

Audit Committee

Date: **Thursday 3 February 2022**

Time: **2 pm**

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

Membership

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

Cllr Michael Dalby
Cllr Terry Jermy
Cllr Mark Kiddle-Morris
Cllr Saul Penfold
Cllr Karen Vincent

Advice for members of the public:

This meeting will be held in public and in person.
It will be live streamed on YouTube and, in view of Covid-19 guidelines, we would encourage members of the public to watch remotely by clicking on the following link:
https://www.youtube.com/channel/UCdyUrFjYNPfPq5psa-LFIJA/videos?view=2&live_view=502which

However, if you wish to attend in person it would be most helpful if, on this occasion, you could indicate in advance that it is your intention to do so. This can be done by emailing committees@norfolk.gov.uk where we will ask you to provide your name, address and details of how we can contact you (in the event of a Covid-19 outbreak). Please note that public seating will be limited.

Councillors and Officers attending the meeting will be taking a lateral flow test in advance. They will also be advised to wear face masks all times unless they are speaking or are exempt from wearing one. We would like to request that anyone attending the meeting does the same to help make the event safe for all those attending. Information about symptom-free testing is available [here](#).

Agenda

1 To receive apologies and details of any substitute members attending

2 Minutes

To confirm the minutes of the meeting held on 14th October 2021.

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 Chairman decides should be considered as a matter of urgency

5 Risk Management Report

Report by the Executive Director of Finance & Commercial Services

Page 15

6 External Audit Reports

Report by the Executive Director of Finance & Commercial Services

Page 61

7. Norfolk Audit Services Report for the Quarter ending 31 December 2021

Report by the Executive Director of Finance & Commercial Services

Page 103

- | | | |
|----------|--|----------|
| 8 | Internal Audit Strategy, Approach and Audit Plan for 2022/23
Report by the Executive Director of Finance & Commercial Services | Page 129 |
| 9 | Work Programme
Report by the Executive Director of Finance & Commercial Services | Page 157 |

Tom McCabe
Head of Paid Service
Norfolk County Council
County Hall
Martineau Lane
Norwich
NR1 2DH

Date Agenda Published: 26 January 2022



If you need this document in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or (textphone) 18001 0344 800 8020 and we will do our best to help.

Audit Committee
Minutes of the Meeting held on Thursday 14 October 2021 at 2pm
at Council Chamber, County Hall, Martineau Lane Norwich

Present:

Cllr Ian Mackie – Chairman
Cllr Terry Jermy
Cllr Saul Penfold
Cllr Robert Savage – Vice-Chairman
Cllr Karen Vincent

1 Apologies for Absence

1.1 Apologies were received from Cllr Mark Kiddle-Morris and Cllr Michael Dalby.

2 Minutes

2.1 The minutes from the Audit Committee meeting held on 21 July 2021 were agreed as an accurate record.

3 Declaration of Interests

3.1 Cllr Ian Mackie declared a non-pecuniary interest in agenda item 6 (Annual Statement of Accounts and Annual Governance Statement – List of Members of the Norfolk Pension Fund) as he was a Governor at Dussindale Primary School; a Town Councillor on Sprowston Town Council and Thorpe St Andrew Town Council and member on Broadland District Council.

3.2 Cllr Robert Savage declared an interest as a Member of the Norfolk Pension Fund.

3.3 Cllr Karen Vincent declared a non-pecuniary interest in agenda item 6 (Annual Statement of Accounts and Annual Governance Statement – List of Members of the Norfolk Pension Fund) as she was a Member of the Norfolk Pension Fund, Norse Board shareholder representative for Norfolk County Council, member of Broadland District Council and member of Spixworth Parish Council and Sprowston Town Council.

4 Items of Urgent Business

4.1 The Chairman read the following statement:

The Audit Committee's role includes considering the effectiveness of the Council's Risk Management Framework so the Committee receives regular updates on the Council's corporate risks. Since the last Audit Committee, in July, a report has been published regarding the significant failings and tragic consequences at Cawston Park Hospital in Norfolk. The Council did not commission these services and its role in Cawston Park Hospital was a safeguarding one – which we carried out to the best of our ability, given the

limitations on our influence. The review highlighted those limitations and the actions to prevent this happening again rest almost entirely with others – mainly the Clinical Commissioning Group (CCG). We didn't have a specific risk against this – because it was not a facility we commissioned from.

The Full Council recently noted that report, which included wider recommendations for the Council, which are being considered to see what steps can be taken. From a risk management perspective the Council has previously considered two risks and the potential for a new risk will now be explored.

We already have a departmental risk **RM14464 – 'Failure of providers to provide care to vulnerable people'** and while it is leaning towards the availability of staff and beds it does mention the risk that, 'Care providers fail to meet needs of residents increasing the risk of a safeguarding issues'. The risk was scored 10 and rated Amber (the target is a score of 5) with prospects of meeting the target score rated as Amber, back in July, when that was reported to Cabinet. Whilst Cawston Park Hospital was not a care facility we commissioned from; the distinction for 'limitations of our influence for 'other care facilities, that we do not commission from', could now be recognised in that risk to add context.

Risk number **RM028**, which was closed by Cabinet in July this year, covered the risk of, '**Any failure to monitor and manage health and safety standards of 3rd party providers of services**'. This related to our legal obligations from H&S legislation. A recent audit of contract management for H&S has shown that whilst there is still improvement to be made in the pre-tender process, all of the areas reviewed had active monitoring in place, where we commission services. This is a considerable step forward from when we developed the risk. We are therefore confident that with the robust audit monitoring process in place, further improvements will be secured and we do not need to resurrect risk RM028.

The Audit Committee can be reassured that

- the recommendations for the Council, from the review, will be carefully considered and followed up once they have had time to be implemented
- the topic will be covered by the Health Overview Scrutiny Committee on 4th November 2021
- The Executive Director of Adult Social Services will consider how risk RM14464 can be amended to also show the distinction for, 'There are limitations of our influence for 'other care facilities, that we do not commission from'; to add context; and to continue to monitor RM14464 and ensure any mitigating actions are completed.

The Committee **agreed** to defer the next agenda item 5 (Risk Management Report) until later in the meeting as the officer presenting was not available until later

6 Norfolk County Council Audit Plan Addendum: Norfolk County Council and Norfolk Pension Fund Audit Results Reports – Audit Committee Summary for the year ended 31 March 2021.

6.1 The Committee received the report by the Executive Director of Finance and Commercial Services introducing the External Auditor's (Ernst & Young)

Norfolk County Council and Norfolk Pension Fund Audit Results Reports – Audit Committee Summary for the year ended 31 March 2021. The Assistant Director of Finance (Audit) advised that the cover stated the report was a key decision which was incorrect, and he apologised for the formatting error.

6.2 The Committee welcomed Mark Hodgson from Ernst & Young to the meeting. Mark Hodgson thanked the officers for their work over the past few months in helping conclude the audit processes.

6.3 Mr Hodgson, from External Auditors Ernst & Young introduced the Norfolk County Council and Norfolk Pension Fund Audit Results Report, in three appendixes, during which the following points were noted:

6.3.1 Appendix 1 Ernst & Young Audit Plan Addendum for the Value for Money Risk Assessment.

- An update to the plan was received and the committee were advised that no significant risks were identified to the value for money assessments.
- This assessment brought the committee up to date since the start of the Audit Plan in March 2021.

Appendix 2 Ernst & Young Norfolk County Council Pension Fund Audit Results Report.

- 6.3.2
- The materiality level set for Norfolk County Council Pension Fund was increased to £44.8m
 - There was an increase to the risk designation of level three assets. This was increased to a significant audit risk on the basis of the level and complexity of estimation of the valuation of the assets.
 - The status of the audit identified that IS26 assurance procedures were outstanding which was due to a national issue of input of actuarial data being submitted and valued within the actuarial model. The additional reassurances had been carried out and these correspond with the County Council's own audit processes and data input.
 - All audit assurances had been received and no issues had been identified with regard to fraud risks.

Key findings from the audit:

- There were 3 findings relating to the valuation of level three assets. 1.) Timing was an issue because level three assets are not quoted on a market platform and generally take place on 31st December. During the audit process, updated figures for the level 3 assets were received by the External Auditors which moved the value higher by £43.8m. 2.) Classification was an issue between level 2 and 3 assets. Level 2 assets were overstated by £139m as better clarification was required as to how those assets were considered. 3.) Audit qualification. One fund had an audit qualification as there was insufficient information available to the fund auditor concerning provision made to that fund of a legal case. However, the proportion of liability to the County's holding by the fund managers was not considered to be material, although greater disclosure was sought from the fund manager's auditor.
- The three findings explained the need to increase the audit plan risk to significant status at the start of the audit process.

- The IS26 assurance procedures concluded that the difference between the actual and model calculations related to less than 1% of the valuation.
- There were no material adjusted audit differences noting that the valuation issue was a purely a timing issue only.
- There were a few disclosures differences identified mainly between the classification issues of level 2 and 3 assets.

The External Auditors confirmed their conclusion of an “Unqualified Opinion” and thanked officers for their help and support during the challenging and robust auditing processes undertaken.

6.3.3

Appendix 3 Ernst & Young Norfolk County Council Audit Results Report.

- The report was labelled as provisional as there was some outstanding work to complete and a requirement to issue reports ahead of deadline dates.

6.3.4

Key findings of the report:

- The materiality level for Norfolk County Council was increased to £28m on receipt of the draft accounts.
- A change of risk designation took place from the audit plan established in March 2021. The risk was increased to significant following estimation levels of deprecation values undertaken during the closure procedures by officers for the preparation of the accounts.
- The group consolidation process risk was uplifted to the highest level from the audit plan baseline.
- Going concern had been reduced to an area of focus because the initial assessment work in the audit process did not highlight any issues.

The following updates to the published report were noted:

- Pension Liability – The Auditors have completed their work and there are no issues to report.
- Group work – PWC the component auditor can not provide sign off as an issue is arising with the completion of processes relating to a Norse Group subsidiary. The sign off was due to take place in November 2021. This delay prevents Ernst & Young from completing their audit opinion for the County Council.
- Property, Plant & Equipment – The asset lives and depreciation process applied is appropriate but hasn’t been tested thoroughly enough for sign off.
- Journals - The Auditors have completed their work and there are no issues to report.
- Employee cost work – The work is in progress and there are no issues to report to date.
- Accounts Payable – The work is almost complete but some evidence is awaited for testing invoicing.
- Disclosures - The Auditors have completed their work and there are no issues to report.
- Other income & expenditure – awaited some invoice evidencing from 4 schools out of a sample of 90.
- Bank confirmation – now received and no issues to report.
- Going concern assessment- work is ongoing and almost complete with no issues to report to date.

- The outstanding audit work was to be completed within the next couple of weeks and sign off was then subject to the consolidation assurances received from PWC.

There were no unadjusted audit differences and no adjusted differences above the normal thresholds.

6.3.5

Regarding Audit Risks, the Committee noted the following:

- There were no issues raised against the fraud risk assurances and Covid funding risk which was a significant risk last year.
- The auditors were content with the evaluation process of the asset depreciation accounting.

6.4

The External Auditors confirmed their expected conclusion of an “Unqualified Opinion”.

6.5

The auditors confirmed that they had dismissed two objections from members of the public concerning the audit, having followed the procedure laid down for investigation of such matters.

6.6

The Chairman expressed satisfaction in the anticipated “Unqualified Opinion” with regard to the audit but expressed disappointment at the delays experienced by PWC. Notwithstanding the outstanding assurances sought from PWC, the external auditors did not anticipate any additional issues, although further procedures would be put in place to cover the period to the audit opinion completion which was to be carried forward to mid November 2021. This additional unplanned work to the audit would carry additional cost to the County Council.

6.7

The Chairman, on behalf of the Committee placed on record its thanks to Ernst & Young for the excellent report and to officers who had provided help and support to the audit process over the last few months.

6.8

The committee considered the report and **RESOLVED** to **note**:

- The addendum to the audit plan issued by Ernst & Young following their Value for Money risk assessment.
- To agree matters raised in the Ernst & Young Norfolk County Council and Norfolk Pension Fund Audit Results Reports before Ernst & Young issue their audit opinions.

7 **Audit Letters of Representation 2020-21**

7.1

The Committee received the report by the Executive Director of Finance and Commercial Services introducing the audit letters of representation of Norfolk County Council and of Norfolk Pension Fund for 2020-21.

7.2

A copy of the updated draft Letters of Representation was circulated to the Committee before the meeting started and is attached at **Appendix B**.

7.3

The Committee noted that the two draft Letters of Representation in respect of the Norfolk County Council and Norfolk Pension Fund would be updated to reflect the views of the External Auditors when they had completed their work,

and would be signed by the Chair and Executive Director of Finance & Commercial Services when they were ready.

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

- **Note** the unadjusted audit differences set out in paragraphs 6.2 and detailed in paragraph A5 and A7 of the draft Letters of Representation attached to the report.
- **Endorse** the letters of representation in respect of the Pension Fund and 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 Committee and Executive Director of Finance and Commercial Services to sign the letters on behalf of the Council.

8 **Annual Statement of Accounts and Annual Governance Statement 2020-21**

8.1 The Committee received the report by the Executive Director of Finance & Commercial Services presenting Norfolk County Council's Annual Statement of Accounts and Annual Governance Statement 2020-21. The Chairman advised that the cover of the report reflected an inaccuracy in that this item is not a key decision as stated.

8.1.1 The Chairman placed on record his thanks for the officers who put together the accounts and report given the scale and complexities of the functions of the Council, this was an enormous annual achievement of which they could be proud. Members concurred with the Chairman's comments.

8.2 The following information was noted in response to questions from the Committee:

- Annual increments in the banding ranges would account for some of the increase in the percentage of officers earning over £50,000 and £75,000 as identified in page 202 of the report. The Council were always mindful of the need to consider value for money against salary costs.
- The France (Channel) England Interreg Va Euro programme would conclude after the current round of funding as the UK Government had withdrawn from the EU (Brexit). The Council had already sought replacement funding from other grant sources such as the UK Share Prosperity Fund. The Chairman committed to circulating the information concerning the amount of funding that was apportioned to Norfolk from the Interreg programme.

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

1. **Agree** that, following annual reviews, the systems of internal control and internal audit are considered adequate and effective;
2. **Approve** the Annual Governance Statement;
3. **Note** the non-material audit differences set out in paragraph 6 below, with further detail in paragraph 6.6 of the Annex to this report.

4. **Approve** the Council's 2020-21 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 Executive Director of Finance and Commercial Services after consultation with the Chairman and Vice-Chairman of Audit Committee.

Item 5 was taken at this point in the meeting.

5 Risk Management

- 5.1 The Committee received the report by the Executive Director of Finance and Commercial Services referencing the corporate risk register as it stood in October 2021, following the latest review conducted during August 2021.
- 5.2 In introducing the report, the Risk Management Officer highlighted those risks which had been updated and agreed by Cabinet.
- 5.3 It was proposed to close risk **RM028 – Risk of any failure to monitor and manage health and safety standards of third party providers of services** as mitigations had been implemented and services providers had greatly improved their approach. **RM010 – Risk of the loss of key ICT systems including internet, telephony, cloud provided services or Windows and Solaris hosting platforms** had been reduced to score 3. This is now considered a tolerated risk. A new corporate risk **RM033** had been opened as **Failure to receive necessary funding or statutory approvals to enable the Norwich Western Link (NWL) project (at £198m) to be delivered to the agreed timescales (target opening late 2025)** following the agreement by cabinet in June 2021 to undertake a programme of capital works within the agreed budget.
- 5.4 In response to questions from members it was noted:
 - Reputational risk is managed by the Council internally, however areas such as care services provision within adult and children services have their own quality control teams undertaking examination, as well as the Council's own complaints procedure to follow through which could be escalated to the Ombudsman. All these measures were working well and this area of risk is constantly monitored.
 - **RM013** required updating in that the progress update should reflect that a new Chairman and two new independent executive directors have now been appointed and are embedded on the Norse Group Board. In addition, the Norse Shareholder committee has had its terms of reference reviewed and extended and these new terms were approved by the committee in August 2021. The wider remit of the committee is reflected in its new name - Norfolk County Council Owned Companies Governance Panel.
 - The Chairman confirmed that the risks referred to in his earlier statement concerning providers such as Cawston Park Hospital would be broaden out and that further consideration of this risk would be discussed by Health and Overview Scrutiny Committee in November 2021. The Chairman suggested that the Executive Director of Adult Social Care and Community Services would be invited to speak at a future Audit committee.
 - **Risk RM022b** had to focus its relevance around the provision of Norfolk County Council's objectives and the provision of its services. However, a time and task group from the Corporate Select Committee had been set up

- 5.5 to tackle issues of how the Council can work with organisations such as Local Enterprise Panel to benefit Norfolk PLC. The Risk Management Officer agreed to feedback to the risk owner and reviewer the question of whether a part c) was required for this risk on the wider implications to Norfolk.

- 5.5.1 The Director of People gave a presentation concerning the upgrading of the risk **RM029** which is available on the [committee's website pages](#). The key reason for increasing the risk to red status is that of the vacancy level for social workers. This was a national challenge and was not unique to Norfolk. Those social workers undertaking assessment (FAST teams) was a particular pressure point.

In response to members questions it was noted:

- All employees on furlough during the pandemic were now back in post. The Director of People committed to furnish the committee with the exact numbers of those who were placed on furlough. These furloughed roles were exclusively where private funding of roles took place.
- The recruitment process does not capture data of existing skill sets of new employees although it is hoped that the introduction of myOracle shortly will help with that process. Data of this nature from apprenticeships has been established. However, documented careers paths were noted and provide potential employees with the assurance of the ability to learn and gain qualifications within the Council's structure.
- Social worker levels within Children's Services are of the most immediate concern and changes to help retention were shortly to be proposed to the employment committee. Agency workers also fill any gaps but reliance on that provision had been successfully reduced.

- 5.5 The Committee considered the report and **RESOLVED** to **agree**:

- The key messages as per section 2.1 of the report.
- The key changes to the generic corporate risk register (Appendix A)
- The corporate risk heat map (Appendix B)
- The latest generic corporate risks (Appendix C)
- Scrutiny options for managing corporate risks (Appendix D)
- Background Information (Appendix E)

9 **Norfolk Audit Services Report for the Quarter ending 30 September 2021.**

- 9.1 The Committee received the report by the Executive Director of Finance & Commercial Services updating it on the overall opinion on the effectiveness of risk management and internal control and setting out the work to support the opinion and any matters of note.

- 9.2 In introducing the report, the Committee's attention was drawn to the following:

- The arrangements for internal control, governance and risk management were all considered to be acceptable.
- School audits had continued to be conducted remotely albeit that face to face teaching had returned from the period of the pandemic.

9.3 In response to a question, the Committee was reassured to note that audit days cancelled or deferred was largely due to a long term officer absence through sickness and that the dynamics of the audit plan often require a different focus from the initial plan as risks and priorities change. The overall plan including the key areas of audit were sound and satisfactory.

9.3.1 The Assistant Director of Finance (Audit) advised that options were being considered regarding the use of data analytics software. The abilities of the software are vast and sampling and trailing will take place before any further decisions are made. A follow up report will follow to the committee in due course.

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

- **Agree** the key messages featured in the quarterly report; that the work and assurance meet their requirements.

10.0 **Norfolk Audit Services Terms of Reference (Charter) and Code of Ethics 2020/21**

10.1 The Committee received the report by the Executive Director of Finance and Commercial Services presenting the revised terms of reference and code of ethics.

10.2 The committee consider the report and **RESOLVED** to:

- **Agree** the NAS Terms of Reference (Charter) as set out in Appendix A, and the Code of Ethics as set out in Appendix B of this report.

11.0 **Yearly Update of the Audit Committee**

The Committee received the report by the Executive Director of Finance and Commercial Services which summarised and reflects upon the work of the committee from 1 April 2019 to 31 March 2021 and confirmed that its function has been consistent with best practice demonstrating and explaining how it adds value to the Council.

11.1 In response to a question the committee were advised that government guidance was still awaited regarding the appointment of independent individuals to audit committees.

