2022					
<p>There is a risk of failure to construct and deliver the Great Yarmouth Third River Crossing (3RC) within agreed budget (£121m), and to agreed timescales (construction to be completed early 2023). There is a risk that the 3RC project will not be delivered within budget and to the agreed timescales. Cause: delays during statutory processes put timescales at risk and/or contractor prices increase project costs. Event: The 3RC is completed at a later date and/or greater cost than the agreed budget, placing additional pressure on the NCC contribution. Effect: Failure to construct and deliver the 3RC within budget would result in the shortfall having to be met from other sources. This would impact on other NCC programmes. Overall risk treatment: Treat, with a focus on maintaining or reducing project costs and timescales</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	Jun-23	Amber
<b>Tasks to mitigate the risk</b>										
<p>The project was agreed by Full Council (December 2016) as a key priority infrastructure project to be delivered as soon as possible. Since then, March 2017, an outline business case has been submitted to DfT setting out project costs of £120m and a start of work in October 2020. 80% of this project cost has been confirmed by DfT, but this will be a fixed contribution with NCC taking any risk of increased costs. Mitigation measures are:</p> <ol style="list-style-type: none"> <li>1) Project Board and associated governance to be further developed to ensure clear focus on monitoring cost and programme at monthly meetings.</li> <li>2) NCC project team to include specialist cost and commercial resource (bought in to the project) to provide scrutiny throughout the scheme development and procurement processes. This will include independent audits and contract/legal advice on key contract risks as necessary.</li> <li>3) Programme to be developed that shows sufficient details to enable overall timescales to be regularly monitored, challenged and corrected as necessary by the board.</li> <li>4) Project controls and client team to be developed to ensure systems in place to deliver the project and to develop details to be prepared for any contractual issues to be robustly handled and monitored.</li> <li>5) All opportunities to be explored through board meetings to reduce risk and programme duration.</li> <li>6) An internal audit has been carried out to provide the Audit Committee and management with independent assurance that the controls in place, to mitigate, or minimise risks relating to pricing in stage 2 of the project to an acceptable level, are adequate and effective and operating in practice.</li> </ol>										
<b>Progress update</b>										

## Progress update

Progress against actions are: 1) Project board in place. Gateway review highlighted a need to assess and amend board attendance and this has been implemented. A gateway review was completed to coincide with the award of contract decision making - the findings have been reported to the project board (there were no significant concerns identified that impact project delivery). Internal audit on governance report finalised 14 August 2019 and findings were rated green. Further gateway review completed summer 2020 ahead of progressing to next stage of contract (construction). May 23 – Ongoing reporting to Board includes budget updates and programme reviews (see 3 below). 2) Specialist cost and commercial consultants appointed and continue to review project costs. The Commercial Manager will continue to assess the project forecast on a quarterly basis, with monthly interim reporting also provided to the board. No issues highlighted to date and budget remains sufficient. A further budget review was completed following appointment of the contractor. The full business case was developed and submitted to DfT at end of September 2020 - the project is still at agreed budget. May 23 – Main project remains within original budget, however additional cost/budget implications of WW2 bomb explosion are being considered. August 23 - Review of WW2 bomb repair scope of works and cost ongoing (subject to non-material change to DCO) 3) An overall project programme has been developed and is owned and managed by the dedicated project manager. Any issues are highlighted to the board as the project is delivered. The start of DCO examination was 24 September 2019, with a finish date on 24 March 2020. The approval of the DCO was confirmed on 24 September 2020 (no legal challenge). Construction started on 4 January 2021 as planned. Nov 22 - Latest forecasting of completion is June 2023 (reported to Board). Feb 23 - Explosion on site of UXO has resulted in slight delay that is being assessed, but expect opening still by June 23. March 23 - The major milestone of receiving delivery and lifting the bridge leaves into place was completed on 23 March. May 23 – Overall programme delayed due to works to complete bascule chambers. Summer 23 completion reported. August 23 - programme to bring bridge into operation for navigation Sept 23, with full opening early October. 4) Learning from the NDR the experience of commercial specialist support was utilised to develop contract details ahead of the formal commencement of the procurement process. Further work fed into the procurement processes (and competitive dialogue) with the bidders. The commercial team leads were in place from the start of the contract (January 2019) and continue in this role to manage still by June 23. March 23 - The major milestone of receiving delivery and lifting the bridge leaves into place was completed on 23 March. May 23 – Overall programme delayed due to works to complete bascule chambers. Summer 23 completion reported. August 23 - programme to bring bridge into operation for navigation Sept 23, with full opening early October. 4) Learning from the NDR the experience of commercial specialist support was utilised to develop contract details ahead of the formal commencement of the procurement process. Further work fed into the procurement processes (and competitive dialogue) with the bidders. The commercial team leads were in place from the start of the contract (January 2019) and continue in this role to manage contract administration. March 22 - Construction inflation is being closely monitored, but is not currently impacting the overall budget provisions. August 23 - Budget for main works remains on target, however cost of WW2 bomb repairs to quay wall and quay still being assessed. 5) The project board receives regular (monthly) updates on project risks, costs and timescales. A detailed cost review was delivered to the board ahead of the award of the contract (following the delegated authority agreed by Full Council), and took into account the contractors tender pricing and associated project risk updates. The project currently remains on budget, however the programme to complete the works and open the scheme in early 2023 has been delayed slightly to June 2023. Feb 23 - The wider implications of UXO explosion on site are still being assessed, but main works continuing. March 23 - Completion of the bridge leaf installation removes a key risk for the project. May 23 – Main works to be completed in summer 23, however works package to repair quay wall also being developed and will take longer. 6) The further internal audit has been concluded and a report circulated. Findings were green with only one minor observation (already actioned).

<b>Risk Number</b>	RM027		<b>Date of update</b>		29 August 2023					
<b>Risk Name</b>	myOracle									
<b>Portfolio lead</b>	Cllr. Jane James			<b>Risk Owner</b>	Harvey Bullen					
<b>Risk Description</b>				<b>Date entered on risk register</b>		01 October 2022				
<p>There is a risk of failure of the new Human Resources and Finance system whereby key operational processes don't deliver the required outcomes for the organisation and its' traded services customers. Cause: System build, poor process for implementation, inadequate training for self service. Event: Operational processes not delivering to the processes required. Effect: Potential reduced employee satisfaction and potential risks to employee retention. New employees not being onboarded quickly enough. Overall risk treatment: Treat</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	4	8	4	2	8	2	2	4	Mar-24	Amber
<b>Tasks to mitigate the risk</b>										
<ol style="list-style-type: none"> <li>1) Strong subject expert engagement in the system configuration to ensure that myOracle meets the needs of the organisation.</li> <li>2) Ensure that plans / workarounds are in place to mitigate any residual risks from any issues arising.</li> <li>3) Ensure that we have the resource in place to be able to deal with any issues as they arise.</li> <li>4) Increased cadence of senior stakeholder engagement to address any issues arising within operational areas.</li> <li>5) Director level agreement to award third parties support contract.</li> <li>6) Engaging with other LA's via a peer review to look at other Oracle cloud implementations.</li> <li>7) Extend manager helpline until December 2023.</li> </ol>										
<b>Progress update</b>										
<ol style="list-style-type: none"> <li>1) The implementation of MyOracle is live (as of 13th April 2022) and any issues arising are being managed as a BAU exercise post mobilisation.</li> <li>2) Support team and business teams focused on the identified system and process fixes required and plans/workarounds in place to mitigate those risks - some of the more complex issues have taken longer than predicted to resolve, affecting technology exploitation</li> <li>3) Team in place to rectify issues as they are reported and governance in place to manage business and supplier escalations as required</li> <li>4) Currently progressing procurement exercise to on-board 3rd party support partner call-off contract to aid with specialist more complex areas</li> <li>5) Scheduled post implementation review with Oracle this summer (Aug 2023)</li> <li>6) Head of Service in place and working closely with key stakeholders to address pressure points - alongside peer reviews with other Local Authority implementations.</li> <li>7) Budget agreed and staffed for helpline. Moved to support model from 1st July 2023.</li> </ol>										

<b>Risk Number</b>	RM029	<b>Date of update</b>	03 August 2023							
<b>Risk Name</b>	Critical skills required for the organisation to operate effectively									
<b>Portfolio lead</b>	Cllr. Kay Mason Billig	<b>Risk Owner</b>	Derryth Wright							
<b>Risk Description</b>				<b>Date entered on risk register</b>	01 October 2022					
<p>There is a risk that a range of critical new/future skills are not available within NCC in the medium to longer term. The lack of these skills will create problems for, or reduce the effectiveness of service delivery. An inability or failure to consider/identify these until they are needed will not allow sufficient time to develop or recruit these skills. This is exacerbated by: 1.The demographics of the workforce (ageing) 2.The need for changing skills and behaviours in order to implement new ways of working including specialist professional and technical skills (in particular IT, engineering, change &amp; transformation; analytical; professional best practice etc) associated with the introduction or requirement to undertake new activities and operate or use new technology or systems - the lack of which reduces the effective operation of NCC . 3.NCC's new delivery model, including greater reliance on other employers/sectors to deliver services on our behalf 4.Significant changes in social trends and attitudes, such as the use of new technology and attitudes to the public sector, which may impact upon our 'employer brand' and therefore recruitment and retention 5.Skills shortages in key areas including social work and teaching 6.Improvements to the UK and local economy which may impact upon the Council's ability to recruit and retain staff. 7.Government policy (for example exit payment proposals) and changes to the Council's redundancy compensation policy, which could impact upon retention, particularly of those at more senior levels and/or older workers. 8. Improvements in T&amp;C in other sectors making the NCC employment deal less attractive/providing fewer points of difference e.g. more flexibility of work in other industries, greater gap on pay Overall risk treatment: Treat</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	4	12	2	4	8	Mar-24	Amber
<b>Tasks to mitigate the risk</b>										

- \*Identification of what new critical skills are required in services – using workforce planning process and toolkit. As each directorate makes their changes to make savings / manage demand.
- \*Identification of pathways to enable employees to learn, develop and qualify into shortage areas – As each directorate makes their changes to make savings / manage demand
- \*Creation of career families and professional communities, providing visible and clear career paths for colleagues.
- \*Embedding a strengths based approach to performance management e.g. Recruit for strengths not just qualifications and skills and experience - supported by career families activity which will harmonise job descriptions
- \*Explore further integration with other organisations to fill the gaps in our workforce
- \*Develop talent pipelines working with schools, colleges and universities
- \*Undertake market rate exercises as appropriate and review the reward package to support attraction and retention
- \*Develop the use of apprenticeships and early career schemes; this will help grow talent and act as a retention tool
- \*Work with 14 – 19 providers and Higher Education providers to ensure that the GCSE, A level and Degree subjects meets the needs of future workforce requirements
- \*Implementation of new workforce strategy that will lead to improved workforce planning
- \*develop our employee value proposition and employer brand to improve attraction of people with the skills we need

### **Progress update**

1. Working with education providers to ensure subjects meet future workforce requirements and students see a career in local government as an exciting option
2. Work has begun to make best use of the 'skills' facility in the new Oracle system. It will take time to understand how best to use the functionality but it is planned to help with finding people within NCC with skills not usually associated with their role, as well as providing easy reporting on professional registrations. This functionality is dependent on completion of career families work which is a long term project.
3. Work on how to use the full Talent module in Oracle will commence during 23/24
4. A digital skills learning and development strategy has been developed and resourced. This is a HR and Digital Services partnership activity. Activity has commenced and will continue to be delivered across 23-25.
5. Mandatory training policy is live and has been socialised. Work is ongoing to enable notifications to be sent to employees that are due/overdue on their training to support compliance. A review of our approach to and prioritisation of mandatory training areas for focus will take place in 2023.
6. NCC careers website has been refreshed
7. Workforce strategy has been agreed and delivery begun. It identifies a number of themes that will support recruitment and retention of employees with the skills we need to be a successful organisation including refreshing our employer brand and development of clear career families
8. Changes to the organisational design and structure have been implemented
9. Where a need is identified specific recruitment and marketing campaigns are developed and socialised to support attraction to hard to fill roles e.g. 'We Care' campaign
10. Our reward offer is reviewed regularly to identify additional areas that would support attraction and retention. e.g. introduction of mileage loan, electric vehicle lease scheme.
11. Work has begun on the career families and pay and reward review projects
12. Wellbeing strategy has been agreed and actions to implement begun