11.2 The committee considered the report and **RESOLVED** to:

Agree that the arrangements are satisfactory and note that the Committee has terms of reference which are consistent with guidance and best practice, subject to further strengthening by:

- including in the Committee's Terms of Reference (as consequential changes) these roles from the CIPFA position statement:
- considering the effectiveness of arrangements and the control environment and risk related issues in relation to partnerships and collaborations with other organisations
- monitoring the effectiveness of the control environment, including arrangements for ensuring value for money and supporting standards and ethics
- supporting standards and ethics arrangements

- considering a future report on the CIPFA's position statement for 'wider roles' and agree if there are any actions that need to be taken
- receiving updates on regulations and guidance concerning independent members and, if required, consider any such requirement
- considering a future report on the CIPFA 'assessment tool – evaluating effectiveness.

12 Anti-Fraud, Bribery and Corruption Report for the Quarter ending 30 September 2021

The committee received the report by the Director of Governance which updated the committee in respect of pro-active and reactive Anti-Fraud, Bribery and Corruption activity.

- 12.1 The Chairman thanked the County Council's Investigative Auditor, whose work on these subjects have been nationally recognised, for all his hard work and diligence.
- 12.2 Members were reassured that current investigations being carried out were being conducted with the necessary proper practices in place. Once these investigations are closed and concluded further details can be submitted to the Council and committee.
- 12.3 The committee considered the report and **RESOLVED** to:
Agree the key messages featured in part 3 of this quarterly report, that the work and assurance meet their requirements and advise if further information is required.

13 Work Programme

- 13.1 The Committee received the report by the Executive Director of Finance and Commercial Services setting out the work programme.
- 13.2 The Chairman committed to issuing a note to members to advise once the issues concerning PWC assurances for the Norse Group accounts had been signed off and that the Council's audit processes for 2020/21 had been completed satisfactorily. The Chairman requested that the Executive Director of Adult Social Care and Community Services be invited to speak at a future Audit committee regarding monitoring of risk RM14464 and that any mitigating actions are completed.
- 13.3 The Committee considered and **noted** the report.

The meeting ended at 4.03pm

Ian Mackie Chairman



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

Audit Committee

Item No:5

Report Title: Risk Management

Date of Meeting: 3rd February 2022

Responsible Cabinet Member: N/A

Responsible Director: Simon George, Executive Director – Finance and Commercial Services

Is this a Key Decision? No

If this is a Key Decision, date added to the Forward Plan of Key Decisions: N/A

Executive Summary

Risk management continues to play an active role in the Council's response to the ongoing COVID-19 pandemic.

This report references Norfolk County Council's corporate risk register as it stands in February 2022, following the latest review conducted during December 2021.

The Council continues to work through the implications of the COVID-19 pandemic, with an ongoing commitment to safe and sustainable service delivery for its' citizens over the winter period and beyond. The Council continues to follow the government's recovery roadmap.

There has been joint working between the Risk Management Function and the Resilience Team on preparedness for this Winter, engaging with departmental management teams across the Council and the Director Ops. Board to provide risk management and resilience support and information.

The Council continues to invest in its care services and is managing demand led pressures and increases in costs in Children's Services and Adult Social Services.

There will be a short presentation from the Adult Social Services Department in relation to risk RM14464 - Failure of providers to provide care to vulnerable people. This departmental risk can be seen at Appendix D.

Corporate risks continue to be monitored and treated appropriately in line with the Council's risk management framework, with risk-based decisions supporting the

Council's recovery, and the recently Full Council-agreed strategy Better Together, For Norfolk.

A summary of significant changes to corporate risks since they were last issued 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. Full details of the current corporate risks are included in **Appendix C**, including further explanation on risk scoring. Details of departmental risk **RM14464 - Failure of providers to provide care to vulnerable people**, which was noted at the last Audit Committee meeting in October 2021 can be noted at **Appendix D**. The scrutiny options available for the management of corporate risks are presented at **Appendix E**, along with background information at **Appendix F**. Responses to actions taken from the last meeting are detailed below in paragraphs 6.2.

Recommendations:

To consider and agree;

- a. The key messages as per paragraphs 2.1 and 2.2 of this report
- b. The key changes to the corporate risk register (**Appendix A**);
- c. The corporate risk heat map (**Appendix B**);
- d. The latest generic corporate risks (**Appendix C**);
- e. The latest departmental risk RM14464 (**Appendix D**);
- f. Scrutiny options for managing corporate risks (**Appendix E**);
- g. Background Information (**Appendix F**);

1. Background and Purpose

- 1.1 One of the Audit 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 6th December 2021.

2. Proposal

2.1 The key general risk messages are as follows:

- There is ongoing joined-up working between the Risk Management Function and the Resilience Team throughout the winter period, to ensure that as a Council, we are resilient to the challenges that we face during this period, and have taken account of the associated risks.

2.2 The key specific corporate risk messages are as follows;

- The current score of risk **RM031 - NCC Funded Children's Services Overspend** has increased from 20 to 25 (likelihood rising from 4 to 5).
- That risk **RM032a** has been refreshed and renamed to cover our capacity to manage multiple disruptions to business.
- A new corporate risk has been introduced: **RM034 – Supply Chain Interruption**, covering the risk of disruption to Norfolk County Council's supply chains.

Further details of the above risk changes can be viewed at **Appendix A**.

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.

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 With the COVID-19 pandemic there are major financial implications to consider. Whilst all corporate risks will have varying degrees of financial implication associated with them, the key risks with a financial consideration are RM002, RM006, RM023, and RM031.

- 6.2 In response to the point raised at the last Audit Committee regarding how the departmental level risk RM14464 can be amended to also show the limitations of our influence for other care facilities, that we do not commission from, this risk has been updated and reported at Appendix D to provide Members of this Committee with sight of the progress on the mitigations being implemented.

7. Resource Implications

- 7.1 **Staff:** Previously office-based staff continue to work at home wherever possible following the development of a new Covid-19 variant. Mental health services within the Council continue to be promoted and are available to those needing to access them.
- 7.2 **Property:** With the rise of the Omicron variant, there is a renewed message to work from home wherever possible. Work continues to be undertaken by the Smarter Working Programme to ensure a well-managed partial return to the office in due course for colleagues who were office-based prior to the pandemic. Risk-based decisions continue to be taken, with health and safety considerations at the forefront of this work as well as the national recommendations.
- 7.3 **IT:** The Council's Information Management Technology team closely monitor cyber security threat levels, and continue to roll out the technological advances and IMT training that are helping Members and officers to carry out their duties effectively.

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):** As per paragraph 7.2 above, health and safety considerations are at the forefront of the work being carried out to ensure that staff are working in the safest possible environment.
- 8.6 **Sustainability implications (where appropriate):** There are no specific sustainability implications to consider within this report over and above the

implications of COVID-19 on a sustainable new way of living and working for the foreseeable future.

8.7 **Any Other Implications:** There are no other risk implications to consider within this report.

9. Risk Implications / Assessment

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

10. Select Committee Comments

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

11. Recommendations

To consider and agree;

- a. The key messages as per paragraphs 2.1 and 2.2 of this report
- b. The key changes to the corporate risk register (**Appendix A**);
- c. The corporate risk heat map (**Appendix B**);
- d. The latest generic corporate risks (**Appendix C**);
- e. The latest departmental risk RM14464 (**Appendix D**);
- f. Scrutiny options for managing corporate risks (**Appendix E**);
- g. Background Information (**Appendix F**);

12. Background Papers

12.1 None applicable.

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 and Commercial Services (Audit)

T: 01603 303395

E: adrian.thompson@norfolk.gov.uk

Thomas Osborne, Risk Management Officer

T: 01603 222780

E: thomas.osborne@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.

Key Changes to Corporate Risks

The quarterly review of the corporate risk register has generated the following changes;

Risk Number	Risk Score Change	Risk title Change	Risk Description Change	Mitigations Change	Risk Owner Change	New Corporate Risk
<i>RM001</i>						
<i>RM002</i>						
<i>RM003a</i>						
<i>RM003b</i>						
<i>RM004</i>						
<i>RM006</i>						
<i>RM010</i>						
<i>RM013</i>						
<i>RM022b</i>						
<i>RM023</i>						
<i>RM024</i>						
<i>RM026</i>						
<i>RM027</i>						
<i>RM029</i>						
<i>RM030</i>						
<i>RM031</i>	✓		✓			
<i>RM032</i>	✓	✓	✓	✓	✓	
<i>RM033</i>						
<i>RM034</i>						✓

Risk Score Change

RM031 - NCC Funded Children's Services Overspend

The current risk score has increased from 20 to 25 (likelihood increased from 4 to 5). The risk likelihood has increased from probable to "almost certain", due to department currently projecting an overspend outturn position for 2021/22 due to the considerable in-year financial pressures faced from external service demand forces and ongoing uncertainties due to COVID 19. Reduced placement sufficiency is driving up unit costs considerably along with delays experienced for new provision to be registered, which results in expensive temporary packages of care.

Risk Refresh

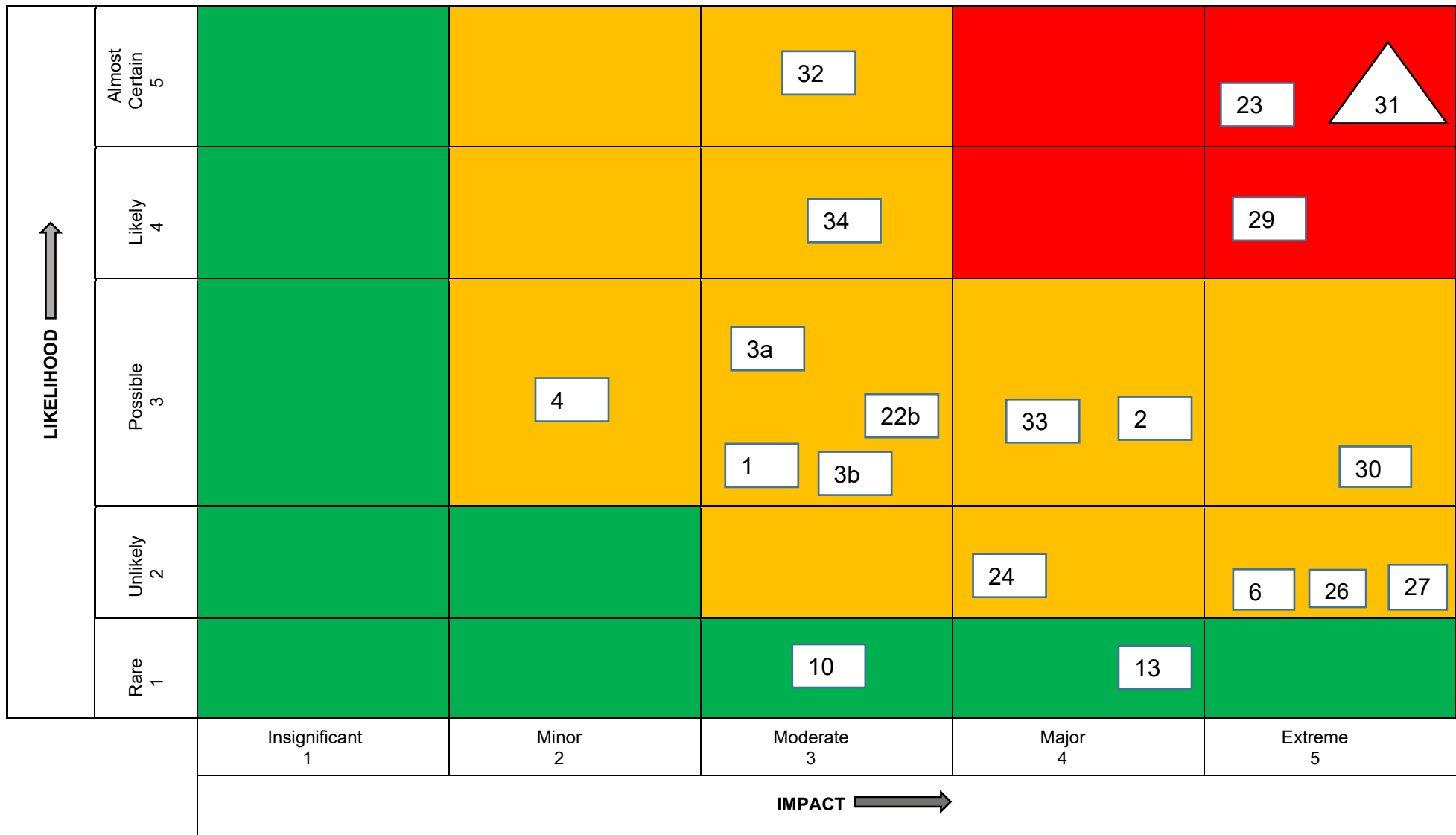
Risk **RM032a** has been refreshed to cover our capacity to manage multiple disruptions to business. This incorporates potential internal threats such as loss of IMT or power or external impacts such as supporting the countywide response to Norfolk's Highest risk such as coastal flooding or pandemic flu and will now be represented as RM032, given that part b) has previously been closed.

New Risk

RM034 – Supply Chain Interruption

A new risk has been introduced on to the corporate risk register to treat the risk of supply chain interruption. This looks at the risk of disruption to any of the Council's key supply chains, with full details of the risk available in Appendix C.

Corporate Risks - Heat Map



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

No.	Risk Title	No.	Risk Title
RM001	Not realising infrastructure funding requirements to achieve the infrastructure ambition of the Business Plan.	RM022b	Implications of Brexit for a) external funding and b) Norfolk businesses
RM002	The potential risk of failure to manage significant reductions in local and national income streams.	RM023	Failure to respond to changes to demography, funding, and government policy, with particular regard to Adults Services.
RM003a	Potential for failure to comply with statutory information compliance requirements.	RM024	Failure to construct and deliver the Great Yarmouth 3rd River Crossing (3RC) within agreed budget (£121m), and to agreed timescales (construction to be completed early 2023).
RM003b	Potential for failure to comply with relevant information security requirements	RM026	Legal challenge to procurement exercise.
RM004	The potential risk of failure to deliver effective and robust contract management for commissioned services.	RM027	Risk of failure of new Human Resources and Finance system implementation (myOracle).
RM006	The potential risk of failure to deliver our services within the resources available for the period 2018/19 to the end of 2020/21.	RM029	NCC may not have the employees (or a sufficient number of employees) with critical skills that will be required for the organisation to operate effectively in the next 2-5 years and longer term.
RM010	The risk of the loss of key ICT systems including: - internet connection; - telephony; - communications with cloud-provided services; or - the Windows and Solaris hosting platforms.	RM030	Non-realisation of Children's Services Transformation change and expected benefits.
RM013	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	RM031	NCC Funded Children's Services Overspend
		RM032	Capacity to manage multiple disruptions to business
		RM033	Failure to receive the necessary funding or statutory approvals to enable the Norwich Western Link (NWL) project (at £198m) to be delivered to the agreed timescales (target opening by late 2025).
		RM034	Supply Chain Interruption

Risk Number	RM001		Date of last review		06 December 2021					
Risk Name	Not realising infrastructure funding requirements to achieve the infrastructure ambition of the Business Plan									
Portfolio lead	Cllr. Martin Wilby			Risk Owner	Tom McCabe					
Risk Description					Date entered on risk register	03 June 2019				
1) Not securing sufficient funding to deliver all the required infrastructure for existing needs and planned growth leading to: • Congestion, delay and unreliable journey times on the transport network • A lack of the essential facilities that create attractive conditions for business activity and investment, and sustainable communities, including good connectivity, public transport, walking and cycling routes, open space and green infrastructure, and funding for the infrastructure necessary to enable the county council to perform its statutory responsibilities, eg education. Overall risk treatment: Treat										
Original			Current			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
3	3	9	3	3	9	3	2	6	Mar-22	Amber
Tasks to mitigate the risk										
<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 – Highways England for strategic (trunk) roads and Network Rail for rail delivery – to ensure timely delivery of infrastructure projects, and work with partners on advocacy and lobbying with government to secure future investment into the networks.</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>										
Progress update										

Progress update

Overall: Impact of Covid-19 likely to affect funding streams in both the short and longer-term.

1.1) NWL: Outline Business Case submitted to DfT and Design and Build contractor appointed following Cabinet agreement 7 June. TfN draft Strategy, which will help to support future transport delivery in and around Norwich: Consultation finished 8 October. To go to Select Committee then Cabinet (December). OBC for Long Stratton Bypass approved by government 24 July 2021. Revised planning applications from the developers submitted. West Winch Housing Access Road: Strategic OBC submitted to DfT at end of March. Responded to DfT queries end August. Further queries received October. A47/A17 Pullover Junction King's Lynn: Work has identified three options for improvement. Preferred Option to be identified and taken through DfT Major Road Network funding stream. Transforming Cities now in delivery phase. Gt Yarmouth Third River Crossing: Works started on 4 January 2021 as planned. Continuing to work with districts and other partners on a range of infrastructure projects.

1.2) Funding secured from PBR for development of Norwich Western Link and West Winch Housing Access Relief Road (see 1.1). £1.8m received through DfT Active Travel Fund phase 1 and 2. Measures now being delivered. Bid made for ATF3. Work continues on scope of county-led transport levelling-up bid.

1.3) A47 Just Dual It campaign launched in run up to 2021 spending review. Great Eastern Main Line (Norwich to London rail): Awaiting government decision on revised scope of Network Rail work, focusing on performance and journey time improvements.

Continuing to work on Ely Task Force: Consultation launched by Network Rail mid-October. Continuing to support East West Rail Consortium. Continuing to feed into the Examinations for A47 Blofield to Burlingham, Easton to Tuddenham and Thickthorn DCOs submitted to Planning Inspectorate.

1.4) Officers have updated the County Council's Planning Obligations Standards (2021) and will continue to update annually to ensure the county council is able to seek and secure the maximum possible contribution from developers. Officers are working with the County Council Network and the Regional Planning Obligations Officer Group to lobby the Ministry of Housing Communities and Local Government on proposed reforms to the developer contributions. The review of the CC's Planning Obligations Standards will be carried out later in the year (2021) and reported to Cabinet in Spring 2022 if appropriate.

1.5) Continuing to work with Transport East on transport strategy (consultation planned for November launch); liaising with DfT, Network Rail and Highways England (now National Highways) on strategic road and rail schemes; attending wider partnership groups including LEP Transport Board

1.6) Officers have introduced a new system of monitoring known as the Infrastructure Funding Statement (IFS) to comply with the 2010 Community Infrastructure Levy (CIL) Regulations (as amended in September 2019). This will ensure monitoring is effective, transparent and up to date. The County Council will publish its updated IFS later in the year in line with the above CIL Regulations.