<b>Risk Number</b>	RM030		<b>Date of update</b>		24 August 2023					
<b>Risk Name</b>	Non-realisation of Children's Services Transformation change and expected benefits									
<b>Portfolio lead</b>	Cllr. Penny Carpenter			<b>Risk Owner</b> Sara Tough						
<b>Risk Description</b>				<b>Date entered on risk register</b>		01 October 2022				
<p>There is a risk of the non-realisation of Children's Services Transformation change and expected benefits, encompassing the risk that Children's Services do not experience the expected benefits from the transformation programme. Outcomes for children and their families are not improved, need is not met earlier and the increasing demand for specialist support and intervention is not managed. Statutory duties will not be fully met and the financial position of the department will be unsustainable over time. Overall risk treatment: Treat</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	5	5	Mar-24	Amber
<b>Tasks to mitigate the risk</b>										
<p>1) A demand management and prevention strategy and associated business cases have been completed and a multi-year transformation programme has been established covering social care and education, with 5 key strategic themes: Inclusion, Prevention and Early Intervention, Effective Practice Model, Edge of Care Support and Alternatives to Care, and Transforming the Care Market.</p> <p>2) Significant investment has been provided to delivery transformation including c. £2m pa transformation investment fund since 2018-19 and £120m for capital investment in Specialist Resource Bases and Specialist Schools</p> <p>3) A single senior transformation lead, operational business leads and a transformation team have been appointed / aligned to direct, oversee and manage the change</p> <p>4) Regular governance structures in place through the Cabinet Member chaired Transformation and Benefits Realisation Board to track and monitor the trajectories of the programme benefits, risks and issues</p> <p>5) Services from corporate departments are aligned to provide support to transformation change e.g. HR, Comms, IT, Finance, Information and Analytics, Innovation, etc</p> <p>6) Interdependencies with other enabling transformation programmes e.g. Smarter Working will be aligned to help maximise realisation of benefits.</p>										
<b>Progress update</b>										

## Progress update

Scoring rationale - Risk impact relates to outcomes for children and families not being met, a key county council objective and financial loss of benefits over £3m therefore scored 5. Risk likelihood has reduced from "probable" prior to programme being initiated to "possible" as the transformation programme is seeing initial success after first 48 months of the programme, therefore scored 3.

August 2023 update:

- The investment in transformation has proved successful since 2018/19 having met existing targets for specific schemes albeit in the context of overall dept overspends
- Overall programme broke even in April 2021 and has delivered gross savings of £67m, net savings of £50m up to 2022/23. Target for 23/24 stands at £16m
- Programme has helped to mitigate the cost pressures for 2022/23 that resulted due demand related pressures for Transport and Placement budgets
- Core indicator of number of Children in Care is broadly stable. Unit costs are under considerable pressure due to the cohort with the very highest and most complex needs continuing to grow as a proportion of all children looked after. The pandemic continues to have a substantial impact e.g. delays in the court system and the impact of hidden harm on CYP. Examples of other factors are; lack of supply of placements, worsening of emotional wellbeing and mental health amongst children, young people and parents, impact of inflation on families and services such as transport, ongoing shortages of staff in key professional specialisms A number of existing transformation projects are in train to support these young people more effectively and reduce unit costs over the medium term.
- A 3-5 year strategy and financial plan to outline the next phase of transformation is under development, including the implementation of Childrens Social Care Reform, alongside the development of a strategic sufficiency business case, including a whole council focus on the recruitment and retention of foster carers. An update is being taken to Informal Cabinet on 4 September.

<b>Risk Number</b>	RM031		<b>Date of update</b>		24 August 2023					
<b>Risk Name</b>	NCC Funded Children's Services Overspend									
<b>Portfolio lead</b>	Cllr. Penny Carpenter			<b>Risk Owner</b>	Sara Tough					
<b>Risk Description</b>			<b>Date entered on risk register</b>		01 October 2022					
There is a risk that in-year pressures from service demand and other external factors beyond the department's control materialise and lead to a significant overspend. Risk Treatment: Tolerate										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	3	5	15	Mar-24	Amber
<b>Tasks to mitigate the risk</b>										
<p>1. Transformation programme in place that targets improvement to operating model, ways of working, and placement &amp; sufficiency to ensure that intervention is happening at the right time, with the right children and families supported, with the right types of support, intervention &amp; placements. This will result in improved value for money through ensuring that money is spent in the right places, at the right times with the investment in children and families resulting in lower, long-term costs.</p> <p>2. Improved monitoring system implemented to identify, track and respond to financial challenges.</p> <p>3. Cohorts will be regularly analysed to ensure that all are targeted appropriately and to develop new transformation initiatives to meet needs cost effectively.</p> <p>4. Further recognition of underlying budget pressures, including pandemic-related additional budget pressures, within recent NCC budgets and within the MTFs, including for front-line placement and support costs (children looked after, children with disabilities and care leavers), operational staffing, and home to school transport for children with SEND.</p> <p>5. Local First Inclusion programme in place (supported by the Safety Valve deal) that has planned for additional spend in mainstream schools to support children with high level SEND to remain within them, where it is appropriate for them to do so, and enabling the achievement of good outcomes. This investment acts as a key driver to the long-term aim of returning the DSG to an in-year balanced budget and, subsequently, to repay the cumulative deficit, through mitigating the need for further expansion of special schools (above planned increases) or independent provision.</p>										
<b>Progress update</b>										



## Progress update

Scoring rationale - Risk impact relates to financial impact of over £3m, therefore scored 5. Risk likelihood has reduced to probable from "almost certain" following the additional, significant pressures funding allocated within the 2023-24 budget that has significantly mitigated the risk of in-year overspends.

August 2023 update:

- Improved monitoring systems and financial oversight have become embedded
- Multiple Transformation projects been successfully delivered over the past 5 years that will contribute to mitigate this risk, including, for example, transformation of our social care operating model, the embedding of New Roads, the introduction of our Targeted Youth Support Services; significant savings have been evidenced and are projected to continue whilst outcomes have been improved
- Children Looked After numbers have reduced significantly since January 2019 through to 2022, which resulted in reduced overall placement costs. However, unit costs have been under considerable pressure due to external market forces, significant inflationary and National Living Wage increases. There are a number of transformation projects aimed reduce unit costs over the medium term.
- The LA has been more successful at supporting families to stay together and keeping the number of children looked after remained stable for much of 22-23, with the exception of unaccompanied asylum seeking children for whom the LA receives additional Government funding; this bucked the national trends, though there was a small increase seen at the end of the year that will be kept under close review for 23-24
- There are a wide range of factors that have impacted on the financial pressures faced by Children's Services nationally, including unit costs are increasing significantly due to the cohort with the very highest and most complex needs continuing to grow as a proportion of all children looked after. The pandemic continues to have a substantial impact e.g. delays in the court system and the impact of hidden harm on CYP. Examples of other factors are; lack of supply of placements, worsening of emotional wellbeing and mental health amongst children, young people and parents, impact of inflation on families and services such as transport, ongoing shortages of staff in key professional specialisms.
- A 3-5 year strategy and financial plan, including the implementation of Children's Social Care Reform, alongside the development of a strategic sufficiency business case, is under development, including a whole council focus on the recruitment and retention of foster carers. An update is being taken to Informal Cabinet on 4 September.
- As at period 4, the department is reporting a balanced position, some cost pressures have emerged, but are currently able to be managed with existing resources.

<b>Risk Number</b>	RM032		<b>Date of update</b>		03 August 2023					
<b>Risk Name</b>	Capacity to manage a large or multiple incidents or disruptions to business									
<b>Portfolio lead</b>	Cllr. Kay Mason Billig			<b>Risk Owner</b>		Sarah Rhoden				
<b>Risk Description</b>			<b>Date entered on risk register</b>		01 October 2022					
<p>NCC is affected by an internal or external incident/emergency that impacts on the authority's ability to deliver critical services. This could be internal threats such as loss of IMT or power or external impacts such as supporting the countywide response to Norfolk's Highest risk such as Coastal flooding or pandemic flu. There is a risk of a large scale incident or series of incidents that cause potential negative impacts on the reputation, resources or financial stability, that affect NCC's ability to deliver it's services.</p> <p>There are a number of ongoing situations which are compounding this risk.</p> <ol style="list-style-type: none"> <li>1. Energy providers issue of reasonable worst case scenario for power national power outages.</li> <li>2. Seasonal weather risks.</li> </ol>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	4	16	3	3	9	3	2	6	Aug-23	Amber
<b>Tasks to mitigate the risk</b>										
<ol style="list-style-type: none"> <li>1) Maintain the Corporate Resilience Plan.</li> <li>2) Maintain a robust Business Continuity process, including training and exercising.</li> <li>3) Having the appropriate groups in place to be able to support and manage any response to an incident causing business disruption.</li> <li>4) Supporting and embedding of Business Continuity looking at best practice to support the operational delivery of services.</li> <li>5) Further training planning for both BC and Emergency Planning.</li> <li>6) Active engagement and participation in the Norfolk Resilience Forum.</li> <li>7) On going review of winter risks</li> <li>8) Member of the NRF and attendance at weekly Norfolk Risk Intelligence Group (RIG) meetings</li> <li>9) NRF Plans and procedures in place, including training and exercising</li> </ol>										
<b>Progress update</b>										
<p>The BC process and emergency response mechanisms are in place and enabled within NCC, support is in place from the Resilience team who deliver 24/7 response support.</p> <p>Current BC stats = 85% of NCC plans reviewed and 81% plans have been exercised.</p> <p>for situational awareness the Norfolk Resilience Forum (NRF) has in place weekly Risk Intelligence Group (RIG) meetings.</p> <p>Due to global and national uncertainty, pre-emptive planning is on going to look at the risks that NCC and Norfolk will face, these will include:</p> <p>seasonal weather - surface flooding, wild fires and drought. Health issues- pressure in care systems, outbreaks, re-emergence of COVID, Hospital roof collapse and care home failure. Cost of living impacts. Disruption to power or communications systems, Industrial Action, Animal Health outbreaks, Cyber attacks. Current weather related risks are Yellow drought, Yellow wild fires. Resilience Team are working on updates to the tactical (Silver) delivery within NCC.</p>										

<b>Risk Number</b>	RM033		<b>Date of update</b>		24 August 2023					
<b>Risk Name</b>	Norwich Western Link Project									
<b>Portfolio lead</b>	Cllr. Graham Plant		<b>Risk Owner</b>		Grahame Bygrave					
<b>Risk Description</b>			<b>Date entered on risk register</b>		01 October 2022					
<p>There is a risk that the NWL project could fail to receive funding approvals from the Department for Transport (DfT), and/or statutory approvals necessary within the necessary timescales to achieve the Orders to construct the project (related to planning consent, land acquisition, highway orders) to enable the Norwich Western Link (NWL) project (at £251m) to be delivered to the agreed timescales (target opening by late 2025). Cause: Objection to the project (particularly related to environmental impacts) that results in either DfT or Secretary of State failing to provide the necessary approvals for the funding/Orders. Event: The scale of the project and the funding requirement from DfT (at 85%) is such that without their funding contribution, it will not be possible to deliver the project. Without the necessary Orders in place, it will not be possible to deliver the project. Effect: The benefits that the project would bring in terms of traffic relief, accommodating growth in housing and employment, economic recovery and journey time savings would not be achieved. If ultimately the project does not get constructed there is the possibility that any funding already provided by DfT would need to be repaid and that the capital expenditure up to that stage could need to be repaid from revenue funds (as there would be no capital asset to justify the use of capital funding). Overall risk treatment: Treat</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	4	4	Sep-24	Amber
<b>Tasks to mitigate the risk</b>										
<p>1. Work closely with DfT to resolve any queries related to the OBC approval. 2. Ensure programme dates for statutory approvals are achieved and submission details are legally checked. 3. Develop strong team resource to ensure well developed submissions for statutory processes (including public inquiry) are provided. 4. Provide regular updates to the project board to ensure any issues related to programme, cost and risk are reported. 5. Monitor scale of expenditure prior to Secretary of State approval to ensure any potential financial implications can be accommodated within the NCC financial envelope.</p>										
<b>Progress update</b>										

## Progress update

1. OBC submitted to DfT for approval at end of June 2021. Awaiting funding confirmation, but timescale to be confirmed. July 2022 - Report approved by Cabinet (includes revised timescales and budget - 85% DfT contribution retained in OBC addendum submitted to DfT (approval ongoing). Feb 23 - DfT funding approval still awaited, but no further requests for info received from DfT. March 23 - No funding announcement in March Budget Statement. May 23 - Still no decision from DfT, but no further work required to OBC. Awaiting outcome of Treasury review of funding nationally. Aug 23 - Still awaiting Treasury review outcome and DfT announcement.

2. Programme being reviewed to ensure realistic timescales for pre-planning application consultation and planning submissions are in place (to be agreed by the project board). July 2022 - Timescales updated in Cabinet report and agreed. Sept 22 - Govt mini-budget on 23rd Sept set out fast-tracking of projects, including NWL. Details awaited to understand any implications. Jan 23 - No further details from (different) government re fast-tracking. Feb 23 - Timescales for planning application submission will be updated in Spring 23 Cabinet report (date TBC). May 23 - Awaiting OBC decision is continuing to delay planning application process (and Cabinet approvals). Report to be taken to Cabinet asap following OBC decision. Aug 23 - Report taken to Cabinet in July setting out reduced activity on project whilst awaiting DfT funding decision.

3. Resource review in progress to ensure the team structure is suited to the next phases of the project. July 2022 - Team structure in place with some gaps in resource being resolved, but very challenging employment market conditions. Sept 22 - maintaining resources on project is proving challenging. Ongoing recruitment and discussions with WSP. Feb 23 - Resourcing remains challenging, but is an issue within construction sector generally. Aug 23 - Continuing resource issues, notably at Engineer/Project Engineer level.

4. Project board meetings in place and risk, programme, cost regularly reported. July 2022 - All details updated in Cabinet report and cost, risk and programme will be monitored by Board based on Cabinet report. Sept 2022 – Board closely monitoring budget including inflation/economic implications. May 23 - Delays to project OBC decision reported to project board. Implications will continue to be considered and reported to Cabinet.

5. Section 151 officer updated on expenditure to date at project board and is comfortable that any potential cost/budget implications could be accommodated within the NCC financial envelope. July 2022 - Details in Cabinet report agreed with s151 officer and budget recommendation and implications accepted by Cabinet and Full Council on 19 July. January 2023 - Still awaiting DfT OBC approval (following November 2022 budget statement). Feb 2023 - Still no decision from DfT. March 2023 - Still no DfT decision. April 2023 - Report to be presented to Cabinet June 2023 to update on project (also to address DfT funding position). May 23 Report now planned for July 2023 Cabinet, to consider implications of ongoing delay to DfT OBC approval. August 23 - Report agreed by Cabinet, reducing activity whilst awaiting OBC approval.

<b>Risk Number</b>	RM034	<b>Date of update</b>	24 August 2023
<b>Risk Name</b>	Supply Chain Interruption		
<b>Portfolio lead</b>	Cllr. Kay Mason Billig	<b>Risk Owner</b>	Al Collier
<b>Risk Description</b>	<b>Date entered on risk register</b>		01 October 2022

There is a risk of a supply chain interruption, which could affect any of the Council's supply chains. This could take the form of either a sudden or gradual interruption, affecting the ability to deliver one or more services effectively. Cause: Examples of sudden interruptions include; loss of power; loss of supplies due to panic-buying (fuel being the prime example with knock-on effects); supplier insolvency; inability to replace critical components. Examples of gradual interruptions include; a gradual inability to recruit key in-demand staff (e.g. drivers & care workers); a gradual material shortage (e.g. construction materials); inflation; industrial action; staff absence owing to Covid-19 / seasonal flu, gradually contracting labour markets. Event: The materialisation of a sudden or a gradual interruption or degradation of a NCC supply chain. Effect: Different causes will generate different effects, but the common effect would be a disruption to service delivery stemming from the interruption of the supply chain involved. This could have knock on effects to other services depending on the interconnectedness / scale of the supply chain. Overall risk treatment: Tolerate (treating with general mitigations)

Original			Current			Tolerance 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	4	3	12	3	2	6	Mar-24	Amber

#### Tasks to mitigate the risk

For loss of power:

- 1) Understanding power resilience of County Hall
- 2) Understanding failover if we lost County Hall power
- 3) Reviewing plans for simultaneous loss of power or gas to multiple sensitive sites, e.g. care homes.
- 4) Thinking through command and control in case of widespread power loss

For fuel:

- 5) Sending out a de-brief form to all involved in the fuel disruption (NCC) and the Resilience team will collate the returns. This will inform changes to the NCC approach and potentially update the Corporate plan. Our work will feed into the wider NRF de-brief to the NRF plan.

For food:

- 6) Consideration of academies and our role with free school meals.
- 7) Maintain good relationships with key suppliers.

For supplier insolvency:

- 8) Formalising tiering of contracts

For critical spares:

- 9) Work with providers to ensure there is adequate support to just in time (JIT) deliveries (contingency stock of critical spares).

For IT:

- 10) Ensure IT refresh is considered and appropriate stock pre-ordered.

General mitigations against sudden major disruptions include:

Early warning and trigger points

Supply diversity

Supplier relationships

Public sector resource pooling

Effective plans

**Progress update**

## Progress update

For loss of power:

- 1) Power resilience understood.
- 2) Resilience of Disaster Recovery site understood.
- 3) This is being looked at via normal BAU winter preparedness. Resilience Reps and DMT's are supported by the Resilience Team to review BC plans.
- 4) Command and control will follow existing processes. Any issues to be reported by department and escalated to appropriate response level (Silver/Gold) to manage the NCC response. If beyond NCC the NRF will be activated to respond.

For fuel:

- 5) Resilience Team have sent out a de-brief form to all involved in the fuel disruption (NCC) and has collated the returns. We have collated learning and now the Resilience Team are looking at the delivery of an operational plan to help deliver fuel to critical services and have created a BC exercise for services to work through their fuel issues and supply needs.

For food:

to critical services and have created a BC exercise for services to work through their fuel issues and supply needs.

For food:

- 6) Work to be carried out with providers to ensure they think about support to just-in-time deliveries (contingency stock of basics).
- 7) Close communication and good relations being upheld with key suppliers of food.

For supplier insolvency:

- 8) Tiering of contracts being formalised.

For critical spares:

- 9) Ongoing work with providers to ensure adequate support is available for JIT deliveries.

For IT:

- 10) Laptops for next round of IT refresh pre-ordered and in supplier's warehouse.

Further detail of the wider resilience work being undertaken to help prevent supply chain interruption can be seen in risk RM032.

<b>Risk Number</b>	RM035		<b>Date of update</b>	19 August 2023						
<b>Risk Name</b>	Adverse impact of significant and abnormal levels of inflationary pressure on revenue and capital budgets									
<b>Portfolio lead</b>	Cllr. Andrew Jamieson		<b>Risk Owner</b>	Harvey Bullen						
<b>Risk Description</b>			<b>Date entered on risk register</b>	01 October 2022						
<p>There is a risk that significant and abnormal levels of inflationary pressure persist for an extended period of time with a negative impact on both the Council's revenue budget and capital programme. Unusually high levels of inflation across various sectors are being experienced, driven by a number of economic and other factors which are entirely outside the council's control. Forecasts are increasingly suggesting that this situation is likely to persist for a protracted period. There is a risk that this level of inflation will have very significant impacts across several areas of the council including: - Increasing demand for a range of support and services including hardship funds as the cost of living and inflationary pressures impact on wider society. - Direct impact of inflationary pressures on revenue pay budgets - pay awards for 2023-24 and 2024-25 in excess of the level which has been assumed in the budget / MTFs. - Direct impact of inflationary pressures on non-pay revenue budgets including energy and fuel costs. - Direct impact of inflationary pressures on the Capital Programme including the cost of construction for various schemes. This is significantly reducing the Council's purchasing power and creating significant challenges for programme management and scheme delivery. Risk Treatment: Tolerate (overall levels of inflation are outside of the Council's control), but treating the aspects that the Council is in a position to control.</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	5	5	25	5	3	15	May-23	Green
<b>Tasks to mitigate the risk</b>										
<p>1) Close budgetary control 2023-24 - Monitoring budgets and emerging pressures during the financial year, reviewing activity levels and pressures in order to mitigate and minimise these as far as possible as part of regular budget monitoring and management processes. Where pressures cannot be avoided / mitigated, identifying alternative off-setting savings and / or funding (such as from business risk reserves) to deliver a balanced budget position for 2023-24.</p> <p>2) Setting 2024-25 Budget - Developing the 2024-25 Budget to provide as far as possible for known and unavoidable cost pressures, and identifying further income or off-setting savings initiatives to ensure that a robust and achievable Budget can be considered by Full Council in February 2024.</p> <p>3) Reviewing capital programme - Review of cost estimates, forecasts and profiling of major projects. The Council will monitor this risk and review the potential pressures on the capital programme and proactively manage the schemes, deferring some schemes where possible to minimise the impact of inflation and continue to deliver the capital programme within the budget available. The impact of cost pressures on the capital programme forecast will be picked up as part of the regular capital monitoring process during 2023-24 and as part of setting the 2024-25 Capital Programme.</p> <p>4) Articulating the financial challenges faced by the Council to Government and other stakeholders - The Council's work to ensure that sufficient funding allocations are provided / available will include responses to Government consultations, funding announcements, discussions about the 2023-24 pay award, and other engagement.</p>										

## **Progress update**

- 1) Budget monitoring and reporting of variances, risks and mitigations to Cabinet is underway in respect of 2023-24.
- 2) Budget process is underway for 2024-25 including identification of saving proposals for consideration by Cabinet in October 2023. Further savings required to close forecast budget gap and work underway to identify and validate cost pressures.
- 3) Monitoring of Capital Programme underway in respect of 2023-24 and reported to Cabinet. Review of capital programme profiling is continuing at pace and development of new schemes for 2024-25 programme is being considered in context of wider position.
- 4) Ongoing engagement including formal consultation responses and ad-hoc opportunities.



<b>Risk Number</b>	RM036		<b>Date of update</b>		25 August 2023					
<b>Risk Name</b>	Non-Delivery of the Environmental Policy									
<b>Portfolio lead</b>	Cllr. Eric Vardy			<b>Risk Owner</b>	Steve Miller					
<b>Risk Description</b>			<b>Date entered on risk register</b>		01 October 2022					
<p>There is a risk of not delivering the key objectives of the NCC environmental policy. This could stem from not achieving the key objectives within our control to deliver. These include; achieving Net Zero Across the County Council Estate by 2030, working in partnership across the County, especially through the Norfolk Climate Change Partnership on the delivery of; the Climate Action Plan, major environmental infrastructure projects; sustainable travel projects; the 1 Million Trees for Norfolk project; the Pollinator Action Plan as well as continued roll out of LED streetlighting upgrades and implementation of the EV strategy. Event: Non-delivery of the key objectives. Effect: This could lead to greater potential for increased damage to the local and global environment. Overall risk treatment: Treat</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	4	16	3	3	9	2	2	4	Mar-25	Green
<b>Tasks to mitigate the risk</b>										
<ol style="list-style-type: none"> <li>1) Achieve Net Zero across NCC Estates by 2030.</li> <li>2) Develop and deliver Climate Action Plan through Norfolk Climate Change Partnership.</li> <li>3) Delivery of major environmental infrastructure projects for example Wendling Beck.</li> <li>4) Delivery of all of the major transport infrastructure projects including ZEBRA.</li> <li>5) Delivery of the 1 Million Trees for Norfolk project.</li> <li>6) Delivery of the Pollinator Action Plan.</li> <li>7) Rollout of 15k LED lights by the end of 2023</li> <li>8) Rollout of electric vehicles</li> </ol>										
<b>Progress update</b>										
<p>Regular reporting cycles are already established for each of the key objectives.</p> <ol style="list-style-type: none"> <li>1) Digital dashboard established and strong delivery against scope 1 and 2 emission targets.</li> <li>2) Development work ongoing with Norfolk Climate Change Partnership. A number of strategic workshops are taking place in the third quarter of 22/23 which will inform the direction and content of the climate action plan.</li> <li>3) Strong progress to date with all key environmental infrastructure projects on schedule.</li> <li>4) Sustainable transport projects progressing well and major investment in ZEBRA scheme and cycling and walking programmes secure.</li> <li>5) Delivery of 1 Million Trees project progressing positively with plan in place to accelerate planting plan following Covid-19 impact on planting programme. Current scoping work ongoing regarding new partnerships and approaches to increase planting.</li> <li>6) Pollinator Action Plan approved by Cabinet and under delivery - no major issues to report.</li> <li>7) We have currently replaced 3.7k lights.</li> <li>8) We are currently developing metrics for the fleet of NCC electric vehicles.</li> </ol> <p>With the sign-off of the NCC Climate Strategy, we are now in the process of incorporating this into this risk going forward.</p>										