Risk Number	RM002		Date of last review		06 December 2021					
Risk Name	The potential risk of failure to manage significant reductions in local and national income streams									
Portfolio lead	Cllr. Andrew Jamieson			Risk Owner	Simon George					
Risk Description			Date entered on risk register		31 May 2019					
This may arise from global or local economic circumstances (i.e. Brexit), government policy on public sector budgets and funding. As a result there is a risk that the Medium Term Financial Strategy savings required for 2021/22 - 2024/25 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										
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
3	4	12	3	4	12	2	4	8	Mar-22	Amber
Tasks to mitigate the risk										
<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 Corporate Board 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>										
Progress update										
<p>County Council on 21.02.21 approved the 2021-22 budget and future Medium Term Financial Strategy 2021-25 taking into account the Final Local Government Finance settlement for 2021-22. The risk target score for 31 March 2021 has been met. The council's external auditors gave an unqualified audit opinion on the 2019-20 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 31.03.2020. The implications of the COVID-19 response, 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 5.7.21 considered a strategic and financial planning report for 2022-23 with an updated report to be presented to Cabinet on 8.11.21 following the Government's Spending Review announcement. Further reports will be presented to Cabinet during the year incorporating the Provisional and Final Local Government Finance Settlements and updates on the budget planning process in order that County Council can agree the 2022-23 Budget and level of council tax at its February 2022 meeting.</p>										

Risk Number	RM003a		Date of last review		06 December 2021					
Risk Name	Failure to comply with statutory information compliance requirements									
Portfolio lead	Cllr. Andrew Proctor			Risk Owner		Andrew Stewart				
Risk Description			Date entered on risk register		05 June 2019					
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. Risk treatment: Treat										
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	3	12	3	3	9	2	3	6	Mar-22	Amber
Tasks to mitigate the risk										
<ol style="list-style-type: none"> 1. Mandatory Information Governance Training for all colleagues 2. Information Governance Group and Steering Group occur bi-monthly 3. Detailed management information in place to monitor performance 4. Two-way relationship with ICO maintained to ensure positive working relationship 5. Focus on resource available / required to ensure consistency of service 6. Ongoing improvements underway to improve efficiency and effectiveness 										
Progress update										
<p>Information Governance action plan 2020 has been delivered to ensure a more robust Information Governance culture.</p> <p>New mandatory training for Information Governance (Data Protection Essentials) launched in January 2021 which has received positive feedback and completion rate remains at around 95%.</p> <p>Information Governance Group and the new escalation Steering Group comprising the SIRO, DPO, Dir IMT, Audit and Caldicott Guardians occurring bi-monthly to deliver a strong focus and accountability on information related matters.</p> <p>Management information in place to allow actions to be taken on activity within the team and resource to be appropriately allocated / requested. Significant improvements in many areas including Freedom of Information Requests and Police disclosures. Subject Access Requests are improving and focus remains on these.</p> <p>Positive relationship with the ICO in relation to data incidents and responses to subject access requests which helps demonstrate a good culture towards information in NCC.</p> <p>Clear focus of activity in 2021/22 to improve efficiency in the team when dealing with requests (online FOI, SAR and Breach form have already been delivered) which will further improve the resource availability the Information Governance Team can give to support IG queries across NCC. Electronic Storage Programme underway to reduce risk associated with unstructured information held on Fileshares.</p> <p>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.</p> <p>Risk score of 9 remains until all activity has had time to embed fully into the business.</p>										

Risk Number	RM003b		Date of last review		06 December 2021					
Risk Name	Failure to comply with relevant information security requirements									
Portfolio lead	Cllr. Tom Fitzpatrick			Risk Owner	Geoff Connell					
Risk Description			Date entered on risk register		05 June 2019					
There is a risk of failing to comply with relevant information security requirements (e.g. NIS, PSN, PCI-DSS) which could lead to reputational damage and financial impact. Overall risk treatment: Treat										
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	3	12	3	3	9	1	3	3	Mar-22	Amber
Tasks to mitigate the risk										
<ol style="list-style-type: none"> 1. Mandatory Training in place for all colleagues - ongoing 2. Development and monitoring of MI for breaches - ongoing 3. Implementation of improved security measures - ongoing 4. External networking to ensure best practice - ongoing 										
Progress update										
<ul style="list-style-type: none"> - Rollout of new Mandatory training to all colleagues - Implementation of improved security measures e.g. E5 Licencing - Involvement with National cybersecurity organisation - Extensive communications to NCC staff on remaining vigilant against cyber-attacks - Increased take up of IT training; - A simulated phishing exercise, carried out to understand where weaknesses remain; - Roll-out of Safe Links and Safe Attachments technology, which screens MS Office attachments and links before being opened; - Anti-spoofing technology software being introduced. <p>Risk score of 9 at present due to improved measures that have been implemented but acknowledgment that further activities would reduce the risk further, with a number of new challenges in a COVID landscape. The impact should anything happen would likely result in local or national media attention, depending on the severity of the issue.</p>										

Risk Number	RM004		Date of last review		06 December 2021					
Risk Name	The potential risk of failure to deliver effective and robust contract management for commissioned services.									
Portfolio lead	Cllr. Andrew Jamieson			Risk Owner	Simon George					
Risk Description			Date entered on risk register		02 June 2019					
Ineffective contract management leads to wasted expenditure, poor quality, unanticipated supplier default or contractual or legal disputes, and/or reputational damage to the Council. The council spends some £700m on contracted goods and services each year. Overall risk treatment: Tolerate										
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
3	4	12	2	3	6	2	3	6	Mar-22	Met
Tasks to mitigate the risk										
<p>1) Implement a proactive system to identify early signs of potential supplier financial / governance failure and respond appropriately. Next steps: - Develop robust process to respond to CreditSafe alerts - Checks of suppliers governance arrangements and following up on references</p> <p>2) Continue to report the pipeline of expiring contracts to Corporate Board every six months. Continue to discuss the pipeline of expiring contracts with CES DMT every quarter. Next steps: - Start to discuss the pipeline of expiring contracts with other departmental management teams or individual senior managers</p> <p>3) Through the contract compliance and optimisation workstream of the Smarter Workstream priority under the Norfolk Futures programme, implement measures to ensure that staff who have contract management as part of their job have the relevant skills and support to manage contracts effectively. Next steps: Implement phased plan as agreed at corporate board 3 December 2019</p> <p>4) Develop a standard specification for service transition that can be used as the basis for new sourcing exercises and used to manage transitions effectively by end June 2019</p> <p>5) Internal audit undertaking audits of the contract management control environment in the three service directorates.</p>										
Progress update										
<p>1) Process developed with finance to respond to CreditSafe alerts. Complete</p> <p>2) Pipeline reporting frequency at Corporate Board increased to quarterly and process is in place for monthly review by Director of Procurement and Executive Director of Finance. Procurement staff review monthly and make sure plans are in place with departments. Complete</p> <p>3) Contract compliance and optimisation workstream plan was approved at Corporate Board in December 2019 and phased implementation was under way, prior to COVID-19. Implementation of phased plan paused whilst efforts are focussed on the COVID-19 response.</p> <p>4) Transition/handover checklist developed and in use. Complete.</p> <p>5) Internal Audit have completed an audit of the senior management monitoring of significant contracts. Complete</p>										

Risk Number	RM006		Date of last review		06 December 2021					
Risk Name	The potential risk of failure to deliver our services within the resources available for the period 2021/22 to the end of 2023/24.									
Portfolio lead	Cllr. Andrew Proctor			Risk Owner	Tom McCabe					
Risk Description			Date entered on risk register		13 June 2019					
The failure to deliver agreed savings or to deliver our services within the resources available, resulting in the risk of legal challenge and overspends, requiring the need for in year spending decisions during the life of the plan, to the detriment of local communities and vulnerable service users. Overall risk treatment: Treat										
Original			Current			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
2	5	10	2	5	10	1	5	5	Mar-22	Amber
Tasks to mitigate the risk										
<p>1) Clear robust framework, 'Together for Norfolk - Business Plan' in place which drives the delivery of the overall vision and priority outcomes. The delivery of a council-wide strategy which seeks to shift focus to early help and prevention, and to managing demand.</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>										
Progress update										

Progress update

Regular budget and performance monitoring reports to Cabinet will continue to demonstrate how the Council is delivering against the 2021/22 budgets and priorities set for each of our services. The Council has a robust and established process, including regular reporting to Members, which is closely linked to the wider Council Strategy, in order to support the development of future year budget plans taking account of the latest available information about Government funding levels and other pressures. This process includes reviewing service budgets and taking into account financial performance and issues arising in the current financial year as detailed in the budget monitoring reports. There is financial monitoring of in-year cost to address the impact of COVID-19 within departments, with monitoring of 2021-22 spend to be reported to Cabinet on a monthly basis and monitoring of COVID-19 spend reported to Corporate Board regularly. Financial forecasting is taking place to further understand where there are likely to be areas of greater financial challenges as a result of COVID-19 beyond 2021/22. There will be an updated MTFS position reported to Cabinet within the year, savings proposals have been published in October for consultation, budget setting meeting of Full Council is in February 2022, and monitoring reports are being taken to Cabinet over the course of this financial year. Work is being carried out by Departmental Leadership Teams, the Director Ops. Board and the Business Transformation Programme on future savings required.

Risk Number	RM010		Date of last review		06 December 2021					
Risk Name	The risk of the loss of key ICT systems including: - internet connection; - telephony; - communications with cloud-provided services; or - the Windows and Solaris hosting platforms.									
Portfolio lead	Cllr. Tom Fitzpatrick			Risk Owner	Simon George					
Risk Description				Date entered on risk register	01 July 2019					
Loss of core / key ICT systems, communications or utilities for a significant period - as a result of a cyber attack, loss of power, physical failure, fire or flood, or supplier failure - would result in a failure to deliver IT based services leading to disruption to critical service delivery, a loss of reputation, and additional costs. Overall risk treatment: Treat.										
Original			Current			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
2	3	6	1	3	3	1	3	3	Mar-22	Met
Tasks to mitigate the risk										
<p>1) Full power down completed periodically</p> <p>2) Replace ageing Local Area Network (LAN) equipment</p> <p>3) Implement Cloud-based business systems with resilient links for key areas</p> <p>4) Review and Implement suitable arrangements to protect against possible cyber / ransomware attacks including;</p> <p>5) 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>6) We will hold a number of Business Continuity exercises to understand and reduce the impact of risk scenarios</p> <p>7) 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>8) 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>										
Progress update										

Progress update

- 1) Full power down completed as required by Property programme plans.
- 2) County Hall complete we continue to roll out to remaining offices throughout the County slowed due to Covid-19 restrictions.
- 3) We Implement Cloud-based business systems with resilient links for key areas as they are procured, guidance is being refreshed regularly.
- 4) We have now completed the cyber audit actions.
- 5) IMT and the resilience team presented a number of scenarios selected by the business to the Directors Operational Board (Previously Silver group) to test, understand and challenge on a number of key disaster Scenario's. This was to inform the business continuity plans and highlight further improvements we can make. Resilience team are considering dates for our next Business Continuity test which is likely to be in the new year.
- 6) Since COVID-19 has resulted in the majority of the workforce working from home, the network has been able to cope effectively with a vastly increased number of users working remotely.
- 7) Security protections contained within Microsoft E5 licensing have been installed.
- 8) Infrastructure design is evolving to accommodate cloud services and reduce reliance on County Hall infrastructure and our dependance on Solaris will reduce when our new Oracle is delivered.

All relevant teams have been migrated to Contact Centre as a Service.

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

Risk Number	RM013		Date of last review		06 December 2021					
Risk Name	The potential risk of failure of the governance protocols for entities controlled by the Council, either their internal governance or the Council's governance as owner. The failure of entities controlled by the Council to follow relevant guidance or share the Council's ambitions.									
Portfolio lead	Cllr. Greg Peck			Risk Owner	Simon George					
Risk Description			Date entered on risk register		02 July 2019					
<p>The failure of governance leading to controlled entities: Non Compliance with relevant laws (Companies Act or other) Incurring Significant Losses or losing asset value Taking reputational damage from service failures Being mis-aligned with the goals of the Council The financial implications are described in the Council's Annual Statement of Accounts 2019-20. 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. Overall risk treatment: Tolerate</p>										
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
1	4	4	1	4	4	1	4	4	Mar-22	Met
Tasks to mitigate the risk										
<p>1) All controlled entities and subsidiary companies have a system of governance which is the responsibility of their Board of Directors. The Council needs to ensure that it has given clear direction of its 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) A new Chairman and two new independent Executive Directors have now been appointed to the NORSE board and are embedded. There is a shareholder committee comprised of six Members. The shareholder committee should meet quarterly and monitor the performance of NORSE. A member of the shareholder board, the shareholder representative, should also attend the NORSE board.</p> <p>3) The Council holds control of the Group of Companies by way of its shareholding, restrictions in the NORSE articles of association and the voting rights of the Directors. The mission, vision and value statements of the individual NORSE companies should be reviewed regularly and included in the annual business plan approved by the Board. NORSE should have its own Memorandum and Articles of Association outlining its powers and procedures, as well as an overarching agreement with the Council which outlines the controls that the Council exercises over NORSE and the actions which require prior approval of the Council.</p> <p>4) To ensure that governance procedures are being discharged appropriately to Independence Matters. The Executive Director for Finance and Commercial Services' representative attends as shareholder representative for Independence Matters.</p> <p>5) Approve the Outline Business Case for Repton Property Developments Ltd.</p> <p>6) Shareholder representation required from the Executive Director of Finance and Commercial Services on both the Norse, and Repton Boards.</p>										
Progress update										

Progress update

- 1) There are regular Board meetings, share holder meetings and reporting as required. For NORSE, risks are recorded on the NORSE group risk register.
- 2) The Norse Group follows the guidance issued by the Institute of Directors for Unlisted Companies where appropriate for a wholly owned LA company. The shareholder committee meets quarterly and monitors the performance of Norse. A member of the shareholder board, the shareholder representative, also attends the Norse board. The Shareholder Committee has had its Terms of Reference reference reviewed and extended and these new terms were approved by the committee in August 2021. The wider remit of the committee is reflected in its new name - Norfolk County Council Owned Companies Governance Panel.
- 3) The Council has reviewed its framework of controls to ensure it is meeting its Teckal requirements in terms of governance and control. The Executive Director of Finance and Commercial Services is responsible for reviewing the ongoing viability of wholly owned entities and regularly reporting the performance of their activities, with a view to ensuring that the County Council's interests are being protected.
All County Council subsidiary limited company Directors have been approved in accordance with the Constitution. The new Chairman of Norse has initiated change with one Director looking after NCS and NPS, with a view to maximising returns back to NCC.
A further strengthening of the Board has been made with the appointment of a new Chairman and two independent Non- Executive Directors with one vote each. As with Repton the appointments were made through a transparent process of advertisement, interview and appointment.
- 4) The ED of F&CS directs external governance. An external company is undertaking a review of Norse Group's financial performance, discharging the Executive Director for Finance and Commercial Services' responsibility as per the Constitution.
- 5) The Outline Business Case for Repton Property Developments Ltd has been approved.
- 6) There is Shareholder representation from the Executive Director of Finance and Commercial Services on both the Norse, and Repton Boards.

Risk Number	RM022b		Date of last review		06 December 2021					
Risk Name	Implications of Brexit for a) external funding and b) Norfolk businesses									
Portfolio lead	Cllr. Graham Plant			Risk Owner		Tom McCabe				
Risk Description			Date entered on risk register		28 August 2020					
<p>a) Departmental 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, which replaces EU funding. b) Now we have left the EU, we need to understand the implications for Norfolk businesses of the Territorial Cooperation Agreement and work with partners to support Norfolk businesses to trade. Risk treatment: Tolerate</p>										
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
3	3	9	3	3	9	2	3	6	Mar-22	Amber
Tasks to mitigate the risk										
<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>										
Progress update										
<p>a) Cabinet agreed at their meeting on 2/8/21 to commission a Norfolk Investment Framework, to draw down the Shared Prosperity Fund (worth £1.5bn p/a nationally). Projects would be commissioned against the Framework priorities. The Framework will be produced by the end of January 2022. The Director of Growth & Development sits on the LGA UKSPF Task Force</p> <p>b) Business advice provided by the LEP's Growth Hub, Norfolk Chamber and Federation of Small Business. There is little that can be done to mitigate the increased red tape that businesses face in importing and exporting goods post Brexit.</p>										

Risk Number	RM023		Date of last review		06 December 2021					
Risk Name	Failure to respond to changes to demography, funding, and government policy, with particular regard to Adults Services.									
Portfolio lead	Cllr. Bill Borrett			Risk Owner	James Bullion					
Risk Description			Date entered on risk register		18 August 2017					
Whilst acknowledging the pressures on adult social services, and providing some one-off additional funding, the Government has yet to set out a direction of travel for long-term funding. At the same time, the pressures of demography and complexity of need continue to increase. This makes effective strategic planning highly challenging and there is a risk that short-term reductions in support services have to be made to keep within budget; these changes are likely to be counter to the long-term Promoting Independence strategy. Overall risk treatment: Treat										
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
5	5	25	5	5	25	3	5	15	Mar-23	Amber
Tasks to mitigate the risk										
<p>1) Implementation of Promoting Independence Strategy. This strategy is shaped by the Care Act with its call to action across public services to prevent, reduce and delay the demand for social care. The strategy aims to ensure that demand is understood and managed, and there is a sustainable model for the future.</p> <p>2) As part of the strategy, a shift of spend towards targeted prevention, reablement services, enablement, and strengthened interim care.</p> <p>3) Implementation of Better Care Fund plans which promote integration with the NHS and protect, sustain and improve the social care system.</p> <p>4) Judicious use of one-off winter and other funding, as announced by Government, including accessing Discharge to Assess funding and other Covid-related funds.</p> <p>5) Close tracking of government policies, demography trends and forecasts.</p> <p>6) Influencing and shaping the development and governance of the new Integrated Care System to ensure a strong focus on social care.</p>										
Progress update										
<p>1) Detailed work to understand the financial and service impact of COVID for the next financial year and for medium term. Main themes for transformation being reviewed, and priorities for department being shaped. Overall strategy remains sound, but further work to identify the highest priority transformation areas and to track the interdependencies of programmes across the department..</p> <p>2) Market shaping and development - strengthened working relationships; significant financial support for the market, now requires on-going work in partnership with care sector to look at future shape and sustainability.</p> <p>3a) Refreshed preventions strategy required, building on the additional understanding and ways of working experienced throughout the pandemic.</p> <p>3b) Workforce – continues to be hugely challenging within Adult Social Services and in the wider care market. On-going recruitment campaign to sustain levels of front line social workers and occupational therapy staff. Joint European funded programme with Suffolk to support workforce in the wider care market.</p>										

Progress update

3c) Better Care Fund targeted towards supporting people to stay independent, promoting and enabling closer integration and collaboration across health and social care. Better Care Fund currently under review to reflect closer joint aims and objectives between health and social care

4) Close joint working with NHS, through the STP and interim Integrated Care System, to shape and influence future integration of health and social care

5) White Paper on Health and Social Care integration published in February 2021. Next steps on reform of funding for social care anticipated as part of the spending review in Autumn. Building Back Better published in September indicated additional funding for the system - however, this was initially for the NHS. The paper indicates on-going demographic and growth pressures will expected to be met by local council tax.

6) Collaboration with children's services to develop a preparing for adult life service to strengthen transition experience for young people, and to improve service and budget planning.

The risk target score and date have been amended. The risk target score has been amended from 8 to 15, with the target date amended to the end of the financial year 2022/23. This reflects the ongoing demographic and growth pressures.

Risk Number	RM024		Date of last review		06 December 2021					
Risk Name	Failure to construct and deliver the Great Yarmouth 3rd River Crossing (3RC) within agreed budget (£121m), and to agreed timescales (construction to be completed early 2023)									
Portfolio lead	Cllr. Martin Wilby		Risk Owner		Tom McCabe					
Risk Description			Date entered on risk register		14 June 2019					
<p>There is a risk that the 3RC project will not be delivered within budget and to the agreed timescales. Cause: delays during statutory processes put timescales at risk and/or contractor prices increase project costs. Event: The 3RC is completed at a later date and/or greater cost than the agreed budget, placing additional pressure on the NCC contribution. Effect: Failure to construct and deliver the 3RC within budget would result in the shortfall having to be met from other sources. This would impact on other NCC programmes. Overall risk treatment: Treat, with a focus on maintaining or reducing project costs and timescales.</p>										
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
2	4	8	2	4	8	2	3	6	Jan-23	Amber
Tasks to mitigate the risk										
<p>The project was agreed by Full Council (December 2016) as a key priority infrastructure project to be delivered as soon as possible. Since then, March 2017, an outline business case has been submitted to DfT setting out project costs of £120m and a start of work in October 2020. 80% of this project cost has been confirmed by DfT, but this will be a fixed contribution with NCC taking any risk of increased costs. Mitigation measures are:</p> <ol style="list-style-type: none"> 1) Project Board and associated governance to be further developed to ensure clear focus on monitoring cost and programme at monthly meetings. 2) NCC project team to include specialist cost and commercial resource (bought in to the project) to provide scrutiny throughout the scheme development and procurement processes. This will include independent audits and contract/legal advice on key contract risks as necessary. 3) Programme to be developed that shows sufficient details to enable overall timescales to be regularly monitored, challenged and corrected as necessary by the board. 4) Project controls and client team to be developed to ensure systems in place to deliver the project and to develop details to be prepared for any contractual issues to be robustly handled and monitored. 5) All opportunities to be explored through board meetings to reduce risk and programme duration. 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. 										
Overall risk treatment: Reduce, with a focus on maintaining or reducing project costs and timescales										
Progress update										

Progress update

The outline business case was submitted on 30 March 2017, and DfT confirmed approval of this following the autumn statement in November 2017. 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). 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. 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. The bridge completion and opening date remains early 2023. 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. 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 and the programme to complete the works and open the scheme in early 2023 is still on track. 6) The further internal audit has been concluded and a report circulated. Findings were green with only one minor observation (already actioned).