<b>Risk Number</b>	RM038		<b>Date of update</b>		18 August 2023					
<b>Risk Name</b>	Recovery from the Covid-19 pandemic									
<b>Portfolio lead</b>	Cllr. Alison Thomas			<b>Risk Owner</b>	Laura Clear					
<b>Risk Description</b>			<b>Date entered on risk register</b>		14.03.22					
If there is insufficient time and staffing resource in operational teams to focus on recovery actions, then the risk of harm to service users will be unaddressed with the associated adverse impact to staff wellbeing & retention, increased complaints & LGSCO findings; and reputational challenge from Members/the Council and from the public. Overall risk treatment: Treat										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	4	16	4	3	12	4	2	8	Apr-24	Amber
<b>Tasks to mitigate the risk</b>										
<p>15.7.22 clear governance with backlogs position reported to DLT via recovery and oversight group. Recovery monitoring through finance and accountability meetings.peripatetic assessment team focussing on holding list reduction.Duty teams responding to urgent and crisis needs</p> <p>8.11.22 All Places have recovery plans in place - weekly monitoring in place</p> <p>18.08.23 Whole department approach to supporting recovery (progress report to DLT weekly)Dedicated leadership in placeRecovery plans developed for each Community Care TeamSAFE event delivered. Improvement Cycles introduced to support &amp; review performance progress &amp; outcomesPartner provider procured to deliver additional assessment capacity for 12 months. Connecting Communities ways of working supporting focus on outcomes. Implement a centralised recruitment approach.</p>										
<b>Progress update</b>										

## Progress update

07.06.2023

External provider procurement to support reduction in holding list - contract awarded and in legal standstill. go live should be beginning of July 2023 Recruitment to 8FTE posts to support community hospital discharges and increase follow on team capacity underway Short interval controls for short term bed use proposed and being considered by localities. DLT workshop set up on STBs for 5/7/2023 E4SC roll out progressing according to plan with CCDs starting in East and North locality w/c 5/6/23 and in West a fortnight later Risk around reduction in ICB bedded capacity and impact on STB use and increased operational; demand being monitored and escalated to DLT Continued focus on unallocated safeguarding referrals - positive reduction in West locality now seen 40% reduction in vacant posts since Mid-December

17.07.2023

Connecting Communities Environment for Social Care ways of working now rolled out to all Community Care Teams (older people and people with physical disabilities) Weekly recovery and locality learning cycles embedded and reviewing performance metrics including holding list reduction 3/5 Community Care teams now have holding lists lower than in November 2021 Short term bed workshop and proposed immediate workplan focus to be discussed at DLT w/c 17/7 as part of discharge paper Mobilisation of external provider project under way with planned go live from 24/7 Continued monitoring of unallocated safeguarding referral numbers through recovery learning cycle (significantly reduced number) New Finance and Performance Boards launched in July.

18.08.2023 Social Care Community Engagement (SCCE) team, Norfolk First Response Service and Community Care teams have now all adopted new ways of working delivered through the Connecting Communities programme – supports focus on improvement cycles and outcomes for people. Holding list – current Older People/Physical Disability holding list is 2088 people, this is the lowest number since November 2021 (data not available before this date). The % reduction in people on holding lists since 01/12/22 is Norwich 33%; East 67%; North 25%; West 47% and South +45%). Revised trajectories show recovery to manageable levels on holding list push out to November 2024. This is influenced by (SCCE) team. Revised trajectories show recovery to manageable levels on holding list push out to November 2024. This is influenced by winter pressures, short term bed pressures & current performance experience. New Power BI dashboards published to support managers to manage their service performance. Partner provider has started taking trusted assessment work from w/c 7/8/23. Plan is up to 1000 assessments over a 12-month period. Principal OT writing strategic paper for future OT model and recovery of OT holding list (currently 670 people waiting OT assessment) Temporary additional staff recruited to support reduction in people waiting in short term beds following a hospital stay/currently in a community hospital. Service Development plans written or being developed for SCCE, NFR and each Community Care team to confirm local plan & focus for caseload management & embedding Connecting Communities ways of working over the next 9 months. Legacy planning progressing as Connecting Communities programme enters next transitional phase (sustaining) where NCC solely lead the programme & deliverables.

<b>Risk Number</b>	RM039	<b>Date of update</b>		25 August 2023						
<b>Risk Name</b>	Financial, Staffing & Market Stability impacts due to implementation of Social Care Reform (now October 2025)									
<b>Portfolio lead</b>	Cllr. Alison Thomas		<b>Risk Owner</b>	Sonia Kerrison						
<b>Risk Description</b>				<b>Date entered on risk register</b>	19/07/22					
<p>Financial Risk There is a risk that the Government will not provide sufficient funding to support the implementation of Social Care Reform and that we (NCC) will not have any monies to fill any shortfalls or additional costs. There is a risk that the Government has hugely underestimated the cost to implement Social Care Reform and therefore there will be a shortfall in funding to Local Authorities. Added to this, NCC does not have any additional monies to fill any shortfall from the Government or any other additional costs (related to additional cases, more service users that require more input into costs, support &amp; maintenance for Care Accounts etc) associated with the Social Care Reform implementation. Resourcing/Staffing Risk There is a risk that there will be insufficient resources both internally and to recruit externally to meet the new demands of the social care reform. we will not have sufficient resources (SW, Finance and Brokerage) to process the increased care act and eligibility checks as more self funders request LA to purchase care on their behalf or reach the £86,000 cap. In addition we may not be able to recruit the necessary additional staff externally due to lack of social workers both regionally and nationally. We are struggling to recruit for vacancies we have now. Market Stability Risk There is a risk that there will be insufficient capacity in the market to meet the new demands of the social care reform. The implementation of 18(3) whereby self funders can request Local Authorities to purchase care on their behalf, has a destabilising impact on our already fragile care market. In addition the level of provider failures/contract handbacks are really worrying and may impact our ability to provide suitable care or alternatives to those who can no longer afford first and third party top ups once they reach the cap. There also may not be sufficient care in the market for us to provide suitable lower price alternatives if first party and third party top ups are required. Overall risk treatment: Treat</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	4	16	3	3	9	2	2	4	Oct-25	Amber
<b>Tasks to mitigate the risk</b>										
<p>Social Care Reform has been delayed by 2 years to October 2025. The SCR Programme will continue working through the Modelling and Impact analysis to understand the impact and plan for implementation.</p> <p>The programme is :Developing the Target Operating Model to deliver Reform, including:  How we will approach assessments in the future so that we can better meet demand (proportionality, whether we get partners involved in carrying out some assessments (trusted assessor model), whether we introduce self assessment, self service, and optimising the use of technology).  Implementation of changes within reform to Charging and the creation of Care Accounts.  Market sustainability and Fair Access to Care.  Working with customers, carers and partners to plan and shape the Transformation required to deliver Social Care Reform.</p>										
<b>Progress update</b>										

## Progress update

Programme is currently defining detailed activities and scope for each workstream which will determine what products will be due from each workstream.

Review of Programme completed end of November - milestones and programme of work requires review and potential rescoping following Government Budget on 17/11/2022.

The Government announcement to delay the implementation of SCR by 2 years to October 2025 gives Norfolk County Council additional time to prepare and plan for the implementation of SCR. The Programme funding to implement SCR has been refined following the Budget and further analysis is required.

The programme is :

Developing the Target Operating Model to deliver Reform, including:

How we will approach assessments in the future so that we can better meet demand (proportionality, whether we get partners involved in carrying out some assessments (trusted assessor model), whether we introduce self assessment, self service, and optimising the use of technology). Mapping and scoping the potential savings that the use of technology and self assessment models may create through assessment activity being delivered differently.

Implementation of changes within reform to Charging and the creation of Care Accounts.

Market sustainability and Fair Access to Care.

Changes within reform to Charging and the creation of Care Accounts.

Market sustainability and Fair Access to Care.

Working with customers, carers and partners to plan and shape the Transformation required to deliver Social Care Reform.

Risk reviewed by Senior Management Team as a group on 15/12/2022 - agreement on risk level and mitigations in place.

Update 3/4/2023

Revised programme progressing to plan. Target Operating Model (TOM) currently being created. Revised programme endorsed via SMT and DLT.

Challenges in obtaining data to support TOM in relation to staffing resource and activity being discussed with IMT

Update 23/5/2023

Challenges in obtaining data to enable robust modelling for the Target Operating Model for demand and staffing escalated to DLT.

Update 3/7/2023

Project Manager availability for the TOM work has been reduced temporarily to enable PM to support strategic review phase 2 - the TOM next stage has been delayed accordingly. The timeline for the roll out of LAS client portal accounts has been extended to enable further pilot testing on a wider scale in the Learning Disability service - agreed via June OD/HOIC meeting and with LD HOIC.

<b>Risk Number</b>	RM040		<b>Date of update</b>		23 August 2023					
<b>Risk Name</b>	Assurance implementation									
<b>Portfolio lead</b>	Cllr. Alison Thomas		<b>Risk Owner</b>		Debbie Bartlett					
<b>Risk Description</b>			<b>Date entered on risk register</b>		22/07/22					
<p>A CQC rating of good or above indicates a social service department that is providing the right support in the right way to promote positive outcomes for the people who need to draw on adult social care, and those that support them. A rating of less than good indicates that we are not assessing need, providing support or working in partnership with others in a way that enables the best possible outcomes for people in the local area. If we are rated less than good in the upcoming assurance regime, we are likely to have increased difficulty providing timely and high quality intervention for people. It is likely to increase our difficulties recruiting and retaining good staff, which will further impact our ability to manage the demands well, both from staffing and governance perspectives, leading to further loss of practice quality, increased wait times for citizens and less than optimal outcomes more of the time. Overall risk treatment: Treat</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	4	16	2	3	6	Apr-24	Amber
<b>Tasks to mitigate the risk</b>										
<p>Performance Improvement Group (PIG) in place to drive performance improvements, meeting monthly. Quality Improvement Group (QIG) established Feb 23 to drive quality improvement, including ensuring that increased focus on recovery does not compromise quality of work.</p> <p>The action plan developed following regional mock assurance, updated following ex-director challenge session in Jan '23. This is reviewed regularly at PIG and continues to drive performance improvements and assurance readiness.</p> <p>Performance is majorly impacted by recovery. Recovery tracker maps performance against key metrics weekly and is circulated to senior managers. All areas have recovery plans with routine monitoring.</p> <p>Connecting Communities transformation programme is having a significant positive impact on our ability to ensure optimal outcomes for more people as we change our ways of working, embedding more preventative work and reducing the reliance on formal social care.</p> <p>Our refreshed corporately significant vital signs embed our commitment to prevent the need for formal care, reduce the reliance on formal social care, manage the risk in our waiting lists well, manage safeguarding work effectively and work with provider market to improve the quality of provision. These, and their feeder indicators, are used to direct performance conversations as part of our governance structure, directly linking to aspects of the CQC framework.</p> <p>We closely monitor development of the CQC assurance process, including feedback from the pilot sites as they complete the process.</p>										
<b>Progress update</b>										

## Progress update

April '23: Further clarity regarding assurance regime now available. Desktop exercise for all ASSDs from April 2023. Up to 20 selected for assurance Oct-Dec '23 based partly on perception of risk. Given our recovery pressures and associated waiting times and waiting lists, this increases likelihood of us being assured in first or second tranch. Risk scores remain valid.