Risk Number	RM026		Date of last review		06 December 2021					
Risk Name	Legal challenge to procurement exercise									
Portfolio lead	Cllr. Andrew Jamieson			Risk Owner	Simon George					
Risk Description			Date entered on risk register		04 June 2019					
That alleged breach of procurement law may result in a court challenge to a procurement exercise that could lead to delay, legal costs, loss of savings, reputational damage and potentially significant compensation Overall risk treatment: Treat										
Original			Current			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
2	5	10	2	5	10	1	5	5	Dec-21	Amber
Tasks to mitigate the risk										
<p>Review processes and practice in light of recent caselaw, in particular Amey Highways Ltd v West Sussex County Council [2019] EWHC 1291 (TCC) and Lancashire Care NHS Foundation Trust & Anor v Lancashire County Council [2018] EWHC 200 (TCC).</p> <ol style="list-style-type: none"> 1) At team meeting w/c 10 June 2019, remind procurement staff of need to escalate any proposal to run a procurement exercise in an unreasonably short timescale 2) Take pipeline to corporate board every six months and to directorate management teams quarterly to minimise risk of rushed procurement exercises. 3) Seek corporate board sign-off for new approach with consistently adequate timelines, fewer evaluators and greater control over choice of evaluator 4) Review scale of procurement exercises, avoid unnecessarily large exercises that increase risk and complexity and the scale of any damages claim. 5) Make incremental change to instructions to evaluators and approach to scoring and documenting rationale, and test on tender NCCT41801 in w/c 3 June 2019 6) Review standard scoring grid and test 'offline' on tender NCCT41830 w/c 10 June 2019 7) Review template provisional award letter w/c 17 June 8) Develop standard report to decision-maker w/c 17 June 9) Make more significant changes to instructions to evaluators and pilot new approach on a future tender. 10) Pilot new scoring grid in a future tender 11) Institute formal annual review of sourcing processes in light of developments in case law. Review each December; add to senior staff objectives. <p>Additional tasks identified February 2020:</p> <ol style="list-style-type: none"> 12) Formal sign-off of updated process by Nplaw- by 31 March 2020 										
Progress update										

Progress update

- 1) Reminder given at team meeting - complete
- 2) Pipeline report frequency now quarterly. Pipeline being discussed with EDs or senior commissioners before each board - complete
- 3) Corporate board has signed off the new approach - complete
- 4) Ongoing as need to consider each procurement on a case by case basis.
- 5) Evaluator guidance was updated immediately. More significant changes have also now been implemented - see 9. Complete.
- 6) Scoring grid was updated as planned. Complete.
- 7) Template provisional award letter has been reviewed and updated. Complete
- 8) Existing reports have been reviewed and new report is being developed. Complete.
- 9) Evaluator guidance updated and in use as standard. Feedback from evaluators is positive. A new mechanism for capturing feedback on tenders is now in use after extensive piloting.
- 10) Scoring grid has now been updated and is in use as standard. - Complete
- 11) Added to senior staff objectives. Reviewed January 2020; no new issues identified beyond those in this risk 26

Additional task 12 was paused in the wake of managing the COVID-19 response. However, the Government's Procurement Green Paper is proposing a number of changes to the Public Contract Regulations, which would affect the process. Any changes are likely to be implemented in late 2021 and therefore this task is on hold until the impact on the process is understood.

Risk Number	RM027		Date of last review		06 December 2021					
Risk Name	Risk of failure of new Human Resources and Finance system implementation (myOracle)									
Portfolio lead	Cllr. Tom FitzPatrick			Risk Owner	Simon George					
Risk Description			Date entered on risk register		16 August 2019					
Risk that there is a significant impact to HR and Finance services through potential lack of delivery of the new HR & finance system. Overall risk treatment: Treat										
Original			Current			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
2	5	10	2	5	10	2	2	4	Jan-22	Amber
Tasks to mitigate the risk										
<p>1) Strong subject expert engagement in the system configuration to ensure that myOracle meets the needs of the organisation</p> <p>2) Rigorous testing of the system and data validation prior to go-live.</p> <p>3) Strong business change plans and establishment of a wide network of business representatives to ensure that the business is ready for myOracle and that there is good adoption of the system.</p> <p>4) Robust governance through operational boards and Programme Steering Committee and sponsorship by Exec Director Finance and Commercial Services. Regular review of risks and escalation where necessary and management of contractual milestones within the steering committee. Sign off on contractual changes by the Cabinet Member and Leader where required.</p> <p>5) Member oversight of the programme through Corporate Select Committee.</p>										
Progress update										
<p>1) The myOracle programme is currently in the implementation phase and on track for an April 2022 go-live. We have completed final UAT for the HCM and ERP modules and have action plans in place for the remaining issues which came out of the testing. Testing of payroll is still underway and the EPM module is still in the development phase.</p> <p>2) Ensuring continuity of business over the transition to the new system will be critical and is being managed by Systems Integration. In addition to system testing we are currently in parallel pay run 1 and plan to complete 3 runs prior to go-live.</p> <p>3) We are working with Socitm Advisory as our business change partner on the programme. Socitm bring significant local authority expertise and experience in adopting Oracle cloud and supporting business adoption. We have established a myOracle Business Readiness Implementation Group (BRIG) with senior representation from across NCC and are working with them to design the communications, training and readiness plans to take us through go-live and embedding the system. The myOracle intranet site was launched on 1 June and we also have over 200 myOracle Champions from departments across the authority who we will work with to provide communications and support to their departments over the coming months.</p> <p>4) There is on-going visibility of the plans via Programme Board and Programme Steering Committee. The award of integration services for Enterprise Performance Management module (EPM) was approved by the Leader and Cabinet Member for Innovation, Transformation and Performance in May 2021 and detailed plans have been re-baselined across the programme for an April go-live</p> <p>5) Regular reports have been provided to Corporate Select Committee, the most recent being 15 November 2021.</p> <p>NB: The current rating of 10 will remain in place until final testing has taken place on all the modules and the remaining issues are closed.</p>										

Risk Number	RM029		Date of last review		06 December 2021					
Risk Name	NCC may not have the employees (or a sufficient number of employees) with critical skills that will be required for the organisation to operate effectively in the next 2-5 years and longer term									
Portfolio lead	Cllr. Andrew Proctor			Risk Owner	Sarah Shirtcliff					
Risk Description				Date entered on risk register	29 July 2019					
<p>There is a risk that a range of critical new/future skills are not available within NCC in the medium to longer term. The lack of these skills will create problems for, or reduce the effectiveness of service delivery. An inability or failure to consider/identify these until they are needed will not allow sufficient time to develop or recruit these skills. This is exacerbated by: 1.The demographics of the workforce (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 & transformation; analytical; professional best practice etc) associated with the introduction or requirement to undertake new activities and operate or use new technology or systems - the lack of which reduces the effective operation of NCC . 3.NCC's new delivery model, including greater reliance on other employers/sectors to deliver services on our behalf 4.Significant changes in social trends and attitudes, such as the use of new technology and attitudes to the public sector, which may impact upon our 'employer brand' and therefore recruitment and retention 5.Skills shortages in key areas including social work and teaching 6.Improvements to the UK and local economy which may impact upon the Council's ability to recruit and retain staff. 7.Government policy (for example exit payment proposals) and changes to the Council's redundancy compensation policy, which could impact upon retention, particularly of those at more senior levels and/or older workers. 8. Brexit uncertainty impacting in some sectors 9. Uncertainty of covid impact which could increase pool of candidates and simultaneously increase current colleagues' possibilities for new jobs in other locations Overall risk treatment: Treat</p>										
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
3	5	15	4	5	20	2	5	10	Mar-22	Amber
Tasks to mitigate the risk										

- Identification of what new critical skills are required in services – using new workforce planning process and toolkit. As each directorate makes their changes to make savings / manage demand.
 - Identification of pathways to enable staff to learn, develop and qualify into shortage areas – As each directorate makes their changes to make savings / manage demand
- Creation of career families and professional communities, providing visible and clear career paths for colleagues.
- Adding a strengths based approach to performance development conversations and development plans - help people to know what their strengths are and the range of jobs where they could use those strengths
- Recruit for strengths not just qualifications and skills and experience
- Explore further integration with other organisations to fill the gaps in our workforce - ongoing
 - Develop talent pipelines working with schools, colleges and universities
 - Undertake market rate exercises as appropriate and review employment packages
 - Explore / develop the use of apprenticeships 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

Progress update

In addition to the progress points below, a presentation was made at October Audit Committee by the Director for People with further details on how we are addressing this risk. The presentation can be accessed via the link within the December Cabinet risk management report.

1. Working with education providers to ensure subjects meet future workforce requirements – no further update
2. Work has begun to make best use of the 'skills' facility in the new myOracle 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 currently in pilot stage, and is therefore a longer-term plan.
3. Work on how to use the full Talent module in Oracle will commence during optimisation year post November 2021 With focus on how to use functionality for Performance Development Conversations in April 2022
4. An email survey relating to digital skills has been created and piloted, enabling individuals to get instant access to information and learning resources relating to their own particular digital skills competence. This will be rolled out during 2021. Soft launch underway. Draft mandatory training policy has been socialised with DMTs and is ready to be signed off by the NDA board No further update
5. NCC careers website design is underway
6. There is an additional task relating to skills to identify the impact of COVID-19 on the availability of and demand for skills in NCC and Norfolk – this is beyond the remit of this risk but is related and therefore captured here.

Current likelihood score at 4 and impact score at 5, with prospects of meeting target at amber in light of challenges for front line workers and early sight of survey reporting workforce pressures.

Risk Number	RM030		Date of last review		06 December 2021					
Risk Name	Non-realisation of Children's Services Transformation change and expected benefits									
Portfolio lead	Cllr. John Fisher			Risk Owner		Sara Tough				
Risk Description			Date entered on risk register		08 August 2019					
There is a risk that Children's Services do not experience the expected benefits from the transformation programme. Outcomes for children and their families are not improved, need is not met earlier and the increasing demand for specialist support and intervention is not managed. Statutory duties will not be fully met and the financial position of the department will be unsustainable over time. Overall risk treatment: Treat										
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	5	20	3	5	15	1	5	5	Mar-23	Amber
Tasks to mitigate the risk										
<p>1) A demand management and prevention strategy and associated business cases have been completed and a 5 year transformation programme has been established covering social care and education</p> <p>2) Significant investment has been provided to delivery transformation including £12-15 million for demand management and prevention in social care and £120m for capital investment in Specialist Resource Bases and Specialist Schools</p> <p>3) A single senior transformation lead, operational business leads and a transformation team have been appointed / aligned to direct, oversee and manage the change</p> <p>4) Scrutiny structures are in place through the Norfolk Futures governance processes to track and monitor the trajectories of the programme benefits, risks and issues</p> <p>5) Services from corporate departments are aligned to provide support to transformation change e.g. HR, Comms, IT, Finance etc</p> <p>6) Interdependencies with other enabling transformation programmes e.g. smarter working will be aligned to help maximise realisation of benefits.</p>										
Progress update										

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 36 months of the programme, therefore scored 3.

Oct 2021 update:

- The investment in transformation has proved successful during the last 36 months having met existing targets for specific schemes albeit in the context of overall dept overspends
- A balanced budget outturn position for 2020/21 was achieved, including a contribution to a Children's Services Business Risk Resilience reserve due to one-off Covid-related underspends
- Overall programme broke even in April 2021 and delivering net cash benefits – growing in the coming years
- Programme is helping to mitigate the currently projected overspend outturn position for 2021/22 due to the considerable financial pressures faced and ongoing uncertainties due to COVID 19
- Core indicator of number of Children in Care is broadly stable. Unit costs are under considerable pressure due to market forces, worsened by the impact of the pandemic. We are currently seeing increasing pressure for placements for CYP with complex needs where there are also significant mental health needs. A number of existing transformation projects are in train to support these young people more effectively and reduce unit costs over the medium term.
- The next phase will focus primarily on prevention and early help – seeking to deliver a step change in our model and successfully bring together the system around special educational needs, early family help and emotional wellbeing.

Risk Number	RM031		Date of last review		06 December 2021					
Risk Name	NCC Funded Children's Services Overspend									
Portfolio lead	Cllr. John Fisher			Risk Owner	Sara Tough					
Risk Description			Date entered on risk register		01 September 2019					
<p>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.</p> <p>Risk treatment: Tolerate from an external factor viewpoint, but Treat for all areas within NCC control.</p>										
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
5	5	25	5	5	25	3	5	15	Mar-22	Amber
Tasks to mitigate the risk										
<p>1. Transformation programme that is targeting improvement to operating model, ways of working, and placement & sufficiency to ensure that intervention is happening at the right time, with the right children and families supported, with the right types of support, intervention & placements. This will result in improved value for money through ensuring that money is spent in the right places, at the right times with the investment in children and families resulting in lower, long-term costs. In turn, this will enable the most expensive areas of NCC funded spend (placement costs and staffing costs) to be well controlled and to minimise the risk of a significant overspend of budget.</p> <p>2. Implementation of improved monitoring system, 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. Ongoing recognition of underlying budget pressures within recent NCC budgets and within the MTFs, including for front-line placement and support costs (children looked after, children with disabilities and care leavers), operational staffing, and home to school transport for children with SEND.</p> <p>5. Recognition of pandemic-related additional budget pressures in-year and for future years, with actions identified to respond to these and to minimise cost pressures</p>										
Progress update										
<p>Scoring rationale - Risk impact relates to financial impact of over £3m, therefore scored 5. Risk likelihood has increased from probable to "almost certain", due to department currently projecting an overspend outturn position for 2021/22 due to the considerable in-year financial pressures faced and ongoing uncertainties due to COVID 19.</p> <p>Oct 2021 update: Improved monitoring systems have become embedded: CSLT finance sub-group, high cost reporting, LAC tracker, Permanency Planning Meetings, DCS Quarterly Performance meetings, weekly "Time for Outstanding Outcomes" Meetings and Transformation and Benefits Realisation Board chaired by Cabinet Member CS and attended by Members and CSLT.</p> <p>Multiple Transformation projects been successfully delivered and there are a number of projects underways that will contribute to the mitigation of this risk. For example, Our remodelled LAC and LC Service went live on schedule in April 2021 as well as our Targeted Youth Support Service in February 2021. Norfolk has been successful in being awarded DfE funding to introduce the No Wrong Door model in partnership N. Yorks, which will be called New Roads. This is a proven model</p>										

Progress update

at working with adolescents differently improving outcomes and reducing costs. This successfully went live in June 2021. We have established a significant programmes to support children with disabilities and their families and, with partners, are redesigning our early help and prevention model to help meet the needs of families before they reach a threshold for statutory services.

Children Looked After numbers have reduced significantly since January 2019, which has resulted in reduced overall placement costs. The rate of reduction has slowed during COVID, becoming broadly stable, however, the impact of the pandemic has meant that we have now seen a small rise in numbers of LAC (although this appears to be below many other LAs). Unit costs are under considerable pressure due to market forces, worsened by the impact of the pandemic. We are currently seeing increasing pressure for placements for CYP with complex needs where there are also significant mental health needs. A number of existing transformation projects are in train to support these young people more effectively and reduce unit costs over the medium term.

Risk Number	RM032		Date of last review		06 December 2021					
Risk Name	Capacity to manage multiple disruptions to business									
Portfolio lead	Cllr. Andrew Proctor			Risk Owner	Sarah Rhoden					
Risk Description			Date entered on risk register		22 October 2021					
<p>There is a risk of NCC being 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 insufficient preparation to support a major incident within Norfolk or insufficient preparation for increased frequency of extreme weather events, leading to flooding causing potential negative impacts on service delivery, user access to service provision and to the reputation of the Council.</p> <p>Risk Treatment: Treat</p>										
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	5	3	15	3	2	6	Mar-22	Amber
Tasks to mitigate the risk										
<ol style="list-style-type: none"> 1) Maintain the Corporate Resilience Plan. 2) Maintain a robust Business Continuity process. 3) Monitor and update internal BCP's and BIA's. 4) Having the appropriate groups in place to be able to support and manage any response to an incident causing business disruption. 5) Supporting and embedding of Business Continuity looking at best practice to support the operational delivery of services. 6) Provide induction training on Business Continuity for all staff. 7) Further training planning for both BC and Emergency Planning. 8) Active engagement and participation in the Norfolk Resilience Forum. 										
Progress update										

Progress update

- 1) Internally NCC have a Corporate Resilience Plan which sets out the strategy for an organisational response to an incident and identifies roles, responsibilities and key actions.
- 2) Robust BC process that includes a Policy, and corporate level Resilience plan. Department, Service and team level plans and Business Impact assessments (BIAs). BIA's and Plans are reviewed at least on a two-yearly cycle and when required if there is any changes withing the plans. The BC process is enabled with support from the Resilience team who provide assistance, peer review and training.
- 3) NCC Standing Silver/Director Ops and DMT's monitors internal BIAs& BC Plans on a regular basis. Control measures are in place and will be subject to ongoing monitoring.
- 4) A Gold and Silver level/Director Ops group is in place with the ability via the Resilience Team Duty Officer to respond 24/7 to support and manage any response.
- 5) To support and to embed BC practices with the NCC culture we have a network of Resilience Reps within each department that support operational delivery.
- 6) All staff are given induction training on BC and a manager package is available.
- 7) The Resilience Team will be working to update its training offer for both BC and Emergency Planning training, this will be updated from learning from the COVID-19 and any other incidents.
- 8) Externally NCC are key stakeholders in Norfolk Resilience (NRF). Norfolk Resilience is our Local Resilience Forum, which is required by the Civil Contingencies Act 2004 (CCA). This is a partnership of over 60 organisations including the emergency services, local councils, health services and volunteers. The NRF is not a legal entity, nor does a Forum have powers to direct its members. Nevertheless, the CCA and the Regulations provide that responders, through the Forum, have a collective responsibility to plan, prepare, respond and communicate in a multi-agency environment. The NRF decide what to plan for using Norfolk's Community Risk Register and the government's national risk register. NCC is a main partner within the multi-agency Norfolk Resilience Forum and the Resilience Team (RT) will be the main enablers to the wider partnership initially at any incident response. NCC Officers take leading roles in all the multi-agency working groups, these groups are in place to support and manage all the major risk within the County. The NRF business plan/objectives are under continued review via the NRF Executives Group to ensure suitable measures are in place to meet key priorities/areas of concern. with NCC as an active participant in LRF activity with an agreed programme of training/exercising, including development plan for NRF members. This allows for regular review and update of the Community Risk Register to check/confirm potential risks that are relevant. There is an agreed programme of reviewing inter-agency plans in place. NCC is a main partner within the multi-agency Norfolk Resilience Forum and the Resilience Team (RT) will be the main enablers to the wider partnership initially at the start any major incident response and is the author of over 20 NRF plans.

Risk Number	RM033		Date of last review		06 December 2021					
Risk Name	Failure to receive the necessary funding or statutory approvals to enable the Norwich Western Link (NWL) project (at £198m) to be delivered to the agreed timescales (target opening by late 2025).									
Portfolio lead	Cllr. Martin Wilby		Risk Owner		Tom McCabe					
Risk Description			Date entered on risk register		21 July 2021					
<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). 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).</p> <p>Risk treatment: Treat, with a focus on maintaining or reducing project costs and timescales.</p>										
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
3	4	12	3	4	12	2	2	4	Sep-23	Amber
Tasks to mitigate the risk										
<ol style="list-style-type: none"> 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. Work with Finance business partner to ensure contingency planning for costs is in place. 										
Progress update										
<ol style="list-style-type: none"> 1. OBC submitted to DfT for approval at end of June 2021. 2. Programme being reviewed to ensure realistic timescales for submissions are in place (to be agreed by the project board). 3. Resource review in progress to ensure the team structure is suited to the next phases of the project. 4. Project board meetings in place and risk, programme, cost regularly reported. 5. Ongoing discussions with Finance to ensure contingency planning in place. 										

Risk Number	RM034	Date of last review	06 December 2021
Risk Name	Supply Chain Interruption		
Portfolio lead	Cllr. Andrew Proctor	Risk Owner	Simon George
Risk Description	Date entered on risk register 09 November 2021		

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 to 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.

Risk treatment: Treat

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-22	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 will collate the returns.

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 suppliers' warehouse.