July '23: The SALT and ASCOF returns for 22/23 have now been finalised and submitted. We have seen significant improvement in a number of metrics, but remain with low performance when compared with the East of England region or the England average for last year in some measures. Comparative data will not be available until around September/October.

The ADASS Spring Survey was recently submitted and early indications are that we have more people waiting for assessments of various types than the regional average.

The Office for Local Government launched a dataset for local government this week, containing seven measures for adult social care. For five of these measures, we are below the median performance for our nearest statistical neighbours. For two measures we are at or above the median. This is in the public domain but draws on data from 21/22.

Given these datasets being in the public domain, the likelihood of CQC assuring us earlier in the process is increased.

<b>Risk Number</b>	RM041		<b>Date of update</b>		18/08/2023					
<b>Risk Name</b>	Adult Social Services Supplier or Market Failure									
<b>Portfolio lead</b>	Cllr. Alison Thomas			<b>Risk Owner</b> Gary Heathcote						
<b>Risk Description</b>				<b>Date entered on risk register</b>		05 September 2023				
<p>The Council contracts with independent providers (of care homes, nursing homes, home care, supported living, housing with care and day care) spending over £330m annually to support around 16,500 adults at any one time. Failure in the care market may be defined as the sudden/unplanned loss of any or all of these services by reason of: inadequate quality, lack of financial viability, deficient supply of workforce, provider decision to withdraw from the market or natural disaster, The Council has a duty under the s5 of the Care Act 2014 to meet the needs of people who require assistance from public funds and to secure a diverse and good quality care market for this purpose.</p>										
<b>Original</b>			<b>Current</b>			<b>Tolerance 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	5	20	3	4	12	Apr-24	Amber
<b>Tasks to mitigate the risk</b>										
<p>1) Annual uplift of fees and consideration of cost of care to ensure a full understanding of a fair price for care</p> <p>2) Process in places to ensure NCC business is conducted well with invoices paid promptly.</p> <p>3) Work with providers to ensure early communication of cashflow concerns.</p> <p>4) Use of a provider at risk dashboard to support earlier conversations with providers</p> <p>5) PAMMS review to work proactively with all providers to support quality improvement and implementation of quality improvement and escalation policy</p> <p>6) Agreed workforce strategy and implementation plan including increased focus on recruitment and retention</p> <p>7) Up to date market position statement to track changes in demand and protections of future need and signal commissioning intentions.</p> <p>8) Fair cost of care work completed for home support and older people residential and nursing and market sustainability plan reported to Cabinet</p> <p>9) Weekly multi team meeting to review providers with highest risks and actions required</p> <p>10) Annual winter resilience plan to help address capacity</p> <p>11) Specific actions to focus on issues related to providers of services for people with learning disabilities - these include commissioning actions to develop new compliant care including capital investment to increase independent living and residential care review; LD&amp;A quality improvement actions to provide additional support to providers undertaking improvement actions.</p> <p>12) ICS Social Care Quality Improvement Programme in place</p>										
<b>Progress update</b>										



## Progress update

18/08/2023

Internal capacity meeting to oversee actions and impact

Connecting communities programme with focus on Norfolk First Response - to increase reablement capacity

Weekly provider at risk meeting - focused on actions to monitor and manage providers delivering services to working age adults, with critical risks.

PAMMS Reviews programme on track, and team supporting providers with urgent quality and safeguarding issues

Quality Improvement and Escalation policy in place

Regular review of provider risk dashboard for residential and nursing and development for other parts of the care sector. Further development of the provider at risk dashboard developed

Regular communication with Market via NORCA and engagement programme.

Further incentives put in place when needed for home support from hospital or NFR

International Recruitment approach - Community of practice in place and developed offer implemented with ICB. Norfolk is the lead sponsor for the regional programme using government funding for international recruitment.

Home support and OP residential and nursing cost of care work completed. Market Sustainability Plan Community of practice in place and developed offer implemented with ICB. Norfolk is the lead sponsor for the regional programme using government funding for international recruitment.

Home support and OP residential and nursing cost of care work completed. Market Sustainability Plan completed.

ICS Social Care Quality Improvement Programme in place and working towards agreed deliverables.

Market position statement presented to Cabinet 4 July. Market Position seminar held with providers.

Paper to DLT setting out specific pressures relating to WAA care providers with further funding agreed to support targeted support. Two Quality Improvement Officers appointed and new wrap around support model being developed.

2023-24 fee increase agreed by Cabinet in January 2023.

Proactive sourcing implemented within brokerage.

# Audit and Governance Committee

Item No: 8

**Report Title: Norfolk Pension Fund External Audit Plan 2022-23**

**Date of Meeting: 10<sup>th</sup> October 2023**

**Responsible Cabinet Member: N/A**

**Responsible Director: Harvey Bullen, Director of Strategic Finance**

**Is this a Key Decision? No**

## Executive Summary

The purpose of this report is to:

- 1) Introduce the External Auditor's Norfolk Pension Fund Plan for the year ended 31 March 2023, which is attached as **Appendix A**. This document is one of certain communications that EY must provide to the Audit Committee of the audited client.

## Recommendations:

1. To consider and agree the Norfolk Pension Fund External Audit Plan for 2022-23 and whether there are other matters, which may influence their audit.

## 1. Background and Purpose

- 1.1 This document is one of certain communications that EY must provide to the Audit Committee of the audited client. The audit fee is set according to a scale fee.
- 1.2 The Accounts and Audit (Amendment) Regulations 2022 (SI 2022/708) were published at the end of June 2022. The regulations extended the 2021/22 audit deadline to 30 November 2022, and then 30 September until 2027/28. DLUH&C have also published full details of measures to signal publicly their commitment to the local audit market at: [Measures to improve local audit delays - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/departmental-measures-to-improve-local-audit-delays)
- 1.3 Some of the key measures include:

- providing councils with £45m additional funding over the course of the next Spending Review period to support with the costs of strengthening their financial reporting and increased auditing requirements;
  - strengthening training and qualifications options for local auditors and audit committee members;
  - reviewing whether certain accounting and audit requirements could be reduced on a temporary basis, where these are of lesser risk to councils.
- 1.4 EY may issue an updated plan if any element of their assessment is amended during their remaining planning work. The Norfolk County Council plan is expected in due course.

## **2. Proposal**

- 2.1 To consider and agree the external audit plan set out in **Appendix A** and whether there are other matters, which may influence their audit.

## **3. Impact of the Proposal**

- 3.1 This report provides assurance to members and fulfils the relevant terms of reference of this committee.

## **4. Evidence and Reasons for Decision**

- 4.1 The plan appears at **Appendix A**.

## **5. Alternative Options**

- 5.1 None.

## **6. Financial Implications**

- 6.1 None

## **7. Resource Implications**

- 7.1 **Staff/Property/IT:** None

## 8. Other Implications

8.1 Legal Implications/Human Rights Implications/Equality Impact Assessment (EqIA): None

8.4 Data Protection Impact Assessments (DPIA)/Health and Safety implications/Sustainability implications: None

8.7 Any Other Implications: None

## 9. Risk Implications / Assessment

9.1 None.

## 10. Select Committee Comments

10.1 None.

## 11. Recommendations

Please see required actions in the executive summary above.

## 12. Background Papers

12.1 None.

### Officer Contact

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

**Officer name:** Adrian Thompson, Assistant Director of Finance (Audit)  
**Telephone no.:** (01603) 303395  
**Email:** [adrian.thompson@norfolk.gov.uk](mailto:adrian.thompson@norfolk.gov.uk)



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# Norfolk Pension Fund

## Audit Plan

Year ended 31 March 2023

26 September 2023



**Audit & Governance Committee / Pensions Committee  
Members,  
Norfolk County Council  
County Hall  
Martineau Lane  
Norfolk  
NR1 2DH**

26 September 2023

Dear Audit & Governance Committee / Pension Fund Committee Members,

We are pleased to attach our 2022/23 Norfolk Pension Fund Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Audit and Governance Committee with a basis to review our proposed audit approach and scope for the 2022/23 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 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.

Whilst we have not yet been able to issue our 2021/22 audit opinion, due to additional considerations on the Norfolk County Council audit, this does not impact on our ability to issue this Audit Plan in respect of 2022/23. 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.

This report is intended solely for the information and use of the Audit & Governance Committee, the Pension Fund Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on the 10 October 2023 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

David Riglar  
Partner  
For and on behalf of Ernst & Young LLP

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Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). 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 and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Governance Committee and management of Norfolk Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Governance Committee, and management of Norfolk Pension Fund those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Governance Committee, and management of Norfolk Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

# Overview of our 2022/23 audit strategy





## Overview of our 2022/23 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

### Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	<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.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p>
Valuation of complex investments (unquoted investments)	Significant risk	No change in risk or focus	<p>The Fund's Investments includes a significant balance of level 3 investments such as unquoted pooled investment vehicles and private equity. Judgements are taken by Investment Managers to value those investments whose prices are not publicly available.</p> <p>There is a risk that these are materially misstated given the complexity of the measurement and degree of estimation involved.</p>
IAS 26 Disclosure - Actuarial Present Value of Promised Retirement Benefits	Inherent risk	No change in risk or focus	<p>Every three years, a formal valuation of the whole Fund is carried out under the Local Government Pension Scheme Regulations 2013 to assess and examine the ongoing financial position of the Fund. The fund liability is recalculated by the actuary and is used to set employer contribution rates and underpin investment management strategy.</p> <p>The last fund valuation was 31 March 2022. We consider this to be a focus area following the full fund valuation around the estimation process, data used and assumptions used by the actuary when valuing the fund which is reflected in the IAS26 disclosures.</p>

## Overview of our 2022/23 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

### Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
New Finance System - myOracle	Significant risk	New significant risk	At the start of the 2022/23 financial year, the Pension Fund changed their finance system from Oracle EBS to myOracle. As with any major IT upgrade programme, there is a risk that 100% of the relevant financial information has not been appropriately transferred to the new system, leading to material misstatement in the 2022/23 financial statements. There is also a risk that the new general ledger system does not map the transactions to the correct part of the financial statements. We therefore consider this to be a significant audit risk.

## Overview of our 2022/23 audit strategy

### Materiality

Planning  
materiality

£49m

Materiality has been set at £49.0 million, which represents 1% of the Net Assets of the scheme available to fund benefits - based upon the draft financial statements. The Pension Fund is designated as a major local authority based on its size. We have considered the overall risk profile and public interest in comparison to other Pension Funds. As such we have set planning materiality to 1% of net assets.

Performance  
materiality

£36.75m

Performance materiality has been set at £36.75 million, which represents 75% of materiality. This is the upper end of our range based on a lower level of errors identified in previous periods.

Audit  
differences

£2.45m

We will report all uncorrected misstatements relating to the primary statements (Net Assets Statement and Pension Fund Accounts) greater than £2.45 million. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit & Governance Committee.

# Overview of our 2022/23 audit strategy

## Audit scope

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 transactions of the Pension Fund during the year ended 31 March 2023 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2023; and
- Our opinion on the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of Norfolk County Council.

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.

Taking the above into account, and as articulated in this Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit and the increased regulatory focus on audit quality. Therefore, to the extent any of these or any other risks that are relevant in the context of Norfolk Pension Fund's audit, we will discuss these with management as to the impact on the scale fee.

### Effects of climate-related matters on financial statements

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to an entity. It is nevertheless important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements. We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of inherent risk.

# Overview of our 2022/23 audit strategy

## Audit scope

### Effects of ISA (UK) 315

The Financial Reporting Council (FRC) has published revisions to International Standard on Auditing (UK) 315, *Identifying and Assessing the Risks of Material Misstatement*. The standard is effective for audits of financial statements for periods beginning on or after 15 December 2021 (Effective 2022/23 financial statements for the Pension Fund).

The revisions have a significant impact on our scope and approach, requiring auditors to:

- ▶ Enhance the audit risk assessment process
- ▶ Better focus responses to identified risks
- ▶ Evaluate the impact of technology on key processes supporting the production of the financial statements, particularly where a fully or partially substantive audit approach has been taken previously.