Risk Number	RM14464		Date of update		11/01/22					
Risk Name	Failure of providers to provide care to vulnerable people									
Portfolio lead	Cllr. Bill Borrett			Risk Owner Gary Heathcote						
Risk Description			Date entered on risk register		16 April 2020					
Widespread absence of staff due to sickness and or having to self isolate may impact the supply of staff across the care market. There may not be enough care capacity to meet demand which could leave vulnerable people without adequate care. Care providers fail to meet needs of residents increasing the risk of a safeguarding and quality issues.										
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	5	20	5	5	25	4	2	8	Jun-22	Amber
Tasks to mitigate the risk										
<p>Update - Jan 22 NCC Winter Plan is now well developed and has been taken through the NCC governance which included Cabinet in Dec. Actions are already underway (within the detailed Winter Plan), covering the following areas;</p> <p>Workstream 1: Meeting People's Needs. To ensure we meet people's needs through Winter as part of our plan we will maintain and expand capacity to support people at home or, where appropriate, in short term residential settings, recognising that there are limitations of our influence for other care facilities, that we do not commission from.</p> <p>Workstream 2: Supporting the Provider Market. We will ensure we provide the provider market with strong support during winter.</p> <p>Workstream 3: Supporting a resilient and functioning system. We will ensure our decision making and processes enable responsive social care during winter. We will support our workforce and will undertake a recruitment campaign to attract more people to work in Social Care.</p> <p>Workstream 4: Supporting Norfolk First Response Business Continuity. We will review all areas of activity to aid flow and improve capacity in the NFS</p>										
Progress update										
<p>Updated 11.01.2022 Adult Social care Winter Plan was presented to Cabinet in December and continues to be worked through.</p> <p>Updated 11.11.21 Cabinet paper being prepared to brief Members and provide assurance on the Winter Plan. This is due to be presented in Dec. Key partners and senior leaders from across Health and Social Care have already been briefed on the detail of the NCC Winter Plan. All actions have assigned leads and work is underway.</p> <p>Updated 15.07.21 Increased the likelihood risk score due to concerns with the Dom. Care market which is under strain with some demand/ supply care issues. This is currently being managed within BAU processes for situations of this nature. There is also a perceived risk in the Day Care market with several</p>										

Progress update

Day Care closures, although any impact on people has been managed within BAU processes for situations of this nature. Additional capacity has been secured via the market to meet demand needs, using NHS monies
Residential and Nursing Care utilisation is currently at 80%, so there is capacity available.

Updated 30.04.21

- National tracker in place for all Care Homes to understand key metrics, including capacity
- Local tracker in place for all Dom Care to understand key metrics, including capacity
- Work being developed to secure additional capacity using NHS monies as part of scheme 3 (financial monies is limited to fund capacity until the end of Sept).

Risk management discussions and actions

Reflecting good risk management practice, there are some helpful prompts that can help scrutinise risk, and guide future actions. These are set out below.

Suggested prompts for risk management improvement discussion

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

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

In doing so, committee members are asked to consider the actions that have been identified by the risk owner and reviewer.

Risk Management improvement – suggested actions

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

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

Suggested follow-up actions

	Action	Description
1	Approve actions	Approve recommended actions identified in the exception reporting and set a date for reporting back to the committee
2	Identify alternative/additional actions	Identify alternative/additional actions to those recommended in the exception reporting and set a date for reporting back to the committee
3	Refer to Departmental Management Team (DMT)	DMT to work through the risk management issues identified at the committee meeting and develop an action plan for improvement and report back to the committee
4	Refer to committee task and finish group	Member-led task and finish group to work through the risk management issues identified at the committee meeting and develop an action plan for improvement and report back to committee
5	Refer to Corporate Board	Identify key actions for risk management improvement and refer to Corporate Board for action
6	Refer to Cabinet	Identify key actions for risk management improvement that have whole Council 'Corporate risk' implications and refer them to Cabinet for action.

Background Information

A Corporate Risk is one that:

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

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

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

In responding to the corporate risks identified, there are four risk treatments that should be considered;

Treat

The risk should be treated through active management of the risk to reduce wherever the implications of the risk materialising are negative.

Tolerate

The risk should be acknowledged with the recognition that some or all of the mitigating actions are out of the immediate control of the Council.

Transfer

The risk should be transferred to a third party (usually via an insurance policy).

Terminate

The root cause of the risk should be terminated i.e. the action(s) causing the risk should be stopped.

Audit Committee

Item No:6

External Audit Reports

Date of Meeting: 3 February 2022

Responsible Director: Simon George, Executive Director of Finance and Commercial Services

Is this a Key Decision? No

Executive Summary

The purpose of this report is to:

- 1) Introduce the External Auditor's Norfolk County Council and Norfolk Pension Fund 'Auditor's Annual Report Year ended 31 March 2021', 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. When they are completed the Annual Audit Letter and Certificate 2020-21 for NCC and NPF, will be available alongside the statement of accounts and the annual governance statement on our website: <https://www.norfolk.gov.uk/what-we-do-and-how-we-work/our-budget-and-council-tax/statement-of-accounts>
- 2) Confirm that the PSAA has published the [2021/22 audit fee scale](#), following consultation in January and February 2021. The scale fee is £98,361 for the Council and £20,866 for the Norfolk Pension Fund. In addition, DLUH&C have provided an update on action the government is taking to help tackle audit delays.

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

Recommendations:

1. To note the PSAA scale fees for 2021-22, the action the government is taking to help tackle audit delays and to consider and agree:

- the External Auditor's Norfolk County Council and Norfolk Pension Fund 'Auditor's Annual Report Year ended 31 March 2021',

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 DLUH&C have now 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/audit-delays-to-be-reduced)
- 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; and
 - extending the 21/22 audit deadline to 30 November 2022, and then 30 September until 2027/28.

2. Proposal

- 2.1 To note the PSAA scale fees for 2021-22, the action the government is taking to help tackle audit delays and to consider and agree:
 - the External Auditor's Norfolk County Council and Norfolk Pension Fund 'Auditor's Annual Report Year ended 31 March 2021'.

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 Council's Financial Statements cover several reporting entities making up the Council's group accounts. Each entity has an audit plan for the financial year and these are provided by different auditors:

Entity	Auditor
Norfolk County Council	EY
Norfolk Pension Fund	EY
Norse Group Ltd	PwC
Independence Matters CIC	EY
 <i>Not audited on basis of materiality:</i>	
<i>Hethel Innovation Limited</i>	
<i>Great Yarmouth Development Co. Ltd</i>	
<i>LCIF2 Limited</i>	
<i>NCC Nurseries Ltd</i>	
<i>NCC HH Ltd</i>	
<i>Norfolk Energy Futures Ltd</i>	
<i>Norfolk Safety CIC</i>	
<i>NPLaw Limited (formerly Public Law East Ltd)</i>	
<i>Repton Property Developments Ltd</i>	
<i>St Edmund's Park Estate Management Limited</i>	

5. Alternative Options

- 5.1 None

6. Financial Implications

- 6.1 None

7. Resource Implications

7.1 Staff: None

7.2 Property: None

7.3 IT: None

8. Other Implications

8.1 Legal Implications: None

8.2 Human Rights Implications: None

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

8.4 Data Protection Impact Assessments (DPIA): None

8.5 Health and Safety implications (where appropriate): None

8.6 Sustainability implications (where appropriate): None

8.7 Any Other Implications: None

9. Risk Implications / Assessment

9.1 None

10. Select Committee Comments

10.1 None

11. Recommendations

1. 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
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.

**Norfolk County Council and
Norfolk Pension Fund**

**Auditor's Annual Report
Year ended 31 March 2021**

15 December 2021



EY

Building a better
working world

Contents

Section	Page
01 - Executive Summary	02
02 - Purpose and responsibilities	06
03 - Financial statements audit – Norfolk County Council	08
04 - Financial statements audit – Norfolk Pension Fund	15
05 - Value for Money	20
06 – Other reporting issues	31
Appendix 1 – Audit Fees	33

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 April 2018)” issued by the PSAA 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 Committee and management of Norfolk County Council and Norfolk Pension Fund in accordance with our engagement letter. Our work has been undertaken so that we might state to the Audit Committee and management of Norfolk County Council and 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 Committee and management of the Council and Pension Fund for this report or for the opinions we have formed.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

A close-up portrait of a woman's face, focusing on her eyes and nose. The image is partially obscured by a bright yellow rectangular overlay on the left side. The woman has light brown hair and green eyes.

Section 1

Executive Summary

Executive Summary: Key conclusions from our 2020/21 audit of Norfolk County Council

Area of work	Conclusion
Opinion on the Council's:	
Financial statements	<p>Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2021 and of its expenditure and income for the year then ended.</p> <p>The financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. We issued our Audit Report on the 13 December 2021.</p>
Going concern	We have concluded that the Executive Director of Finance and Commercial Services' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of the other information published with the financial statements	Financial information in the other information published with the financial statements was consistent with the audited accounts.

Area of work	Conclusion
Reports by exception:	
Value for money (VFM)	<p>We had no matters to report by exception on the Council's VFM arrangements.</p> <p>We have included our VFM commentary in Section 05.</p>
Consistency of the Annual Governance Statement	We were satisfied that the Annual Governance Statement was consistent with our understanding of the Council.
Public interest report and other auditor powers	We had no reason to use our auditor powers.

Executive Summary: Key conclusions from our 2020/21 audit of Norfolk Pension Fund

Area of work	Conclusion
Opinion on the Pension Fund's:	
Financial statements	<p>Unqualified – the financial statements give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021 and the amount and disposition of the fund's assets and liabilities as at 31 March 2021.</p> <p>The financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. We issued our Auditor Report on the 13 December 2021.</p>
Going concern	We have concluded that the Executive Director of Finance and Commercial Services' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of the other information published with the financial statements	Financial information in the other information published with the financial statements was consistent with the audited accounts.
Consistency of the Pension Fund Annual Report and other information published with the financial statements	Financial information in the Pension Fund Annual report and published with the financial statements was consistent with the audited accounts.
Area of work	
Conclusion	
Reports by exception:	
Public interest report and other auditor powers	We had no reason to use our auditor powers.

Executive Summary: Key conclusions from our 2020/21 audits

As a result of the work we carried out we have also:

Outcomes	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Norfolk County Council - We issued our Audit Results Report on the 8 October 2021 and our Audit Results Report Addendum Update on the 10 December 2021. Norfolk Pension Fund - We issued our Audit Results Report on the 6 October 2021.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2020 Code of Audit Practice.	We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as at the date of this report the NAO have not issued their guidance to auditors. We will complete this work in line with the instructions issued by the NAO when it is appropriate to do so. We will issue our Audit Certificate on completion of this work.

Fees

We carried out our audit of the Council's and Pension Fund's financial statements in line with the "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA. As outlined in the respective Audit Results Report we were required to carry out additional audit procedures. As a result, we will agree an associated additional fee with the Chief Finance Officer. We include details of the audit fees in Appendix A.

We would like to take this opportunity to thank the Council and Pension Fund staff for their assistance during the course of our work.



Mark Hodgson
Associate Partner
For and on behalf of Ernst & Young LLP

Section 2

Purpose and responsibilities

Purpose and responsibilities

This report summarises our audit work on the 2020/21 financial statements.

Purpose

The purpose of the Auditor's Annual Report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on VFM arrangements for the Council audit, which aims to draw to the attention of the Council or the wider public relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

Council audit - We have undertaken our 2020/21 audit work in accordance with the Audit Plan that we issued on the 30 March 2021 and the Audit Plan Addendum issued on the 6 October 2021.

Pension Fund audit - We have undertaken our 2020/21 audit work in accordance with the Audit Plan that we issued on the 30 March 2021.

We have complied with the NAO's 2020 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the NAO.

As auditors we are responsible for:

Expressing an opinion on:

- The 2020/21 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the annual report (Pension Fund).

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
- If we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, and governance statement and the Pension Funds Annual Report and financial statements.

It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit – Norfolk County Council



Financial Statement Audit – Norfolk County Council

We have issued an unqualified audit opinion on the Council's 2020/21 financial statements.

Key issues

The Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

On 13 December 2021, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the Audit Committee on the 14 October 2021 and issued an Audit Results Report Addendum Update on the 10 December 2021. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

Significant risk	Conclusion
<p>Misstatements due to fraud or error - management override of controls</p> <p>An ever present risk that management is in a unique position to commit 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 did not identify any:</p> <ul style="list-style-type: none">• material weaknesses in controls or evidence of material management override;• instances of inappropriate judgements being applied; or• other transactions during our audit which appeared unusual or outside the Council's normal course of business.
<p>Inappropriate capitalisation of expenditure</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund.</p>	<ul style="list-style-type: none">• Our sample testing of additions to Property, Plant and Equipment found that they had been correctly classified as capital and included at the correct value;• Our sample testing of additions to Property, Plant and Equipment did not identify any revenue items that were incorrectly classified; and• Our data analytical procedures did not identify any journal entries that incorrectly moved expenditure into capital codes.

Continued over.

Financial Statement Audit – Norfolk County Council (cont'd)

Significant Risk	Conclusion
<p>Misstatements due to fraud or error – accounting adjustments made in the ‘Movement in Reserves Statement’</p> <p>The Council is under financial pressure to achieve its revenue budget and maintain reserve balances above the minimum approved levels. Manipulating expenditure is a key way of achieving these targets.</p> <p>We consider the risk applies to accounting adjustments made in the movement in reserves statement.</p>	<ul style="list-style-type: none"> • Our sample testing of REFCUS transactions found that they had been correctly classified and the expenditure met the definition of allowable expenditure, or was incurred under direction from the secretary of state; • Entries in the Movement in Reserves Statement were reconciled to other balances within the financial statements; • No issues were identified with the Council’s application of the minimum revenue provision policy; and • Our data analytics work did not identify any inappropriate journal adjustments made in the movement in reserve statement.
<p>Accounting for Covid-19 related Government grants</p> <p>The Council received government funding in relation to Covid-19. Whilst there is no change in the CIPFA Code or accounting standard (IFRS 15) in respect of accounting for grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment in 2020/21.</p>	<ul style="list-style-type: none"> • Our sample testing of Covid-19 grant funding did not identify any grants that were incorrectly classified as specific or non-specific in nature, or any grants where the incorrect accounting treatment was applied. • Following appropriate audit challenge, our work also did not identify any grants where Norfolk County Council’s assessment of their role as ‘agent’ or ‘principal’ was inconsistent with other Councils.
<p>Land and Buildings valuation – Depreciated Replacement Cost</p> <p>The Council values £409 million of assets using the depreciated replacement cost (DRC) valuation. This uses economic useful life as an input to the model to calculate the value.</p> <p>The Council revised the method of how the economic useful life was calculated.</p> <p>Given the material nature of the assets valued using this method and the potential significant change to the values of these properties we have identified this as a significant risk.</p>	<ul style="list-style-type: none"> • Our valuation specialist’s (EYRE) review of the revised methodology for useful economic lives, concluded that the management’s specialist’s (NPS) methodologies in developing the estimates were consistent with valuation practice given the characteristics of the type of assets subject to valuation. • Testing was undertaken by our specialist that concluded the assets fair value was supportable and within an expected range. • We undertook further testing and did not identify any issues with the application of the new methodology. • We agreed with management that enhanced disclosures should be included within the statement of accounts under IAS 8 Accounting policies, changes in estimates and errors.

Continued over.

Financial Statement Audit – Norfolk County Council (cont'd)

In addition to the significant risks above, we also concluded on the following areas of audit focus.

Other area of audit focus	Conclusion
<p>Accounting for Academy School Transfers</p> <p>Schools have continued to convert to academy status since 2015/16. This has implications for the treatment of the schools' balances in the financial statements, with the most significant relating to property, plant and equipment. There is a risk that these schools' transactions and balances may be either incorrectly included or omitted.</p>	<ul style="list-style-type: none"> • Our review of the arrangements for agreeing school assets, liabilities and balances for transfers did not identify any omissions; and • Our testing confirmed that transfers had been accounted for correctly. The reconciliation of schools that have converted to academies during the year agreed to the relevant accounting systems including the Fixed Asset Register and Department for Education records.
<p>Valuation of Property, Plant & Equipment</p> <p>Land and buildings is the most significant balance in the Council's balance sheet. The valuation of land and buildings is complex and is subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements.</p>	<ul style="list-style-type: none"> • We did not identify any issues with the Council's valuer, their scoping of work, professional capabilities or results of their valuation procedures; • Our sample testing of key asset information used in the valuations did not identify any issues; • Our testing of assets not subject to valuation in 2020/21 did not identify any material differences; • Our testing confirmed that assets had been valued within the appropriate timeframe and those valued in the year had been performed correctly; and • No issues were identified with the useful economic lives of assets or the accounting entries disclosed in the financial statements and supporting notes.
<p>Pensions valuations and disclosures</p> <p>The Pension liability is a material balance in the Balance Sheet. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<ul style="list-style-type: none"> • We were informed by the Pension Fund auditor that Investment Valuations within the Pension Fund were understated. On receipt of an updated actuarial (IAS 19) report from the Actuary, we determined that the Council's Pension Fund Liability was overstated by £21.3 million. Management adjusted for this audit difference within the approved financial statements.

Continued over.

Financial Statement Audit – Norfolk County Council (cont'd)

Other area of audit focus	Conclusion
<p>Group Consolidation</p> <p>On 1 April 2019, Norse Group Ltd adopted IFRS 16, in accordance with recognised accounting standards required for larger companies. This has resulted in £10.350 million of operating lease liabilities being reclassified as finance leases from that date, increasing the value of both lease liabilities and Property Plant and Equipment in the Group balance sheet.</p> <p>In order to apply the CIPFA Code to the Group accounts, the impact of the adoption of IFRS 16 by the Norse Group should have been reversed out of the group accounts. In 2019/20 the Council did not adjust as the overall impact was considered immaterial. The risk is that the finance leases have increased and are material.</p>	<p>We identified that the Council have not made the consolidation adjustments for IFRS 16 which is consistent with the approach taken in 2019/20.</p> <p>We have reviewed the consolidation pack provided by Norse and can confirm that finance leases have reduced in year. Therefore we consider to this to be immaterial.</p> <p>The component auditor reported two audit differences at the Norse level, which Management chose not to adjust within the Group accounts on the grounds of materiality.</p>
<p>Going concern disclosures</p> <p>The Council is required to carry out an assessment of its ability to continue as a going concern for the foreseeable future, being at least 12 months after the date of the approved financial statements. There is a risk that the Council's financial statements do not adequately disclose the assessment made, the assumptions used and the relevant risks and challenges that have impacted the going concern period.</p>	<p>We did not identify any events or conditions in the course of our audit that may cast significant doubt on the entity's ability to continue as going concern.</p> <p>Management have used the basis of their assessment to produce the disclosures included within the draft financial statements.</p> <p>We are satisfied that the revised disclosure note appropriately sets out the circumstances surrounding the financial implications prevalent at the date of authorisation of the financial statements.</p>

Continued over.

Financial Statement Audit – Norfolk County Council (cont'd)

Audit differences

Adjusted Audit Differences

There was one adjusted audit difference of note.

Decrease in the Council's 'Pension Liability' - £21.3 million.

This was as a result of the Actuary's updating the IAS19 report, as a result of an increase in the 'return on the Pension Fund's assets' identified through the audit of Norfolk Pension Fund. The increase in investment valuation was £43.817 million. This is due to a timing difference of available actual valuations for certain asset classes within the Pension Fund.

Unadjusted Audit Differences

There were three uncorrected misstatements identified as part of our audit that were greater than our reporting threshold.

Group Accounts – Balance Sheet – Leases - IFRS 16 impact through consolidation

In 2020/21 the CIPFA code has not adopted IFRS 16 and the Council have not made the necessary adjustments to the Group accounts consistent with the prior year. We have not been provided with a breakdown of the impacted leases in 2020/21. However, the movement on Finance Leases in the Norse accounts is a reduction of £4 million and therefore we can conclude that not making this consolidation adjustment is still immaterial. Norse Management have chosen not to adjust for this amount and therefore it would not be recorded within the Group Balance Sheet.

Group Accounts – Balance Sheet - Recoverability of Receivables

The component auditor reported that there was a significant outstanding year end balance within the Norse accounts with Norwich City Council. Norse Management's view is that there is no material exposure from the outstanding balances and have provided an amount in respect of recoverability of that receivable. The component auditor has recognised an unadjusted difference, as they consider the full debt should have been provided for and a provision recognised against that receivable. Norse Management have chosen not to adjust for this amount and therefore it would not be recorded within the Group Balance Sheet.

Group Accounts – Balance Sheet – Pension Liability

The component auditor has identified an unadjusted misstatement in relation to an updated Pension Liability following the final valuations for illiquid private market assets as at 31 March 2021. This amounted to an understatement of the Pension Liability by £1.572 million. Norse Management have chosen not to adjust for this amount and therefore it would not be recorded within the Group Balance Sheet.

Disclosure Differences

We identified a small number of misstatements in disclosures which management corrected.

Financial Statement Audit – Norfolk County Council (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £28.0 million as 1.8% of gross revenue expenditure reported in the accounts. We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.
Reporting threshold	We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.4 million.

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including Member allowances: we will agree all disclosures back to source data, and Member allowances to the agreed and approved amounts; and
- ▶ Related party transactions we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.

Section 4

Financial Statement Audit – Norfolk Pension Fund



Financial Statement Audit – Norfolk Pension Fund

We have issued an unqualified audit opinion on the Pension Fund's 2020/21 financial statements.

Key issues

The Annual Report and Accounts is an important tool for the Pension Fund to show how it has used public money and how it can demonstrate its financial management and financial health.

On 13 December 2021, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the Audit Committee on the 14 October 2021. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

Significant risk	Conclusion
<p>Misstatements due to fraud or error - management override of controls</p> <p>An ever present risk that management is in a unique position to commit 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 did not identified any:</p> <ul style="list-style-type: none"> • material weaknesses in controls or evidence of material management override; • instances of inappropriate judgements being applied; or • other transactions during our audit which appeared unusual or outside the Fund's normal course of business.
<p>Investment income and asset valuations – Investment Journals</p> <p>We have considered the key areas where management has the opportunity and incentive to specifically override controls that could affect the Fund Account and the Net Asset Statement.</p> <p>We have identified the main area being;</p> <ul style="list-style-type: none"> • Investment Income and Asset valuations being taken from the Custodian reports and incorrectly posted to the general ledger in the year, specifically through journal postings. 	<ul style="list-style-type: none"> • Our testing did not identify any material misstatements within Investment Income or year end Investment Asset valuations. • We did not identify any material weaknesses in controls or evidence of material management override. • We did not identify any instances of inappropriate judgements being applied.

Continued over.

Financial Statement Audit – Norfolk Pension Fund (cont'd)

In addition to the significant risks above, we also concluded on the following areas of audit focus.

Other area of audit focus	Conclusion
<p>Valuation of Complex Investments (Unquoted Investments)</p> <p>The Fund's investments include unquoted pooled investment vehicles, such as private equity and property investments.</p> <p>Judgements are taken by the Investment Managers to value those investments whose prices are not publicly available. The material nature of Investments means that any error in judgement could result in a material valuation error.</p> <p>Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could have a material impact on the financial statements.</p>	<ul style="list-style-type: none"> • We did not identify any material issues in the completion of our work. • We did identify one investment fund where the audited accounts had been qualified due to an issue which could have an impact on the value of the fund. The qualification was based on insufficient information being made available to the auditor due to an ongoing legal case. The value of the Pension Fund's investment is £39.2 million and we concluded that it was unlikely this would have a material impact on the Pension Fund. We agreed with management to include an enhanced disclosure within Note 5 – 'Assumptions Made About the Future' and 'Other Major Sources of Estimation Uncertainty'.
<p>IAS 26 disclosure – Actuarial Present Value of Promised Retirement Benefits</p> <p>The Fund's IAS 26 calculation shows that the present value of promised retirement benefits amount to £4,728 million as at 31 March 2021.</p> <p>The figure is material and subject to complex estimation techniques and judgements by the Actuary, Hymans Robertson. The estimate is based on a roll-forward of data from the previous triennial valuation in 2019/20, updated where necessary, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation and investment yields when calculating the liability.</p> <p>There is a risk that the valuation uses inappropriate assumptions to value the liability as at the 31 March 2021.</p>	<ul style="list-style-type: none"> • We did not identify any issues with the competence of the actuary, Hymans Robertson. • There were no significant changes in the IAS 26 approach or methodology and the assumptions used in calculating the IAS 26 figure was considered reasonable and compliant. • The disclosure of IAS 26 was in line with the relevant standards and the valuation provided by the Actuary.

Continued over.

Financial Statement Audit – Norfolk Pension Fund (cont'd)

Other area of audit focus	Conclusion
<p>Going concern disclosures</p> <p>The Pension Fund is required to carry out an assessment of its ability to continue as a going concern for the foreseeable future, being at least 12 months after the date of the approved financial statements. There is a risk that the Pension Fund's financial statements do not adequately disclose the assessment made, the assumptions used and the relevant risks and challenges that have impacted the going concern period.</p>	<p>We did not identify any events or conditions in the course of our audit that may cast significant doubt on the entity's ability to continue as going concern.</p> <p>Management have used the basis of their assessment to produce the disclosures included within the draft financial statements.</p> <p>We are satisfied that the revised disclosure note appropriately sets out the circumstances surrounding the financial implications prevalent at the date of authorisation of the financial statements.</p>

Continued over.

Financial Statement Audit – Norfolk Pension Fund (cont'd)

Audit differences – Corrected and Uncorrected

There were no corrected or uncorrected misstatements to primary statements identified as part of our audit greater than our reporting threshold.

Disclosure misstatements

Our audit identified a limited number of minor misstatements which our team have highlighted to management for amendment..

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £44.8 million as 1.8% of net assets of the scheme reported in the accounts. We consider net assets of the scheme to be one of the principal considerations for stakeholders in assessing the financial performance of the Pension Fund.
Reporting threshold	We agreed with the Audit Committee that we would report all audit differences in excess of £2.2 million.

Section 5

Value for Money – Norfolk County Council

We did not identify any risks of significant weaknesses in the Council's VFM arrangements for 2020/21.

Scope and risks

We have complied with the NAO's 2020 Code and the NAO's Auditor Guidance Notes in respect of VFM. We presented our VFM risk assessment to the Audit Committee meeting on the 14 October 2021, which was based on a combination of our cumulative audit knowledge and experience, our review of Council and committee reports, meetings with the senior officers and evaluation of associated documentation through our regular engagement with Council management and the finance team. We reported that we had not identified any risks of significant weaknesses in the Council's VFM arrangements for 2020/21.

Reporting

We completed our planned VFM arrangements work in September to October 2021 and did not identify any significant weaknesses in the Council's VFM arrangements. As a result, we had no matters to report by exception in the audit report on the financial statements.

VFM Commentary

We had no matters to report by exception in the audit report.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

- Financial sustainability
How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance
How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our VFM commentary highlights relevant issues for the Council and the wider public.

Introduction and context

The 2020 Code confirms that the focus of our work should be on the arrangements that the audited body is expected to have in place, based on the relevant governance framework for the type of public sector body being audited, together with any other relevant guidance or requirements. Audited bodies are required to maintain a system of internal control that secures value for money from the funds available to them whilst supporting the achievement of their policies, aims and objectives. They are required to comment on the operation of their governance framework during the reporting period, including arrangements for securing value for money from their use of resources, in a governance statement.

We have previously reported the VFM work we have undertaken during the year including our risk assessment. The commentary below aims to provide a clear narrative that explains our judgements in relation to our findings and any associated local context.

For 2020/21, the significant impact that the Covid-19 pandemic has had on the Council has shaped decisions made, how services have been delivered and how financial plans have had to be reconsidered and revised.

We have reflected these national and local contexts in our VFM commentary.

Financial sustainability

1. *How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them*

The Council has an established approach to budget setting with regular reports provided to Cabinet at key points in the process, before taking the Medium Term Financial Plan to Full Council. The Council analyses all major Government funding announcements (Spending Review 2020 and provisional Settlement 2021/22) to understand their implications and incorporate any pressures arising into financial planning. The budget process includes taking account of the in-year monitoring position to identify recurrent pressures which need to be provided for in the following year in consultation with Finance Business Partners, Responsible Budget Officers (RBO) and other senior managers.

The RBOs are responsible for identifying budget risks. Any risks which have long term implications are escalated to the Finance Projects team and incorporated into the budget process for risk mitigation activities to be coordinated with the service areas.

The Council has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Financial sustainability (continued)

2. How the body plans to bridge its funding gaps and identifies achievable savings

The Council has a four year Medium Term Financial Plan. The Council reviews the forecast Medium Term Financial Plan position in February each year and subsequently Cabinet allocates savings targets to Service Departments based on the identified gap position. Service Departments then develop savings proposals which are tested internally via a "budget challenge" process involving both officers and Members through the Summer. Once validated as being robust, proposals are considered by Cabinet prior to public consultation. In the event that additional savings are required, the Council undertakes further rounds of budget challenge in November / December. The Section 151 officer provides his view of the robustness of the overall Budget, including saving proposals, as part of the Budget report to Cabinet / Full Council in January/February each year. In the Medium Term Financial Plan dated 22 February 2021, a council tax increase along with identified saving proposals meant there was no budget shortfall identified for the 2021/22 financial year.

The Council has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

3. How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

Strategic and Financial Planning reports presented to Cabinet through the budget setting process provide an overview of how the budget is aligned to organisational strategy and priorities. Budgets are set in line with Service Departmental priorities and savings proposals are developed in the context of statutory requirements. Budget setting considers both the medium term (four year) position and longer term outlook. The Council prepares the budget in the context of the CIPFA Financial Management Code and the Annual Budget report sets out an assessment of how compliance with the CIPFA Financial Management Code is achieved.

Financial sustainability (continued)

4. How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

Strategic and Financial Planning reports presented to Cabinet through the budget setting process provide an overview of how the budget is aligned to organisational strategy and priorities. The Budget process includes a check of the workforce establishment against budgetary provision for salaries.

Capital budgets are set in the 'Capital Strategy and Programme' in February each year. This also sets out how these programmes are to be funded. This is a mix of grants and contributions provided by Central Government, use of prudential borrowing and capital receipts. All prudential borrowing is taken on with regard to the Council's Treasury Management policy.

The Council has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

The Revenue budget, Reserves Strategy, Capital Strategy and Programme and Treasury Management plans are all developed in conjunction with one another to ensure that any financial implications are consistently incorporated and reflected. This can be seen in the reporting of these areas as they are combined into one overall report for approval by Full Council.

5. How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Risks to financial resilience are kept under review and are identified through various mechanisms including regular financial monitoring and risk management processes. Financial regulations set out that Executive Directors are responsible for managing their Service Departments within the budget available for the year, and any variances, including non-delivery of planned savings (and mitigating actions) are reported to Cabinet monthly, as part of financial monitoring. As part of budget setting, the Council undertakes a risk-based approach to assessing the required General Fund balance. In preparing the Annual budget, the Council also has regard to CIPFA's financial resilience index and the Financial Management Code. The Budget report to Council includes an assessment of the robustness of budget estimates and broad sensitivity analysis.

The Council has had the arrangements we would expect to see to enable to make informed decisions and properly manage its risks.

Governance

1. How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council maintains corporate, departmental and service risk registers. Regular Risk Management reports are taken to the Audit Committee to consider, challenge and agree. Internal audit produce a 3 year strategic plan which is risk focused. Conversations are undertaken with Executive/Assistant Directors and key senior managers to incorporate discussions on where current risks are within the Service departments along with a review of the associated risk registers. These feed into the Annual Plan of audits undertaken by Internal Audit. Quarterly Internal Audit progress reports are taken to the Audit Committee for consideration along with an Annual Report by the Head of Internal Audit. Internal audits are how the Council gains assurance over the effective operation of the internal control environment, which cover arrangements to prevent and detect fraud. These feed into the Annual Governance Statement which is prepared annually and published alongside the Statement of Accounts.

2. How the body approaches and carries out its annual budget setting process

The Council produce the Revenue and Capital Budget and Medium Term Financial Strategy along with the Cabinet Report in February prior to the start of the financial year. A budget setting timetable is agreed by Cabinet each year which follows the below process:

- Cabinet report setting out budget process and timetable, agreeing allocation of savings required and framework for service planning;
- Budget challenge undertaken by the Corporate Board and portfolio leads;
- Medium Term Financial Plan taken to Cabinet to review assumptions and proposed areas for savings;
- Select Committees consider proposed areas for savings;
- Review by Scrutiny Committee;
- Public consultation;
- Further budget challenge as a result of public consultation responses;
- Final settlement and then the Budget is taken to Cabinet in February to recommend to Council;
- Scrutiny Committee to consider budget proposals, consultation and impact assessments; and
- Budget taken to Full Council for approval.

Governance (continued)

The budget process includes taking account of the in-year monitoring position to identify recurrent pressures which need to be provided for in the following year in consultation with Finance Business Partners, Responsible Budget Officers and senior managers.

3. How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

A Budget Manager system is in place to capture the monthly review by RBOs and this is supported by Finance. The review flags up any over/underspends, which then feature on the monthly monitoring report accompanied by commentary from the service areas on risks and mitigations being undertaken to address service and financial risks. Financial Regulations set out overarching controls, including that Executive Directors are responsible for managing their services within the budget available for the year. There is a programme of reports, updates and reviews undertaken by the various Member-led internal committees and panels within the Council to review performance and scrutinise processes, policies and decision making throughout the year. The key findings, decisions and recommendations of these committees are reported to Cabinet for oversight and approval. Any material key decisions (as set out in the Council's constitution) are then referred to Full Council for review and approval.

The Council has had the arrangements we would expect to see to enable to make informed decisions and properly manage its risks.

4. How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

Decision making is undertaken in accordance with the approach set out within the Council's Constitution and financial decisions taken in accordance with Financial Regulations. The Scrutiny Committee has the opportunity to consider Cabinet decisions. Individual Members can also raise questions to Cabinet on any reports presented, thus providing a further layer of challenge and review.

All decision making reports to Cabinet include details of financial and other implications. In presenting key decisions to the Cabinet and Council for approval, the officers must complete equality and data protection impact assessments as well as provide confirmations that the legal and statutory requirements of each service/area continue to be met.

Governance (continued)

5. How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

The Council has had the arrangements we would expect to see to enable to make informed decisions and properly manage its risks.

The Constitution, Member/Officer protocol and financial regulations set out the appropriate standards of Officer and Member behaviour. This is monitored by Democratic Services who maintain the online guidance for Officers and Members on best practice for declaration of interests, gifts and hospitality. Registers of all declarations are kept and monitored.

Improving economy, efficiency and effectiveness

1. How financial and performance information has been used to assess performance to identify areas for improvement;

Quarterly "vital signs" are reported to Cabinet in the 'Corporately Significant Vital Signs' report, to highlight the Key Performance Indicators (KPIs) for each service area and provides updates on actions taken by each service area to address any shortfall in performance. Each service area leadership team also receive monthly reports on performance from Finance Business Partners and Service Managers.

The Council has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

The Council assesses and reports on the performance of the Council through the Annual Governance Statement and Narrative Report which informs planning going forward.

2. How the body evaluates the services it provides to assess performance and identify areas for improvement

The Council have prepared and agreed a Norfolk County Council Plan 2019-2025. The "Together for Norfolk" aims are growing economy, thriving people and strong communities. The plan provides a whole-Council view of significant activities and supports and is aligned with the Medium Term Financial Plan.

Quarterly "vital signs" reports to Cabinet capture the respective service's performance against this plan and is used by Cabinet to evaluate overall performance and identify the next steps for improvement, efficiencies and mitigations. There is a core transformation team in place which assist Service Departments in leveraging change projects and initiatives to achieve the improvements aimed for in Service plans.

3. How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Council has a number of significant partnerships which are covered by the Financial Regulations. Separate governance arrangements exist for external boards / partnerships / joint ventures and decisions taken by Council Members at these boards which impact the Council will be subject to the Council's Constitution. Members on these boards will feedback to the appropriate committee where performance can be monitored and action taken where necessary.

To deliver its role within the New Anglia Local Enterprise Partnership it launched the 'Norfolk Delivery Plan 6' to help rebuild the local economy, while attracting investment and putting infrastructure in place. For some specific partnerships for example the 'Business Rates Pool', particular governance agreements will be in place and details of the Pool are reported to Cabinet annually, as Norfolk County Council is lead authority.

Improving economy, efficiency and effectiveness (continued)

Stakeholder engagement is undertaken in many different ways. The Council consults on changes to services and other key decisions, such as the Annual Budget. The Council uses the "We Asked, You Said, We Did" approach to consultation by publishing key findings from consultations and feeds back how these contributed to Council decisions.

4. Where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

The Council has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Procurement activities are supported by Corporate procurement team which utilises the relevant framework agreements in place to achieve the best value for money outcome available when tendering for outsourced service contracts or key supply of goods to the Council. The Local Government and Crown Commercial Services frameworks include criteria for service delivery and product specification which complies with the relevant legislation and professional standards. The Procurement team also ensure that Council's priorities and internal policies are adhered to when assessing tenders and supporting service areas in awarding contracts.

The pipeline of contracts are reviewed on a quarterly basis by the Departmental Management Team to ensure oversight of new procurements and that these contracts support and deliver the Council's service priorities. Any savings targets or performance benefits expected from the procurement of services is monitored and measured via agreed KPIs with the suppliers and reported to the relevant service Departmental Management Team as part of regular performance reporting. Internal Audit undertake periodic reviews of Procurement and this is reported to the Audit Committee.

The Council faces further challenge and change beyond 2021 which will form part of our 2021/22 VFM arrangements work.

Forward look

Looking forward to 2021 and beyond

Although we did not identify any significant weaknesses in the Council's value for money arrangements there is one item in relation to financial sustainability that we wish to bring to your attention.

The Council have forecast significant budget gaps going forward. The 2021/22 Medium Term Financial Strategy identified a cumulative budget gap of £158.6 million up to 2024/25. The Chief Financial Officer has been open and transparent about the pressures faced by the Council and is working to reduce the forecast budget gaps. The Council have been prudent in their budget setting, especially in relation to future funding and taxation income. The Council has managed to deliver an underspend in their 2020/21 outturn and have prepared a balanced budget for 2021/22. The Council are proactively working on the 2022/23 budget and have already halved the originally identified planned budget gap since the 2021/22 budget was prepared. The Council currently hold a significant level of unallocated reserves, £72.5 million as at 31 March 2021, which will assist in dealing with spending pressures over the short-term.

We will continue to monitor this key issue in future financial years.



Section 6

Other Reporting Issues

Other Reporting Issues

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with relevant guidance.

We completed this work and did not identify any areas of concern.

Whole of Government Accounts

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts consolidation pack submission. The guidance for 2020/21 is yet to be issued. We will liaise with the Council to complete this work as required.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Other powers and duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Consistency of other information published with the financial statements

We must give an opinion on the consistency of the financial and non-financial information in the Norfolk Pension Fund Annual Report with the audited financial statements. We reviewed the Pension Fund Annual Report and were satisfied that it was consistent with the financial statements.

We also reviewed the Narrative Report within the financial statements to ensure any financial information disclosed was consistent with the financial statements. We had no matters to report.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We adopted a fully substantive approach and have therefore not tested the operation of controls.

Appendix A

Audit Fees

Audit Fees – Norfolk County Council

Our fee for 2020/21 is in line with the audit fee reported in our Annual Results Report presented to the Audit Committee on the 14 October 2021.

Description	Final Fee 2020/21 £'s	Scale Fee 2020/21 £'s	Final Fee 2019/20 £'s
Initial Scale Fee – Code work	98,361	98,361	98,361
Fee Variation	TBC (Note 2)	-	38,853 (Note 1)
Revised Scale Fee	TBC	98,361	137,214

Note 1 – PSAA Ltd determined the Fee Variation on 22 October 2021.

Note 2 – For 2020/21, we have re-assessed the scale fee again to take into account the same recurring risk factors as in 2019/20, which includes procedures performed to address the risk profile of the Council and additional work to address increase in Regulatory standards and the financial reporting impact of Covid-19, as we set out in our Audit Results Report.

In addition, for 2020/21, we have had to perform additional audit procedures to respond to the financial reporting an associated audit risks pertaining to the new NAO Code for Value For Money and the enhanced considerations and procedures required in respect of estimates under ISA540, as well as new risks outlined within our Audit Plan and Audit Results Report. The additional fee for 2020/21 is yet to be fully discussed with management and thus remains subject to determination by PSAA Ltd.

We will report the respective final fees formally, once they have been determined by PSAA Ltd.

We confirm we have not undertaken any non-audit work.

Audit Fees – Norfolk Pension Fund

Our fee for 2020/21 is in line with the audit fee reported in our Annual Results Report presented to the Audit Committee on the 29 September 2021.

Description	Final Fee 2020/21 £'s	Scale Fee 2020/21 £'s	Final Fee 2019/20 £'s
Initial Scale Fee – Code work	20,866	20,866	20,866
Fee Variation	TBC (Note 2)	-	12,800 (Note 1)
Revised Scale Fee	TBC	20,866	33,666
Fee in relation to IAS 19 procedures on behalf of Admitted bodies in respective financial year	8,000	-	11,500

Note 1 – PSAA Ltd determined the Fee Variation on 22 October 2021.