For the audit of the Pension Fund, we have historically taken a fully substantive approach. We adopted this approach because it was more efficient to perform a greater extent of substantive testing rather than relying on controls. The revisions to ISA 315, recognise the criticality of technology to the processing of transactions, and now require us, as auditor, to identify and evaluate the design and implementation of IT general controls, including for processes where we have not sought to place IT-reliance in past audits.

### Effects of ISA (UK) 240

In May 2021, the FRC issued the revised ISA (UK) 240, *The Auditor's Responsibilities Relating to Fraud in the Financial Statements* to clarify the responsibilities of auditors. The standard is effective for audits of financial statements for periods beginning on or after 15 December 2021 (Effective 2022/23 financial statements for the Pension Fund).

The revisions have a significant impact on our approach, requiring auditors to:

- ▶ Increase focus on professional skepticism
- ▶ Remain alert and investigate further if there are conditions that indicate evidence provided to the auditors may not be authentic or has been tampered with
- ▶ When considering if actual or suspected fraud is material, consider both qualitative and quantitative characteristics of the fraud
- ▶ Consider if specialist skills are required to perform risk assessment, audit procedures or evaluate evidence obtained
- ▶ Increase discussion amongst the audit team including the exchanging of ideas as to how management or others within the entity could perpetrate or conceal fraud.

Management and those charged with governance should expect to see a more interactive approach to risk assessment including additional enquiries of those within an entity who deal with allegations of fraud raised by employees or other parties', discussions over the entities perceived risk of material fraud and any specific risks to the industry or sector the audit client is within.

## Overview of our 2022/23 audit strategy

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### Timeline

The Department for Levelling Up, Housing and Communities (DLUCH) established regulations to extend the target date for publishing audited local authority accounts from 31 July to 30 September, for a period of two years (i.e. covering the audit of the 2020/21 and 2021/22 accounting years) which was subsequently amended to 30 November, then 30 September for 2022/23.

We are working with the Pension Fund to deliver the audit in a timely manner. In Section 07 we include a provisional timeline for the audit.

### Audit Team Changes

David Riglar has taken over as Engagement Partner for the 2022/23 Audit of the Pension Fund from Debbie Hanson. Dan Cooke and Jacob McHugh have taken over Management of the engagement. David, Dan, and Jacob have considerable experience of auditing local government pension schemes.



# 02 Audit risks



## Audit risks

# Our response to significant risks

We have set out the significant risks (including fraud risks \*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

	What is the risk?	What will we do?
<p><b>Misstatements due to fraud or error*</b></p>	<p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <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.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p>	<p>We will undertake our standard procedures to address fraud risk, which include:</p> <ul style="list-style-type: none"><li>▶ Identifying fraud risks during the planning stages.</li><li>▶ Inquiring of management about risks of fraud and the controls put in place to address those risks.</li><li>▶ Understanding the oversight given by those charged with governance of management's processes over fraud.</li><li>▶ Considering the effectiveness of management's controls designed to address the risk of fraud.</li><li>▶ Determining an appropriate strategy to address those identified risks of fraud.</li><li>▶ Performing mandatory procedures regardless of specifically identified fraud risks, including:<ul style="list-style-type: none"><li>▶ Testing of journal entries and other adjustments 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></li></ul> <p>We will utilise our data analytics capabilities to assist with our work, including journal entry testing. We will assess journal entries for evidence of management bias and evaluate for business rationale.</p>



## Our response to significant risks (continued)

	What is the risk?	What will we do?
<p><b>Valuation of Complex Investments (Unquoted Investments)</b></p>	<p>The Fund's investments include unquoted Pooled Investment vehicles such as Private Equity, Infrastructure and Property Investments.</p> <p>Judgements are made by the investment managers to value these investments whose prices are not publicly available. The material nature of this type of investment, means that any error in judgement could result in a material valuation error.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Analysing a schedule of investments to ensure correct classification, presentation and disclosure of items in the financial statements and corresponding notes;</li> <li>▶ Understanding and evaluating of the work of management's expert;</li> <li>▶ Evaluating the ISAE 3402 report for Custodian and/or Fund Manager where applicable;</li> <li>▶ Reviewing the latest audited accounts for the relevant fund managers to ensure there are no matters arising that highlight weaknesses in the funds valuation;</li> <li>▶ Where the latest audited accounts are not as at 31 March 2023, making enquiry of what procedures management have performed to take account of this risk, performing analytical procedures and checking the valuation output for reasonableness against our own expectations;</li> <li>▶ Perform triangulation work to agree amounts per the financial statements to Fund Manager and to Custodian; and</li> <li>▶ Testing accounting entries have been correctly processed in the financial statements.</li> </ul>
<p><b>Financial statement impact</b></p> <p>Misstatements that occur in relation to Complex Investments valued at level 3 fair value hierarchy such as unquoted equities and pooled investments could affect the valuation of the Net Assets.</p> <p>The Pension Fund held £904 million level 3 investments at 31 March 2023, 19% of the overall Fund.</p>	<p>Increasing 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 therefore have a material impact on the carrying value of the investments within the financial statements.</p>	<p>If necessary, our internal valuation specialists will support our work in this area.</p>

## Our response to significant risks (continued)

<p><b>New Finance System - myOracle</b></p>	<p><b>What is the risk?</b></p> <p>At the start of the 2022/23 financial year, the Pension Fund changed their finance system from Oracle EBS to myOracle.</p> <p>As with any major IT upgrade programme, there is a risk that 100% of the relevant financial information has not been appropriately transferred to the new system, leading to material misstatement in the 2022/23 financial statements. There is also a risk that the new general ledger system does not map the transactions to the correct part of the financial statements.</p> <p>In addition, we need to be assured that the IT control environment within the new financial system is working as designed.</p>	<p><b>What will we do?</b></p> <p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> <li>▶ Investigating the control procedures implemented by the Council to ensure the data from the old system transferred accurately and completely into the new system;</li> <li>▶ Agreeing the 2022/23 opening balances to the 2021/22 closing balances and corroborating to the audited 2021/22 financial statements;</li> <li>▶ Applying data analytic trending analysis and investigate any material differences;</li> <li>▶ Considering the results from transaction testing of the Fund Account and the Net Asset Statement to provide assurance on the mapping applied to the 2022/23 data; and</li> <li>▶ Reviewing the design and use of IT application controls within the new financial system to ensure the IT control environment remains stable.</li> </ul>
<p><b>Financial statement impact</b></p> <p>The myOracle finance system is the accounting system holding the financial records of the Pension Fund. This risk therefore has a potential impact throughout the financial statements.</p>		

## Audit risks

### Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

#### What is the risk/area of focus?

##### IAS 26 Disclosure - Actuarial Present Value of Promised Retirement Benefits

The Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £4,866 million as at 31 March 2023.

The figure is material and subject to complex estimation techniques and judgements by the Actuary, Hymans Robertson. The estimate is based the 2022/23 triennial valuation, and takes into account local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability.

There is a risk that the valuation uses inappropriate assumptions to value the liability as at the 31 March 2023.

#### What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Assessing the competence of managements expert, Hymans Robertson;
- ▶ Engaging with the NAO's consulting actuary and our EY Pensions Advisory Team to review the IAS 26 approach applied by the actuary are reasonable and compliant with IAS 26;
- ▶ Ensuring that the IAS 26 disclosure is in line with the relevant standards and consistent with the valuation provided by the Actuary;
- ▶ Reconciliation of data provided to actuary for triennial valuation; and
- ▶ Sample testing of members details included in the triennial valuation data submission to ensure the details agree to underlying records.



03

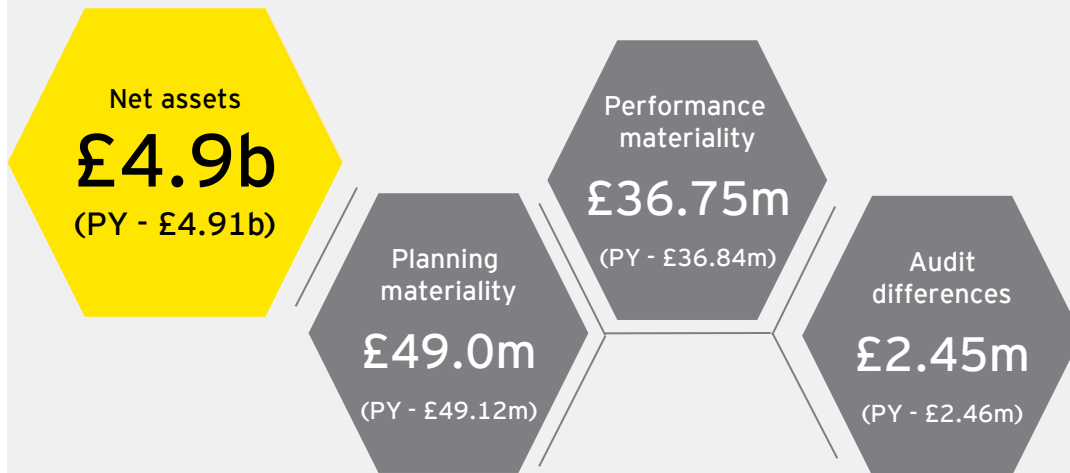
## Audit materiality



# Materiality

## Materiality

For planning purposes, materiality for 2022/23 has been set at £49.0 million. This represents 1% of the Pension Fund’s Net Assets per the 2022/23 draft financial statements. It will be reassessed throughout the audit process. In an audit of a Pension Fund we consider the net assets to be the appropriate basis for setting the materiality as they represent the best measure of the schemes’ ability to meet obligations rising from pension liabilities. We have provided supplemental information about audit materiality in Appendix C.



We request that the Audit & Governance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

## Key definitions

**Planning materiality** - The amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** - The amount we use to determine the extent of our audit procedures. We have set performance materiality at £36.75 million which represents 75% of planning materiality. This is consistent with the prior year level. We have considered a number of factors such as the number of errors in prior year and any significant changes in 2022/23 when determining the percentage of performance materiality.

**Audit difference threshold** - We propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the Fund Account and Net Asset Statement.

Other uncorrected misstatements, such as reclassifications, misstatements in disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit & Governance Committee and Pension Fund Committee, or are important from a qualitative perspective.

### Materiality (continued)

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.

We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- ▶ Related Party Transactions - We will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence; and
- ▶ External Audit Fees - We will test the disclosure back to supporting evidence.



# 04 Scope of our audit



## Our Audit Process and Strategy

### Objective and Scope of our Audit scoping

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

We issue an audit report that covers the financial statement audit.

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK), as well as on the consistency of the Pension Fund financial statements (within the published financial statements of Norfolk County Council) with the Pension Fund Annual Report.

We also 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; and
- Auditor independence.

#### Procedures required by the Code

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

We are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.



## Our Audit Process and Strategy (continued)

### Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls;
- ▶ Substantive tests of detail of transactions and amounts; and
- ▶ 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.

For 2022/23 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

#### **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 to 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, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit & Governance Committee.

#### **Internal Audit:**

As in the prior year we will review Internal Audit plans and the results of their work where relevant to this engagement. We consider 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.

## Our Audit Process and Strategy (continued)

### ISA (UK) 315 (Revised): Identifying and Assessing the Risks of Material Misstatement

ISA 315 is effective from financial year 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:

- Risk Assessment;
- Understanding the entity's internal control;
- Significant risk;
- Approach to addressing significant risk (in combination with ISA 330).

The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent.

The aims of the revised standard is to:

- Drive consistent and effective identification and assessment of risks of material misstatement;
- Focus auditors on exercising professional skepticism throughout the risk identification process;
- Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities; and
- Modernise ISA 315 to meet evolving business needs, including:
  - How auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures.
  - How auditors understand the entity's use of information technology relevant to financial reporting.

The key impacts are:

- Significant increase in work on entity's use of IT in business and system of internal control;
- Clearer workflow within the standard to highlight the importance of the auditor's understanding of the entity and environment, the applicable financial reporting framework, and system of internal control;
- New concepts, such as inherent risk factors and spectrum of inherent risk; and
- Changed definitions, notably the definition of 'significant risk', which is an identified risk of material misstatement.

See Appendix D for our assessment of the impact of ISA 315 on the 2022/23 audit.



05

## Audit team



## Audit team

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### Audit team

The engagement team is led by David Riglar (Audit Partner), who has previous experience on Pension Fund audits.