Note 2 – For 2020/21, we have re-assessed the scale fee again to take into account the same recurring risk factors as in 2019/20, which includes procedures performed to address the risk profile of the Pension Fund and additional work to address increase in Regulatory standards and the financial reporting impact of Covid-19, as we set out in our Audit Results Report.

In addition, for 2020/21, we have had to perform additional audit procedures to respond to the financial reporting an associated audit risks pertaining to the enhanced considerations and procedures required in respect of estimates under ISA540, as well as new risks outlined within our Audit Plan and Audit Results Report. The additional fee for 2020/21 is yet to be fully discussed with management and thus remains subject to determination by PSAA Ltd.

We will report the respective final fees formally, once they have been determined by PSAA Ltd.

We confirm we have not undertaken any non-audit work.

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com

Audit Committee

Item No:7

Decision making report title: Norfolk Audit Services Report for the Quarter ending 31 December 2021

Date of meeting: 3 February 2022

Responsible Cabinet Member: N/a

Responsible Director: Simon George, Executive Director of Finance and Commercial Services

Is this a key decision? No

Executive Summary

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

The Audit Committee are responsible for monitoring the adequacy and effectiveness of the systems of risk management and internal control, including internal audit, as set out in its Terms of Reference, which is part of the Council's Constitution.

The Council has an approved Strategy, 'Better Together, for Norfolk 2021-2025' setting out a clear set of priorities. Internal Audit's work will contribute to these new priorities through the activity set out in the detailed Corporate Delivery Plan that is being developed over the next 3 -6 months and is aligned to the medium-term financial strategy.

The Chief Internal Auditor reviews the effectiveness of the system of internal control, including risk management, throughout the year and reports annually to the Audit Committee. The Chief Internal Auditor reports that, for the quarter ended 31 December 2021 the system of internal control, including the arrangements for the management of risk was acceptable and therefore considered sound.

Recommendations

To consider and agree: -

- **the key messages featured in this quarterly report, that the work and assurance meet their requirements and advise if further information is required.**

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 is continuously reviewed throughout the year.

1.2 This report supports the remit of the Audit Committee in providing proactive leadership and direction on audit governance and risk management issues. The purpose of this report is to update the Audit Committee on the progress with the delivery of the internal audit work and to advise on the overall opinion on the effectiveness of risk management and internal control. The report sets out the work to support the opinion and any matters of note.

2. Proposals

2.1 The Audit Committee are recommended to consider and agree: -

- the key messages below
- that the work and assurance meet their requirements and advise if further information is required.

2.2 The key messages are as follows: -

2021/22 Opinion work

- **Appendix A** details the final reports Issued in the quarter ending 31 December 2021.
- **Appendix B** provide a status update on the audits in 2021/22 Audit Plan, including those which have been cancelled or deferred.

2.3 Our current cumulative position as at 31 December 2021 for 2021/22 audits is shown in the table below.

Status	Number
Final reports and Management Letters	10
Draft reports	1
WIP	14
Not started	2
Cancelled or deferred	26
Total audits	53

Grant Certifications

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

Traded Full School Audits

- 2.5 Nine full school audits were completed between September and December 2021 and a further six are scheduled to take place between January and March 2022. A total of 28 audits will have been completed this audit year in total.

Norfolk Pension Fund

- 2.6 Work is progressing on the Audit Plan for 2021/22; one audit has been finalised with work in progress for the remainder of the planned audits.

Staffing

- 2.7 We have one staff member on long term sick, covered by a temporary person and as a result we have a full complement of staff supporting delivery of the audit plan.

Overall Opinion

- 2.8 This quarterly NAS report confirms that the overall opinion on internal controls and risk management remains acceptable.
(N.B.: - three descriptors can be used for our overall annual opinion: acceptable – green, key issues to be addressed – amber and key issues to be addressed – red)

Progress with the implementation of agreed recommendations

- 2.9 Seven audits have reached final report stage and the progress of implementing the recommendations for these audits is actively been monitored. The recommendations for one of these audits have now been implemented and closed. See the table below for further information,

	Number
Total number of recommendations being monitored for implementation as of 31st December 2021	39

Total number of recommendations implemented and closed	15
Total number of recommendations in progress of being implemented	24
Total audits released for recommendation monitoring	7
Total audits where all the recommendations have been implemented and closed	1

Data analytics

- 2.10 Data Analytics is a useful tool for performance management, decision making and auditing. Such analysis enables information to be drawn from large or whole populations of system data providing improved and deeper assurance. The Council uses Power BI to undertake data analytics to support performance management.
- 2.11 We have taken a data analytics briefing note for Executive Leadership Team outlining our proposals to strengthen our use of data analytics within our audit work. We continue to look at the option to extend our audit system, Teammate+ to include a data analytics option and a demonstration of this has taken place.
- 2.12 Some of the management team have now attended a presentation on the implementation of data analytics by Wolter Kluwer, the company who provide our audit system.
- 2.13 The London Audit Group have also provided some training in this area using Excel tools which two of the Principal Client Managers and one of the Trainee Internal Audit Managers have attended. One of the Principal Client Managers and one of the Trainee Internal Audit Managers have also attended data analytics training using Power BI.
- 2.14 We are also discussing with management the data analytic options that come with the new finance and HR system, how these will be used and our access to all data on this system. Further updates on this area will be provided each quarter.

France Channel England (FCE)

- 2.1 There is satisfactory progress of the Audit Authority work for the France Channel England Interreg Programme. The European Commission

continues to be satisfied with the timeliness and quality of the work undertaken by the Audit Authority and reports submitted.

Other

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

Anti-Fraud and Corruption

- 2.3 NAS Anti-Fraud, Bribery and Corruption policy and Strategy continues to direct the reactive and proactive anti-fraud work undertaken. During the period the following activities have been undertaken by the Council's Investigative Auditor (IA):

- Three internal investigations have been completed in the areas of secondary employment, minor theft and conflicts of interest. Investigation outcomes were reported to service leads for review and action. Two investigations led to disciplinary actions and one case reported to the police, which is ongoing.
- Two new suspected fraud cases have been referred to law enforcement in respect of external fraud suspicions identified. We are co-operating with relevant authorities in respect of ongoing investigations.
- Two previously reported Investigations remain ongoing at the point of reporting. Progress on the investigations has been made during the period and the IA continues to work with law enforcement.
- Attendance and regional anti-fraud meetings and conferences has taken place. The purpose of these meetings is to enhance NCC's counter fraud culture, promote the reporting lines for raising concerns, identify areas for counter fraud activity and assess potential investigations.

Whistleblowing

- 2.4 The Chief Legal Officer and Chief Internal Auditor champion the Whistleblowing Policy. It is their role to ensure the implementation, integrity, independence and effectiveness of the policy and procedures on whistleblowing. Four whistleblowing concerns were received in the period in the areas of health and safety, finance, children's services and policies and procedures. All concerns have been progressed in accordance with the Council's Whistleblowing Policy and Procedures.
- 2.5 Technical notes are at **Appendix D** for reference.

3 Impact of the Proposal

- 3.1 The Accounts and Audit Regulations 2015 (as amended in 2020) 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 As a result of the delivery of the internal audit plan and audit topic coverage, the Committee, Executive Directors, Senior Officers and Managers will have assurance through our audit conclusions and findings that internal controls, governance and risk management arrangements are working effectively or there are plans in place to strengthen controls.

4. Evidence and Reasons for Decision

- 4.1 Not applicable.

5. Alternative Options

5.1 There are no alternative options.

6. Financial Implications

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

7. Resource Implications

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

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

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

8. Other Implications

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

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

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

8.4 **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:** 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 Internal audit strategy, our approach and 2021-22 audit plan
Internal audit terms of reference (Charter)
Section C Financial Regulations

Officer Contact

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

Officer name: Adrian Thompson

Tel no.: 01603 303395

Email address: 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.

Norfolk Audit Services

Final Reports Issued in the Quarter ending 31 December 2021

NOTE: This report is for audits completed to the 31 December 2021. Any audits completed up to the Audit Committee meeting will be reported verbally at the meeting.

Final Reports: - Issued in Quarter 3

2021/22 Audit Plan: -

A. Opinion Work

1. Follow Up - Data Centres – No opinion provided

Audit Objectives: -

1. To the agreed actions to our findings and recommendations had been actioned and are now in place or exceptions have been adequately reported.
2. Out of the eleven recommendations followed up, all were completed in full apart from two which were partially completed, with plans in place to achieve full completion, which we are continuing to monitor.

2. Third River Crossing – Acceptable

Audit Objectives: -

1. To provide assurance over the adequacy and effectiveness of the controls in place to manage the construction works to ensure that the work is delivered as expected, on time and in budget.

3. On Street Civil Parking Enforcement – Key Issues – Amber

Audit Objectives: -

1. To provide assurance over the adequacy and effectiveness of the controls in place to deliver the objectives and goals of the CPE Agreement in terms of:
 - Management information from the delegated authorities to NCC
 - Financial returns from the delegated authorities to NCC
 - KPIs
2. To provide assurance that the CPE agreements are monitored adequately and effectively, including expectations, KPIs, management information and financial information being received timely and completely.

3. To ensure the management information supplied by the delegated authorities provide adequate, regular, timely, sufficient, accurate and complete information to support the expected deliverables under the agreed annual Business Plans within the CPE agreements.

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

Management were asked to: -

- a) Ensure that an annual business plan (ABP) is received from the Norwich City Council (NchCc) as per their Civil Parking Enforcement (CPE) Agreement, and budget information, to inform the financial year for Borough Council of King's Lynn & West Norfolk (BCKLWN) is received as required. Progress rated as Green: ABPs to be agreed Jan/Feb 22 OWG meeting for submission during quarter 3, 2022 as part of budget planning cycle.
- b) Consider re-introducing the need for BCKLWN to complete an Annual Business Plan. Progress rated as Green: as detailed in a) above.
- c) Ensure amendments are added to the CPE agreements to require supporting documentation to be sent in respect of the quarterly financial returns. Progress rated as Green: Will be monitored through the OWG meetings and written into any subsequent CPE agreements.
- d) Ensure that quarterly financial returns and statistical returns are received from the NchCc and BCKLWN as required. Progress rated as Green: Will be monitored through the OWG meetings as a standing agenda item and written into the TORs. Reporting frequencies will be agreed at the Jan/Feb OWG meeting.
- e) Consider instigating the escalation process, to ensure that the receipt of ABPs and budget information is received as expected, and the statistical returns and financial returns are received as expected and on time. Progress rated as Green: Information and returns will be monitored through the OWG meetings.
- f) Review the process of the summaries and invoices received as part of the quarterly financial returns and refine it to make it more efficient. Progress rated as Green: A Deputy Finance Officer has been appointed to assist to provide business continuity and help with efficiency improvements.
- g) Update the CPE agreements with an agreed timescale for the receipt of 'time to time' information and instigate chasing activity and the escalation process where this is not received on time. Progress rated as Green: This will be undertaken when any subsequent CPE agreements are drafted.
- h) Regularly review the KPIs for the BCKLWN CPE Agreement and get these agreed by the (Officers Working Group (OWG) and then review these at each OWG meeting. Progress rated as Green: Will be monitored through the OWG and NPPJC meetings as a standing agenda item.

- i) Agree and report KPIs for the NchCC CPE Agreement to an appropriate group. Progress rated as Green: Will be monitored through the OWG and NPPJC meetings as a standing agenda item. Relevant KPIs and reporting frequencies will be agreed at the Jan/Feb OWG meeting.
- j) Review the TORs of the OWG annually and agree these prior to the beginning of each financial year. Progress rated as Green: TORs already discussed at the December 2021 OWG meeting and will be updated at the Jan/Feb meeting and an annual review of these will be carried out.
- k) Ensure the OWG report back to the NPPJC, at least annually, on the results of the monitoring and assurance on any actions required for BCKLWN. Progress rated as Green: on track. This will become a standing agenda item as per the OWG's revised TORs.

4. Monitoring Health and Safety Standards of 3rd Party Providers – Key Issues – Amber

Audit Objectives: -

1. To provide assurance over the adequacy and effectiveness of the controls in place to ensure the health and safety standards of third-party providers of services (at relevant settings) are sufficiently monitored and managed by contract managers, commissioners, and overall, by the HSW Team.

Both the Health, Safety & Wellbeing (HSW) Team and Procurement are committed to implementing the recommendations below and helping the Directorates with their part.

Although none of the contracts reviewed had used the Health and Safety Risk Rating Tool to identify a risk rating for health and safety for their contract and then the Compliance Code to identify the appropriate methods to use to monitor health and safety, the majority had a monitoring framework in place to monitor health and safety and some of these methods were ones detailed in the Compliance Code.

The HSW Team had been involved at the procurement stage for some of the contracts reviewed but they are not always involved when contracts are drawn up to ensure that health and safety monitoring is included in these. Capacity constraints and the impact of Covid-19 has caused health and safety monitoring of contracts by the HSW Team to cease.

Although there is not a central record of contract managers, each directorate should have their own records of these.

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

Management were asked to: -

- a) Ensure that the Health and Safety Manager and the appropriate person from the Procurement Team meet to discuss and implement a process

whereby the Health and Safety Risk Rating Tool is used at the procurement stage by the Commissioning or Contract Managers.

- b) Ensure that the HSW Team proactively get involved with high-risk third-party contracts if Commissioning or Contract Managers do not seek support from the in the first place, to ensure that appropriate health and safety monitoring mechanisms are established.
- c) Ensure that Contract Managers meet with the HSW Team where the outcome of the Risk Rating Tool is high-risk, to ensure that they have the relevant health and safety knowledge to adequately monitor the health and safety requirements of the contract.
- d) Ensure that the HSW Team implement a process to obtain assurance that the monitoring of health and safety requirements in third-party provider contracts is taking place by contract managers, particularly high-risk rated ones, and utilise any assurance that can be gained from the work being conducted by departmental Quality Assurance Teams.
- e) Ensure that the Head of Sourcing considers how the central contracts register can be used to capture Contract Manager names and keep these up to date when they change.
- f) Ensure that Departments within each Directorate instigate a programme of reviewing their contracts against the Risk Rating Tool and the Compliance Code to provide assurance that the health and safety monitoring framework in place is appropriate, engaging with the HSW Team where risk rating outcome is high.

5. **Bridges** - Key Issues – Red

Audit Objectives: -

- 1. To assurance that risk management of resource allocation and health and safety management is in place and is adequately and effectively operated by the Bridges Team.

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

Management were asked to: -

- a) Introduce a process which ensures the most critical identified defects are dealt with first. Action Complete - December 2021.
- b) Introduce a system whereby high priority defects with a more immediate concern are easily identifiable. Action Complete – December 2021.
- c) Ensure the completion of health and safety risk assessments are mandatory prior to work conducted on site. Action Complete – December 2021.
- d) Ensure all principal railway bridge inspections are carried out as soon as possible. Progress rated as Amber: Planned completion is for March 2022 but is dependent upon Network Rail.

- e) Ensure the backlog of all principal inspections is cleared as soon as possible. Progress rated as Green: On track for completion by March 2022.
- f) Ensure cancellations are updated timely and correctly on the AMX system. Action Complete – December 2021.
- g) Ensure all outstanding structural reviews are carried out as soon as possible. Progress rated as Green: On track for full completion by March 2022.
- h) Ensure owners of private bridges are fully made aware of defects found. Action Complete – December 2021.
- i) Ensure Principal Interval Risk Assessments are carried out in accordance with procedures. Progress rated as Green: On track for full completion by March 2022.
- j) Ensure inspection reports are entered onto the AMX system timely and cost estimates included are reasonable. Progress rated as Green: On track for full completion by December 2021.
- k) Ensure the Bridges Anticipated Needs document reflects the schemes prioritised in the Scheme Prioritisation Scoring Spreadsheet. Action Complete – December 2021.
- l) Complete the Scheme prioritisation tool as soon as possible. Action Complete December 2021
- m) Agree and monitor relevant KPIs to measure the performance of the Bridges Team. Action Complete – December 2021
- n) Ensure all procedures are regularly reviewed to ensure they reflect up to date processes. Progress rated as Green: On track for full completion by January 2022.
- o) Senior management should be provided with sufficient information to enable them to fully understand where NCC's duty of care is being compromised. Progress rated as Green: On track for full completion by March 2022.

In summary, out of the 15 areas where action plans are in place, good progress has been made so far and over half the actions (8/15) have already been implemented and are marked as complete. Five more will be completed by the end of January 2022, and all others, are on track for the end of March (one is subject to Network Rail's agreement and timescales for planned bridge inspections).

Traded Full School Audits – audits have been completed at the following schools: -

- a) Colby Primary School
- b) Hemphall Primary School
- c) Sacred Heart Catholic VA Primary School
- d) Falcon Junior School

- e) Happisburgh Primary School
- f) North Elmham CEVA Primary School & Stibbard All Saints CEVA Primary School & Nursery
- g) Rosecroft Primary School
- h) Scole Primary School
- i) Barford Primary School

B. Norfolk Pension Fund

1. No further audits have reached final report stage.

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose
The details below show the current status of audits in the 2021/22 Audit Plan.			
1. CES Third River Crossing – final report issued	Corporate Risk RM024	20	Assurance on the operation of the controls in place to manage the building works to ensure that the work is delivered as expected, on time and in budget.
2. CES Bus Operators – final report issued	Service risk	20	Assurance that operating agreements are in place and are being met.
3. CES Environmental Policy – in progress	Environmental risk	20	Watching Brief
4. CES On Street Civil Parking Enforcement (CPE) – final report issued	Service risk	20	Assurance over the adequacy and effectiveness of the controls in place to deliver the objectives and goals of the CPE Agreement
5. CES Highways Bridges Risk Management – final report issued	Service risk	20	Assurance over the risk management arrangements
6. CES City Area Highways Team (CAHT) – final report issued	Service risk	20	Assurance that the CAHT team are working consistently and in the same way as the other three area teams in accordance with NCC policies, processes and systems
7. NFRS Capital Programme – in progress	Service risk	20	Assurance over the identification, prioritisation and management of the capital programme.
8. ASS Follow up of Transforming Care Programme 2019/20 audit	Service risk	10	Assurance that the recommendations made have been implemented.

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose
Recommendations – in progress			
9. CHS Thematic Audit on Cyber Security – in progress	IT risk	30	The audit will assess whether maintained schools are compliant with the minimum standards as set out in Cyber Essentials.
10. CHS Thematic Audit – TBC – not started	N/a	25	N/a
11. CHS SEND Capital Programme – draft report	Corporate risk RM030	20	Assurance on the controls to deliver the capital programme on time and to budget.
12. H&S DSE Assessments – in progress	H&S risk	25	Assurance that employees are complying with the requirements of this policy and that managers are monitoring compliance.
13. H&S Monitoring H&S Standards of Third-Party Providers – final report	Corporate risk RM028	24	Assurance over the adequacy and effectiveness of the controls in place to ensure the health and safety standards of third-party providers of services are sufficiently monitored and managed by contract managers, commissioners and overall, by the Health and Safety Team and that any exceptions are identified, investigated and reported.
14. GOV Data Protection Impact Assessments – final report issued	Corporate risk RM003a	20	Assurance that controls around data protection impact assessments are adequate and effective

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose
15. GOV Governance process for the electronic signing and sealing of documents – in progress	Governance risk	20	Assurance on the process for electronic signing and sealing of documents.
16. Work to support AGS – Hethel Engineering – final report issued	Corporate risk RM013	15	Assurance that adequate governance controls were in place during 2020/21.
17. FES Direct Payments – Self Managed Accounts – in progress	Financial risk	25	Assurance that controls to manage direct payments (self-managed) are adequate and effective
18. FES Accounts Payable – Care Sector Payments – final report issued	Financial risk	25	Assurance that adequate and effective governance and internal controls in place supporting payments during the Covid Pandemic
19. CP Repton Housing Development Company – in progress	Corporate risk RM007	20	Assurance that controls in place to govern and manage the build and sale of houses are working in practice.
20. CP Health and Safety Statutory Compliance – in progress	H&S risk	25	Assurance that the County Council has appropriate systems in place to monitor third parties who complete statutory health and safety checks on our behalf and that there is confirmation that these checks have been completed.
21. CP Data Management Systems – not started	Data quality risk	20	Assurance that our property and facilities management data management systems across the County Council are managed appropriately to enable us to provide correct information first time when requested or for statutory publication.