David is supported by Dan Cooke (Senior Audit Manager) and Jacob McHugh (Audit Manager), who are responsible for the day-to-day direction of audit work and are the key points of contact for the finance team. The audit team will be led by Jake Day and Sherald Ang (Audit Seniors).

### Use of specialists

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
Pensions Liability	Hymans Robertson (Norfolk Pension Fund Actuary) PwC (Consulting Actuary to the NAO on behalf of audit providers) EY Pensions Advisory Team (if required)
Investment Valuation	The Pension Fund's Custodian and Fund Managers EY Pensions Advisory 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 business 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 specialist 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.



# 06 Audit timeline





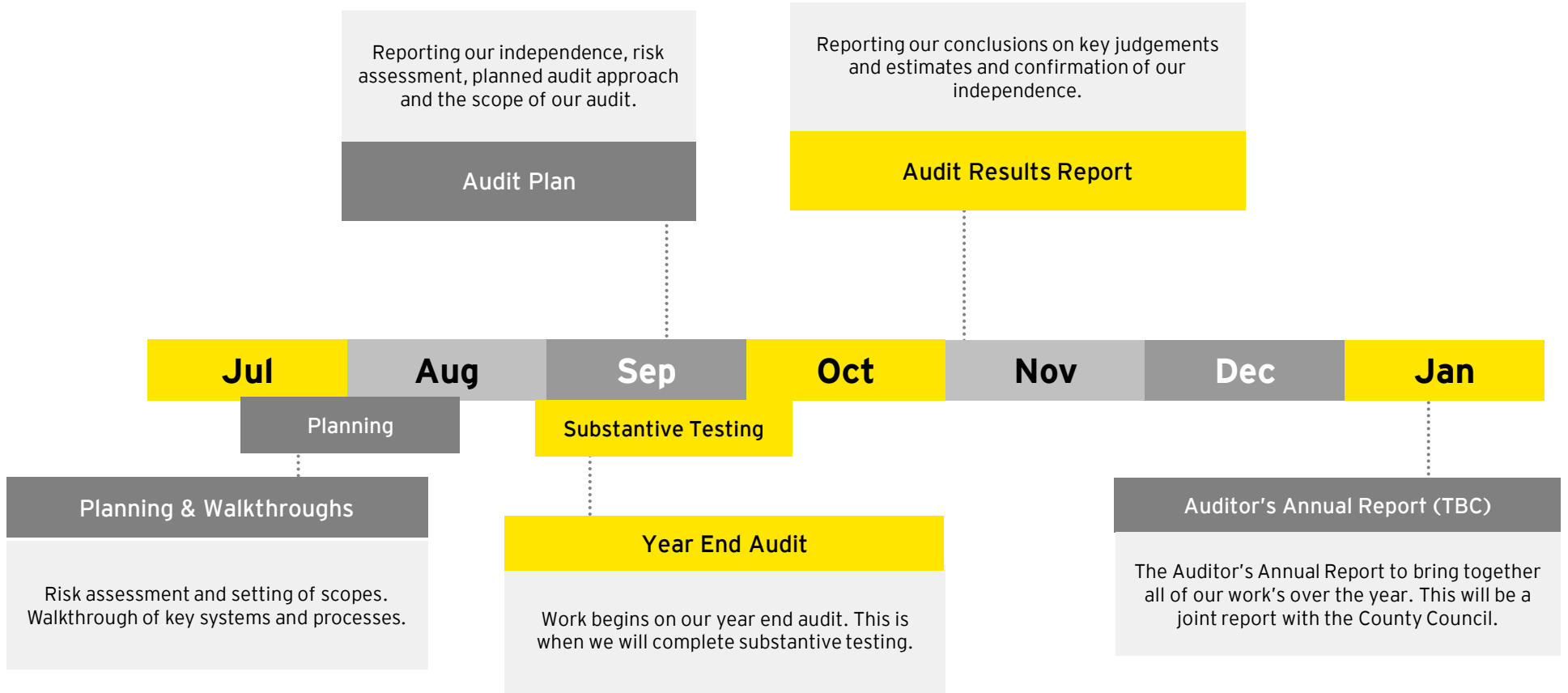
# Audit timeline

## Timetable of communication and deliverables

### Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2022/23.

From time to time matters may arise that require immediate communication with the Audit and Governance Committee and we will discuss them with the Audit and Governance Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





07

# Independence



# Introduction

The FRC Ethical Standard and ISA (UK) 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 upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of 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 Ernst &amp; Young (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>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose 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. These include:               <ul style="list-style-type: none"> <li>▶ Details of non-audit/additional services provided and the fees charged in relation thereto;</li> <li>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</li> <li>▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner;</li> <li>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</li> <li>▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and</li> <li>▶ An opportunity to discuss auditor independence issues.</li> </ul> </li> </ul>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement 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, analysed in appropriate categories, are disclosed.



## 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 the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However, we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

### Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of David Riglar (your audit engagement partner) and the audit engagement team have not been compromised.

### Self interest threats

A self interest threat arises when EY has financial or other interests in the Pension Fund. Examples include 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 you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit / additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. The non-audit fees subject to the fee cap cannot exceed 70% of the average audit fees for the past three years.

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 you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard Part 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 self review threats at the date of this report.

## Relationships, services and related threats and safeguards (continued)

### Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Pension Fund. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision 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.

## Other communications

### EY Transparency Report 2022

Ernst & Young (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 in place 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 30 June 2022, and can be found at [https://www.ey.com/en\\_uk/about-us/transparency-report](https://www.ey.com/en_uk/about-us/transparency-report).



**08**

# Appendices



## Appendix A

### Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

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 requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned Fee 2022/23	Scale Fee 2022/23	Final Fee 2021/22
	£'s	£'s	£'s
Total Fee - Code work	29,491	29,491	20,866
Changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1 & 2)	45,000 - 55,000	-	50,006 (provisional)
Additional audit fee in respect of work on behalf of admitted body auditors (recharged to the Pension Fund) (Note 3)	16,000 - 20,000	-	15,000
<b>Total fees</b>	<b>90,491 - 104,491 (provisional)</b>	<b>29,491</b>	<b>85,872 (provisional)</b>

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- 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 the Pension Fund in advance.

#### **All fees exclude VAT**

**Note 1:** For 2021/22 and 2022/23 the scale fee has been re-assessed to take into account a number of risk factors impacting the delivery of the audit and is with PSAA Ltd to be determined. We have provisionally communicated an increase of £50,006 in 2021/22 in relation to the increased regulatory requirements, and will confirm our proposed additional fee to reflect work on other specific risks once we have concluded the audit. These additional fees will be determined by PSAA.




**Note 2:** In 2022/23, we will have to perform additional procedures to address the change in ISA 315, plus our significant risk over the new finance system that will require further audit procedures.

**Note 3:** We anticipate charging an additional fee of £16,000 - £20,000 in 2021/22 to take into account the additional work required to respond to IAS 19 assurance requests from admitted bodies and their auditors. This will increase for 2022/23 as a result of procedures required over the triennial valuation. The Pension Fund can recharge this fee to the relevant admitted bodies.

## Appendix B





# Required communications with the Audit and Governance Committee

We have detailed the communications that we must provide to the Audit and Governance Committee.

		Our Reporting to you
Required communications	 What is reported?	  When and where?
Terms of engagement	Confirmation by the Audit & Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit Plan - 26 September 2023 - Audit & Governance Committee
Significant findings from the audit	<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>	Audit Results Report - November 2023 - Audit & Governance Committee




## Appendix B

# Required communications with the Audit and Governance Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	  When and where?	
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <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; and</li> <li>▶ The adequacy of related disclosures in the financial statements.</li> </ul>	Audit Results Report - November 2023 - Audit & Governance Committee	
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation.</li> <li>▶ The effect of uncorrected misstatements related to prior periods.</li> <li>▶ A request that any uncorrected misstatement be corrected.</li> <li>▶ Corrected misstatements that are significant.</li> <li>▶ Material misstatements corrected by management.</li> </ul>	Audit Results Report - November 2023 - Audit & Governance Committee	
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the Audit &amp; Governance 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>	Audit Results Report - November 2023 - Audit & Governance Committee	
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <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; and</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity.</li> </ul>	Audit Results Report - November 2023 - Audit & Governance Committee	





## Appendix B

# Required communications with the Audit and Governance Committee (continued)

		 Our Reporting to you
<b>Required communications</b>	 <b>What is reported?</b>	 <b>When and where?</b>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <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; and</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence.</li> </ul>	<p>Audit Plan - 26 September 2023 - Audit &amp; Governance Committee</p> <p>Audit Results Report - November 2023 - Audit &amp; Governance Committee</p>
External confirmations	<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>	Audit Results Report - November 2023 - Audit & Governance Committee
Consideration of laws and regulations	<p>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.</p> <p>Enquiry of the Audit &amp; Governance 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 &amp; Governance Committee may be aware of.</p>	Audit Results Report - November 2023 - Audit & Governance Committee
Internal controls	Significant deficiencies in internal controls identified during the audit.	Audit Results Report - November 2023 - Audit & Governance Committee

## Appendix B

# Required communications with the Audit and Governance Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where?
Representations	Written representations we are requesting from management and those charged with governance.	Audit Results Report - November 2023 - Audit & Governance Committee
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	Audit Results Report - November 2023 - Audit & Governance Committee
Auditors report	<ul style="list-style-type: none"> <li>▶ Key audit matters that we will include in our auditor's report.</li> <li>▶ Any circumstances identified that affect the form and content of our auditor's report.</li> </ul>	Audit Results Report - November 2023 - Audit & Governance Committee
Fee reporting	<ul style="list-style-type: none"> <li>▶ Breakdown of fee information when the audit plan is agreed.</li> <li>▶ Breakdown of fee information at the completion of the audit.</li> <li>▶ Any non-audit work.</li> </ul>	Audit Plan - 26 September 2023 - Audit & Governance Committee  Audit Results Report - November 2023 - Audit & Governance Committee



## Additional audit information

### Objective of our audit

Our objective is to form an opinion on the Pension Fund's financial statements under International Standards on Auditing (UK) as prepared by you in accordance with with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit & Governance Committee. The audit does not relieve management or the Audit & Governance Committee of their responsibilities.

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in Section 02, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

#### Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Council's internal control;
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting;
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

## Additional audit information (continued)

### Other required procedures during the course of the audit (continued)

Procedures required by the Audit Code	▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement.
Other procedures	▶ We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.

### Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the level of work performed on individual account balances and financial statement disclosures. 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 of the circumstances that may ultimately influence our judgement about materiality. 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 accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

## Impact of ISA 315 on Audit

### ISA (UK) 315 (Revised July 2020) *Identifying and Assessing the Risks of Material Misstatement*

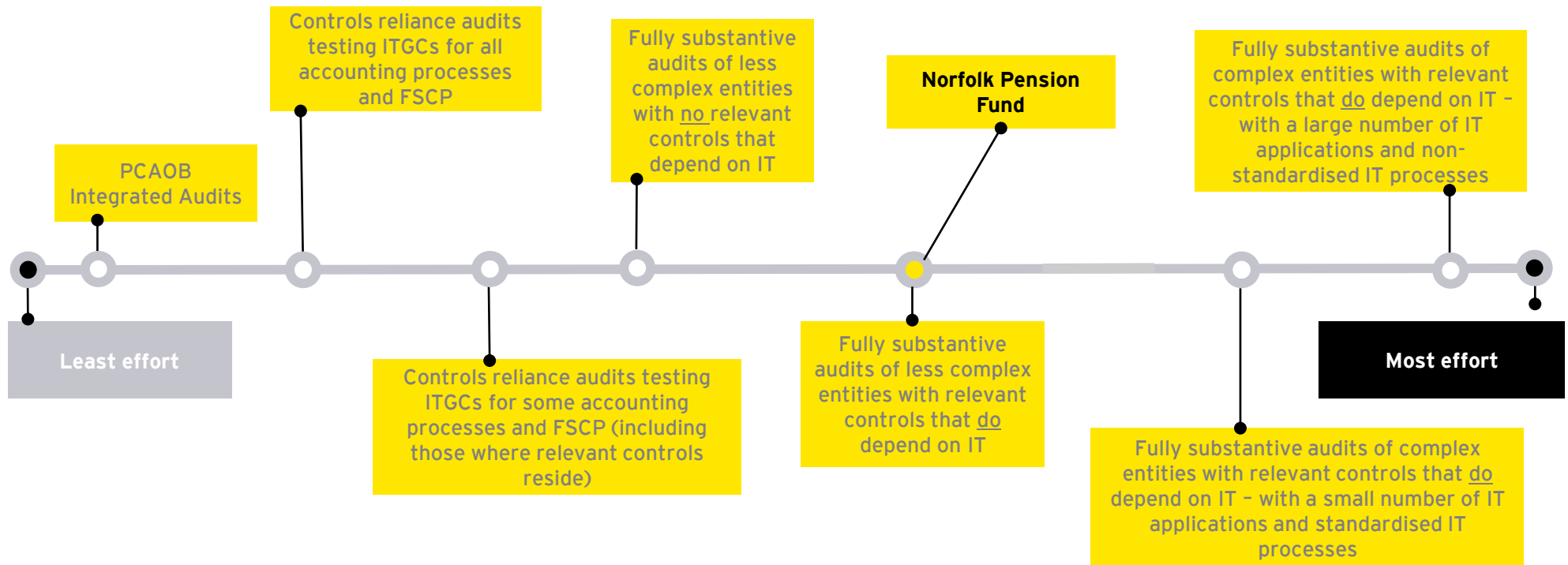
#### Summary of key measures

#### Impact on Norfolk Pension Fund

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>▶ The revised auditing standard is effective for audits of financial statements for periods beginning on or after 15 December 2021, and adopts ISA 315 (Revised 2019) as issued by the IAASB;</li> <li>▶ The revised risk assessment standard sees enhancements and clarifications to: (i) Encourage a more robust risk assessment, thereby promoting more focused responses to the identified risks; (ii) Clarify current requirements to promote consistency in the application of procedures for risk identification; and (iii) Modernise the standard to keep up with the evolving environment in which entities operate, in particular in relation to the entity's use of information technology;</li> <li>▶ The fundamentals of risk assessment have not changed, however, the changes will see additional audit procedures and considerations being made in the following areas to respond to the requirements of the revised standard:             <ul style="list-style-type: none"> <li>▶ How we identify and assess risks based on our understanding of the entity and other risk assessment procedures;</li> <li>▶ How we understand the components of the system of internal control, including new evaluations which apply to each component;</li> <li>▶ The type of controls and process for understanding controls that are relevant to our audit relating to the preparation and posting of journal entries;</li> <li>▶ Understanding the effect of the entity's use of IT, including relevant IT general controls, and the identification of IT-related risks; and</li> <li>▶ Evaluating, as an audit team, whether sufficient evidence has been obtained to support the identification and assessment of risks of material misstatement.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▶ The revised standard is for auditors and does not put any additional responsibilities or requirements on management, however, management may experience different conversations, requests or simply have more focused discussions with members of the audit team, including about risk, internal controls, audit quality and our audit strategy.</li> <li>▶ For Norfolk Pension Fund the revised standard is effective for this audit of the financial statements for the year ended 31 March 2023.</li> <li>▶ We will be required to perform new and additional procedures to understand Norfolk Pension Fund's use of IT, the IT processes related to those IT applications relevant to the audit used in the different accounting processes and, where relevant, the IT general controls (ITGCs) that address IT risks in the IT processes and evaluation of their design effectiveness and whether they have been implemented. The revised standard does not require an evaluation of the operating effectiveness of ITGCs; it continues to be a strategy decision for the auditor as to whether they intend to rely on IT processes.</li> <li>▶ The new requirements relating to understanding IT may also facilitate a change in the audit strategy in subsequent audits as it relates to the reliance placed on IT processes as part of the audit.</li> <li>▶ More control observations may be identified and communicated, and the additional evaluations of the components of the system of internal control may help identify deficiencies that are considered to be significant deficiencies.</li> <li>▶ The new requirement relating to understanding the effect of the use of IT by an audited entity has the greatest potential for additional audit effort, involvement of team members with specialised knowledge of auditing IT, and an upward impact on audit fees. We will continue to consider the potential of this.</li> <li>▶ We have discussed on the next slides the specific impact of this new requirement on the audit of Norfolk Pension Fund.</li> <li>▶ The other impacts of the revised standard on our audit strategy are reflected in the relevant sections of this report.</li> </ul> |
|---|---|

## Impact of ISA 315 on Audit (continued)

The graphic below indicates where we have anticipated that the audit of Norfolk Pension Fund falls on the spectrum of effort as it applies to the new requirements of the revised standard relating to understanding the effect of the entity's use of IT. The level of effort is displayed relative to the circumstances applicable to the Fund, and why that level of effort may differ to that required on the audits of entities with different circumstances.

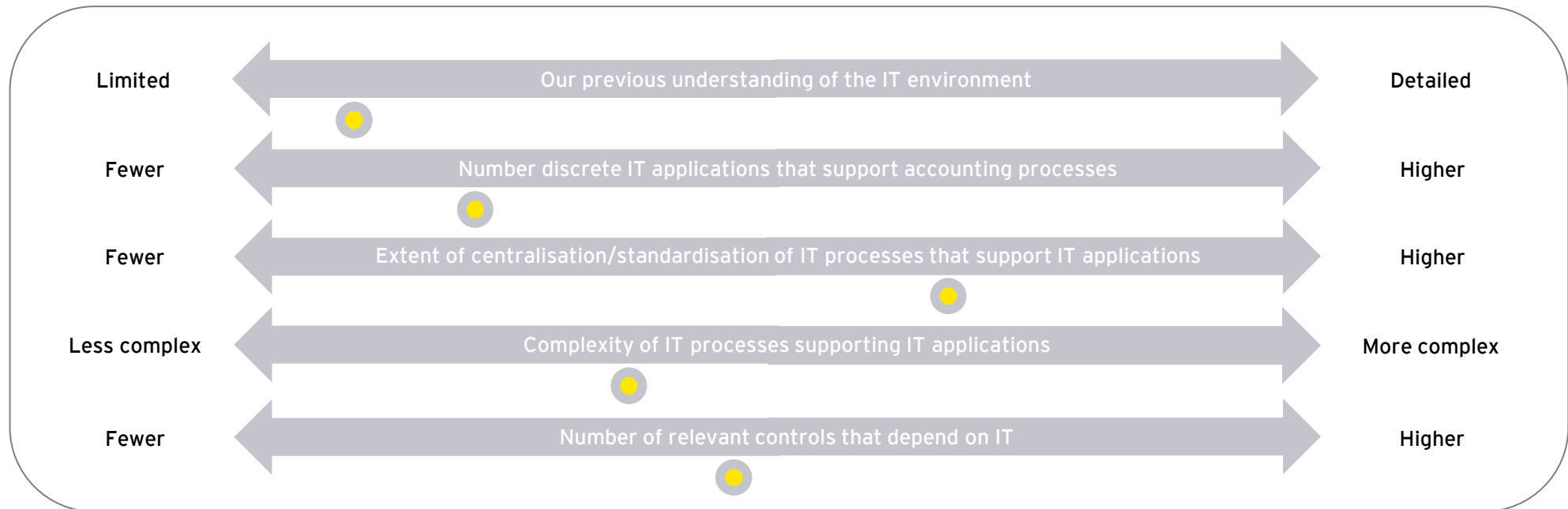


## Appendix D

# Impact of ISA 315 on Audit (continued)

We indicate below where Norfolk Pension Fund is placed in relation to a number of the factors that influence the extent of incremental audit effort relating to understanding the effect of the entity's use of IT, to provide more context to the assessment shown in the previous diagram.

Further details of our assessment and the form that the incremental effort is expected to take are provided on the following page.



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## Impact of ISA 315 on Audit (continued)

We anticipate this level of effort taking into account the following factors:

- ▶ Current approach to IT, particularly whether testing ITGCs related to some or all relevant IT applications and brought forward understanding of IT.
- ▶ Number of IT applications/components of the IT environment and whether previously in-scope.
- ▶ Previous and planned audit strategy for the SCOTs (and differences between strategies for different SCOTs) with relevant IT applications / components of the IT environment.
- ▶ Current involvement, and extent thereof, of those with specialised knowledge of auditing IT (FAIT).
- ▶ Complexity of IT applications/environment/IT processes.
- ▶ Extent of relevant controls that depend on IT.
- ▶ Number and uniformity of IT processes, centralisation, entity documentation and organisation of the entity's IT function.

The additional effort is expected to take the form of:

- ▶ Identify IT applications that support the relevant SCOT or FSCP.
- ▶ Identify the supporting IT environment components and IT processes that support the relevant IT applications identified.
- ▶ Understand the relevant IT process.
- ▶ Understanding additional IT applications and processes.
- ▶ Considering the need for involvement of those with specialised knowledge of auditing IT.

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ED None

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# Audit and Governance Committee

Item No: 9

**Report Title:** Work Programme

**Date of Meeting:** 10<sup>th</sup> October 2023

**Responsible Cabinet Member:** N/A

**Responsible Director:** Harvey Bullen, Director of Strategic Finance, Section 151 Officer, Finance Directorate

**Is this a Key Decision?** No

## Executive Summary

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.

Following constitutional changes agreed by Full Council on 19th of July 2022 the Audit and Standards Committee have merged.

## Recommendations

The Committee are asked to consider and agree:

- the work programme for the Committee
- if further information is required.

### 1. Background and Purpose

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



## 2. Proposal

2.1 The proposed work is set out below:

- **January 2024** reports
  - Director of Strategic Finance (S151 Officer)
    - NAS Terms of Reference
    - NAS Quarterly Report Quarter ended December 2023
    - Risk Management Report
    - Internal Audit Strategy and Plan 2024-25
    - Work Programme
  - Assistant Director Legal Services (Monitoring Officer)
    - Anti-Fraud and Corruption Strategy and Whistleblowing Update
- **April 2024** reports
  - Director of Strategic Finance (S151 Officer)
    - External Audit Letter and Audit Plan 2024
    - Treasury Management Report 2023-24
    - Risk Management Report and Risk Management Annual Report 2023-24
    - Insurance Annual Report 2023-24
    - Audit and Governance Committee Annual Report 2023-24
    - Norfolk Audit Services Annual Report 2023-24 (including Quarter ended April 2024)
    - Audit Committee – Terms of Reference
    - Audit Committee Work Programme
  - Assistant Director Legal Services (Monitoring Officer)
    - Anti-Fraud and Corruption Strategy and Whistleblowing Update and Anti-Fraud and Corruption Annual Report 2023-24
- **July 2024** reports
  - Director of Strategic Finance (S151 Officer)
    - Governance of Norfolk Pension Fund 2023-24
    - NAS Quarterly Report Quarter ended June 2024
    - Risk Management Report
    - Audit Committee Work Programme
  - Assistant Director Legal Services (Monitoring Officer)

- Annual Monitoring Officer report 2023-24
  - Anti-Fraud and Corruption Strategy and Whistleblowing Update
- Executive Director of Strategy and Transformation
  - Annual SIRO Report 2023-24
- Medium Term topics to note:
  - Executive Director, CES - Environmental Policy Update

2.2 The Committee may wish to propose further reports on additional topics relevant to the Committee's terms of reference.

### **3. Impact of the Proposal**

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

### **4. Evidence and Reasons for Decision**

4.1 Not applicable.

### **5. Alternative Options**

5.1 There are no alternative options.

### **6. Financial Implications**

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

### **7. Resource Implications**

7.1 There are no Staff/Property or IT implications

### **8. Other Implications**

**8.1** There are no Legal /Human Rights/ Equality Impact Assessment (EqIA) /Data Protection Impact Assessments (DPIA)/Health and Safety/Sustainability or other implications.

## **9. Risk Implications / Assessment**

9.1 There are no risk implications. Risk Management reports feature in the programme.

## **10. Select Committee Comments**

10.1 None.

## **11. Recommendations**

1. Please see the Executive Summary above.

## **12. Background Papers**

12.1 None.

### **Officer Contact**

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

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**Telephone no.:** (01603) 303395  
**Email:** Adrian.thompson@norfolk.gov.uk



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