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose
22. PROC Public Services (Social Value) Act 2012 & Processing Agreements – in progress	Regulatory risk (Data Protection)	15	Assurance that we have complied with the requirements of the Public Services (Social Value) Act to consider and consult regarding social value when procuring contracts above the relevant Public Contract Regulation threshold.
23. IMT Follow Up Data Centres – final report issued	IT risk	15	Assurance that the recommendations made have been implemented
24. IMT Cyber Security & Data Security – offline back ups & Follow up of Third- Party Supplier and Staff Access – in progress	IT risk	25	Assurance TBA
25. FIN – Risk of failure of new Human Resources and Finance system implementation - in progress	Corporate risk RM027	25	Assurance that internal controls are appropriate and working effectively
36.FIN – Modern Slavery – in progress	Corporate risk	20	Assurance over NCCs modern slavery statement.
27. FES Insurance Governance Arrangements – in progress	Finance risk	15	Assurance that effective governance arrangements are in place

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose
	Total current audit days	559	

Audit Name	Number of days	Explanation
<p>The details below show the audits which have been deferred from the 2021/22 Audit Plan since we last presented this information to Audit Committee in October 2021. These topics have moved for consideration into the 2022/23 Audit Plan.</p>		
1. ASS – E-brokerage	20	Deferred until 2022/23
2. CHS Transformation Programme – deferred	20	Deferred until 2022/23
<p>3. CES Contract Management and Monitoring</p> <p>Assurance over the contract management and monitoring arrangements in place for key highways contracts.</p>	20	On hold – the need for assurance will be monitored and considered for inclusion in the 2022/23 Audit Plan
4. Equality, Diversity and Inclusion	20	On hold – the need for assurance will be monitored and considered for inclusion in the 2022/23 Audit Plan
<p>5. CES Governance of Major Project Developments</p> <p>Assurance that the governance arrangements during the early stage of project development, especially in relation to the costs, are adequate and effective.</p>	20	Deferred until 2022/23 Audit Plan as a new framework for project management is being developed for implementation later in 2021.
<p>6. ASS Shared Care Protocols</p> <p>Assurance that the shared care protocols for mental health are working in practice.</p>	20	Deferred until 2022/23 Audit Plan as there is much cross over with Continuing Health Care audit; therefore, these two audits will be combined.
<p>7. ASS Continuing Health Care</p> <p>Assurance that we are following policy and complying with Care Act requirements.</p>	20	Deferred until 2022/23 Audit Plan as new procedures are being implemented and this audit will be combined with the Shared Care Protocols audit
<p>8. H&S Lone working</p> <p>A review of the lone working risk assessments for front line workers and whether they continue to be valid under the new ways of working.</p>	15	Deferred until 2022/23 Audit Plan

Audit Name	Number of days	Explanation
<p>9. Risk of ASS Failure to respond to changes to demography, funding, and government policy, with particular regard to Adults Services – in progress Corporate risk RM023</p>	5	<p>Deferred until 2022/23 Audit Plan Due to change in Government legislation, this risk is to be reviewed and audit work for the new risk will be considered in next year's Audit Plan.</p>
<p>10. H&S Risk of any failure to monitor and manage health and safety standards of third-party providers of services. Corporate risk RM028</p>	5	<p>The work for this risk has now become an audit in the Audit Plan</p>
<p>11. HR NCC may not have the employees (or a sufficient number of employees) with critical skills that will be required for the organisation to operate effectively in the next 2-5 years and longer term. Corporate risk RM029</p>	5	<p>Deferred until 2022/23 Audit Plan Risk mitigations are in their earlier stages and this risk will be considered for review as part of the 2022/23 Audit Plan during audit planning.</p>
<p>12. GOV Compliance with data security (GDPR) Home working Assurance that controls to manage data security requirements whilst the majority of staff are home working are adequate and effective</p>	20	<p>Deferred until 2022/23 Audit Plan whilst new arrangements are being put in place and embedded</p>
<p>13. FES Finance Assessments</p>	20	<p>Deferred until 2022/23 Audit Plan</p>
<p>14. PROC Legal challenge to procurement exercise. Corporate risk RM026</p>	5	<p>Deferred until 2022/23 Audit Plan</p>
<p>15. IMT Compliance with Application Standards Healthcheck Assurance that business units are complying with the standards set for the use of applications.</p>	20	<p>Deferred until 2022/23 Audit Plan</p>
<p>16. STRAT Smarter Working and Use of Data Assurance that data analytics work across NCC is undertaken in line with</p>	25	<p>On hold – the need for assurance will be monitored and considered for inclusion in the 2022/23 Audit Plan</p>

Audit Name	Number of days	Explanation
policy and procedure, by the right people and at the right time		
17. STRAT Service level business planning (and decision making) Assurance that the service level business planning process within departments is robust, assured and follows best practice to develop service strategies across the directorates	25	On hold – the need for assurance will be monitored and considered for inclusion in the 2022/23 Audit Plan
Total days deferred to the 2022-23 Audit Plan	285	
The details below show the audits that have been cancelled from the 2021/22 Audit Plan.		
1. ASS Discharge to Assess	20	Cancelled – assurance no longer necessary.
2. GOV Information Asset Registers	20	Cancelled – assurance no longer required at current time
3. GOV IM Audit Data Sharing Agreements	20	Cancelled – assurance no longer required at current time
4. IMT Failure to comply with relevant information security requirements. There is a risk of failing to comply with relevant information security requirements (e.g. NIS, PSN, PCI-DSS) which could lead to reputational damage and financial impact. Corporate risk RM003b	5	Cancelled – assurance no longer required. IMT have external bodies who accredit them for these designations. We will follow up that any actions set by them have been completed as part of the Cyber Security audit in Q4
5. FES Payroll Online Functions Assurance that controls to manage the online payroll functions are adequate and effective	20	Cancelled – assurance no longer required as the new Oracle system will be in place in November 2021
6. HR PDPs Assurance that quality performance development plans (PDP) are being developed with staff and in accordance with NCC guidance, goals are linked to the Department's	20	Cancelled – assurance no longer required.

Audit Name	Number of days	Explanation
/ Team's goals as per their Plan on a Page, training and development needs are being cascaded to Learning Plans and staff are actioning their learning and Oracle is an accurate picture of the written goals agreed.		
7. HR Implications of Brexit for Council staff and services. Corporate risk RM022a	5	Cancelled Risk has been amended and is now RM022b and will be considered for review as part of the 2022/23 Audit Plan during audit planning.
8. ASS Emerging Integrated Care Systems – governance arrangements Assurance on the governance arrangements in place.	20	Cancelled – assurance no longer required due to arrangements moving forward quicker than expected
9. HR audit TBC	25	Days not needed for another HR audit
Total audit days cancelled in the 2021/22 Audit Plan	155	

KEY: -

ASS – Adult Social Services

CHS – Children’s Services

CES – Community and Environmental Services

FES – Financial Exchequer Services

FIN – Finance

CP – Corporate Property

Proc – Procurement

H&S – Health, Safety and Wellbeing

HR – Human Resources & Organisational Development

GOV – Governance Department

SRAT – Strategy and Transformation

IMT – Information Management Technology

Grants certified up to quarter ending 31 December 2021

LGA	EU	Other
Fire (June 21)	Endure (P/e June 21)	Norse (P/e March 21)
Transforming Care (June 21)	Endure OTS	Family Focus (P/e Jun 21)
CES (September 21)	CATCH (P/e July 21)	Family Focus (P/e Sep 21)
LA Bus subsidy (September 21)	FACET (P/e May 21)	Police & Crime Panel (P/e March 21)
Disabled Facilities Grant (September 21)	Mobi-Mix (P/e May 21)	Local Full Fibre Network (Claim 6 Qtr 4 2020-21)
Travel Demand Management (April 21)	Monument (P/e May 21)	Local Full Fibre Network (Claim 7 Qtr 1 2021-22)
Emergency Active Travel Fund Grant (Capital) (July 21)	Catch OTS	Sheringham Primary National Teaching School – Emergency Fund
Travel Demand Management (Oct 21)	PROWAD (P/e August 21)	BDUK Qtr 4 (2019-20), Qtr 2 (2020-21) and Qtr 4 (2020-21)
	FACET (P/e Nov 21)	Police & Crime Panel (P/e August 21)
	Green Pilgrimage (P/e Dec 21)	Supporting Families (P/e Dec 21)
	Mobi-Mix (P/e Dec 21)	Local Full Fibre Network (Claim 8 Qtr 2 2021-22)
	Monument (P/e Dec 21)	Norse (P/e Sep 21)

Technical Notes

Work to support the opinion

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

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

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

Audits of Note

No audits of note were completed during the period.

Corporate High Priority Findings

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

Audit Committee

Item No:8

Decision making report title: Internal Audit Strategy, Approach and Audit Plan for 2022/23

Date of meeting: 3 February 2022

Responsible Cabinet Member: N/a

Responsible Director: Simon George, Executive Director of Finance and Commercial Services

Is this a key decision? No

Executive Summary

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

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

Norfolk Audit Services fulfils the internal audit function for the Council as required by its own Terms of Reference and the relevant regulations and standards, which are considered annually by the Committee. Our work is planned to support the Council's [vision and strategy](#), Better Together, for Norfolk 2025, which was agreed by the Council in December 2021.

This report sets out the:

- Background (Section 1)
- Internal Audit Strategy (2.2)
- Our Approach to developing the Audit Plan 2022/23 (2.18)
- The Audit Plan for 2022/23 (2.43)
- Performance (2.5)

The total days available to deliver all the services provided by NAS is 2,057. Of these days 687 days are delivered to external clients (FCE, schools, grants, EIFCA and the Norfolk Pension Fund).

Of the remaining 1,370 days available: -

- 944 days are available to deliver the audit opinion work. This is deemed sufficient to provide an opinion on the adequacy and effectiveness of the Council's framework of internal control.
- To deliver the risk management and investigative auditor roles, 348 days are available; and
- The remaining 78 days are available to deliver the other services provided by NAS.

Recommendations

1. To consider and agree: -

- **The Internal Audit Strategy, the approach to developing the Audit Plan for 2022/23 and the Audit Plan for 2022/23, supported by the 'Days Available to Deliver NAS Services 2022/23 (Appendix C) and the 'Detailed Audit Plan for the Audit Year 2022/23 (Appendix D), and that this work will deliver sufficient scope for the assurances required.**
- **That the arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards (2017) and the Local Authority Guidance Note of 2013, including safeguards in place to limit impairments to independence and objectivity for the roles of the Chief Internal Auditor (described at paragraph 2.24 of this report), and any other relevant statements of best practice**
- **That the approach to minimise the audit burden during the pandemic response continues and is risk based, necessary, proportionate and that normal coverage will resume on a risk assessed basis at the earliest opportunity. The reasons for deferring any audits will be reported to this Committee.**

1. Background and Purpose

Accounts and Audit Regulations (England) 2015 (As amended)

- 9.1 The above regulations were amended in 2020 in respect of the Coronavirus Act 2020 requirements. Under these regulations, the County Council ('the Council') 'must ensure that it has a sound system of internal control which (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk.
- 9.2 Also, the Council 'must, each financial year (a) conduct a review of the effectiveness of the system of internal control' and '(b) prepare an annual governance statement.'
- 9.3 In addition, the Council 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance', described below.
- 9.4 The Council has a duty to ensure value for money in its use of resources and the Council's External Auditors comment on that as part of their audit of the Statement of Accounts.

UK Public Sector Internal Audit Standards and other guidance

- 9.5 Our audit strategy and plans respect relevant standards. CIPFA, in collaboration with the Chartered Institute of Internal Auditors (CIIA) has produced the [UK Public Sector Internal Audit Standards \(PSIAS\)](#) which came into force on 1 April 2013 and latest revised version is dated, 1 April 2017. CIPFA, in collaboration with the CIIA, also published in April 2013 the [Local Authority Guidance Note \(LAGN\)](#) for the Standards, which remain current. CIPFA have also published guidance on the '[Role of the Head of Internal Audit](#)'. Guidance has been issued by CIPFA on the consideration of any [limitation of scope](#) where internal audit work may be compromised due to the response to the Covid-19 pandemic. Guidance has been issued by the IIA on approaches to [remote auditing](#). The NAO as regulator to the External Auditor has issued guidance on auditing value for money during October 2020.

Crime and Disorder

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

2. Proposals

2.1 The Audit Committee are recommended to consider and agree: -

- The Internal Audit Strategy, the approach to developing the Audit Plan for 2022/23 and the Audit Plan for 2022/23, supported by the 'Days Available to Deliver NAS Services 2022/23 (Appendix C) and the 'Detailed Audit Plan for the Audit Year 2022/23 (Appendix D), and that this work will deliver sufficient scope for the assurances required.
- That the arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards (2017) and the Local Authority Guidance Note of 2013, including safeguards in place to limit impairments to independence and objectivity for the roles of the Chief Internal Auditor (described at paragraph 5.7 of this report), and any other relevant statements of best practice.

2.2 The key messages are as follows: -

Our Internal Audit Strategy

Our vision and mission

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

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

2.4 We also must achieve the 'Core Principles' for the professional practice of Internal auditing in our work which, taken as a whole, articulate internal audit effectiveness. Failure to achieve any of the 'Core Principles' would imply that an internal audit activity was not as effective as it could be in achieving Internal Audit's mission. The 'Core Principles' are:

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives, and risks of the organisation
- Is appropriately positioned and adequately resourced

- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive, and future-focused
- Promotes organisational improvement

Code of Ethics

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

Our Critical Success Factors

- 2.7 These are: -
- Focusing on the Council’s highest risks, both corporately and departmentally
 - Maintaining efficient and effective audit processes which conform with UKPSIAS, with the periodic review in 2023
 - Developing and leveraging data analytics approaches where appropriate
 - Having adequately skilled and knowledgeable staff; and
 - Maintaining the role of trusted advisor.

Focus on the Council’s highest risks

- 2.8 Our planning process is risk focused. Conversations with Executive Directors, Assistant Directors and key senior managers incorporate discussions on where the current risks are within the Directorate’s departments and what NAS can do to provide assurance. Corporate and Departmental risk registers were reviewed to support this.

Efficient and effective audit processes which conform with UKPSIAS

- 2.9 We continue to review our ways of working to increase the turnaround of audit work, so that more reports are issued within a reasonable

timeframe and by improving the level of critical thinking within audit work, to increase the value of the end product.

- 2.10 Our processes continue to conform with UKPSIAS. Our next external quality assessment (EQA) is now due in 2022/23 and preparations are being made.

Adequately skilled and knowledgeable staff

- 2.11 We are developing a strategy to develop and implement data analytics audit approaches and that will establish an action plan for 2022-23 with associated training for the team.

- 2.12 For the Council's audit work, NAS comprises two Principal Client Managers, one Client Manager, two Trainee Internal Audit Managers (Apprenticeships) three Senior Auditors, two Auditors and one Trainee Auditor (Apprenticeship). NAS is led by the CIA. Staff work a variety of work patterns and hours. In addition, the wider NAS Team includes a qualified Risk Management Officer and Investigative Auditor as well as the France Channel England Interreg VA Programme Audit Authority team. We also use the services of an outside contractor for our audits, when required, particularly for complex and specialist areas. We are fully committed to supporting our four members of staff within the Apprenticeship scheme. Historically 'growing our own team' has proved to be very successful in terms of enhancing team skills, qualifications and knowledge. Having trainee posts supports succession planning for the future and assists with staff retention.

- 2.13 Our Senior Auditors are mainly AAT qualified. Our Trainee Auditor has is nearing the end of their Internal Audit Practitioner Apprenticeship level 4 qualification. One of our Trainee Audit Managers is completing the ACCA Professional Accountant Apprenticeship Level 7 qualification and the other is completing the Chartered Institute of Internal Auditors (CIIA) Internal Audit Professional Apprenticeship Level 7 qualification; both are halfway through their apprenticeships.

- 2.14 Our Client Manager and one of the Principal Client Managers are both ACCA qualified and Fellow members of the ACCA. Our other Principal Client Manager is a certified and chartered Internal Auditor and has the Qualification in Internal Audit Leadership, all obtained through the CIIA, and is a Chartered Member of the CIIA. The CIA is CIPFA qualified and a member of County Chief Internal Auditor Group Network (CCAN). The CIA and both Principal Client Managers are also members of the Home Counties Chief Internal Auditor Group (HCCIAG) and one of the Principal Client Managers co-chairs this Group.

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

Maintaining the role of trusted advisor

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

Actions for 2022/23

2.17 Our priorities remain the same as in previous years and are as follows: -

- Providing assurance on the Council's corporate and departmental risks.
- Embedding smart ways of working with the Team to deliver reports on time and within budget.
- Supporting our Apprenticeship roles and developing other team members as identified within their personal development plans.
- Introducing the use of data analytics in our auditing work.
- Identifying what Council initiatives and projects are being implemented and how we can contribute.
- Promoting the role of and raising the profile of Internal Audit within the Council as a trusted advisor.

Our approach to developing the Audit Plan for 2022/23

A: The requirements

2.18 In accordance with UK PSIAS the Chief Audit Executive, the Council's Chief Internal Auditor (CIA), must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the Council's goals.

2.19 In developing our risk-based plan, we must consult with senior management and obtain an understanding of the Council's Vision, strategies, key business objectives, associated risks and risk management processes and the plan must be reviewed and adjusted as necessary, in response to changes in the business, risks, operations, programmes, systems, and controls. Our approach to this is detailed below.

- 2.20 Our audit plan must incorporate or be linked to a strategic or high-level statement of how our service will be delivered and developed in accordance with our Terms of Reference (this is our Internal Audit Strategy as detailed in Appendix C) and how it links to the Council's objectives and priorities (this is shown in our detailed Audit Plan for the year for 2022/23 in Appendix D).
- 2.21 In addition, the internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach.
- 2.22 The risk-based plan must also consider the requirement to produce an annual internal audit opinion and report that can be used by the Council to inform its Annual Governance Statement (AGS) and must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control (including value for money). We detail below in 2.24 – 2.29 , how each opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control is derived.
- 2.23 As Section 151 Officer, the Executive Director of Finance and Commercial Services has a duty to consider the adequacy of the internal audit coverage. Our audit plan is discussed with the Executive Director of Finance and Commercial Services.

Risk Management

- 2.24 The CIA has management responsibility for the corporate risk management system, but the Executive Directors are the risk owners. The Audit Committee must approve and periodically review the safeguards put in place to limit any impairments to independence and objectivity in drawing a conclusion on the adequacy and effectiveness of the risk framework. These safeguards are that: -
- The Council has a qualified Risk Management Officer
 - The function undertakes nationally recognised benchmarking and reports this to the Committee
 - The Executive Director has overall responsibility and reports to the Committee quarterly and annually
 - The External Auditor reviews the AGS, which includes the effectiveness of risk management.

- In kind with the requirements for external review of the internal audit function in each five-year period, an external review of the Risk Management Framework took place in 2020/21.

Governance

- 2.25 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The Council has its own Code of Corporate Governance based on the International Framework: Good Governance in the Public Sector, produced by CIPFA and the International Federation of Accountants (IFAC).
- 2.26 The Council's Annual Governance Statement provides an overall self-assessment of the Council's corporate governance arrangements and how it adheres to the governance standards set out in the Code. Evidence relating to the principles of the Code is reviewed and analysed to assess the robustness of the Council's governance arrangements.
- 2.27 The AGS includes an appraisal of the key controls in place to manage the Council's principal governance risks and the effectiveness of systems and processes governing decision making and financial control.
- 2.28 Our role is to collate all the assurances from the Executive Directors and other staff members and any other information as required for the AGS and to draft the AGS for management approval before signature by the Leader of the Council. The scope of some of the audit opinion work we undertake contributes to the assurances given for the opinion in the AGS.

Internal Control

- 2.29 Our audit opinion work is designed to enable us to provide the required opinion on the adequacy and effectiveness of the Council's framework of control, including having regard to value for money. The definition and scope of value for money is set out in the NAO AGN3 note to our external auditors, covering; financial sustainability, governance and improving economy, efficiency and effectiveness.

B: The planning process

Vision, strategies and Plans

- 2.30 Our planning has had regard to the Council's published strategy 'Better Together, for Norfolk'. A Corporate Delivery Plan is the process of being developed.
- 2.31 Across the Council, teams and departments have developed 'Plans on a Page'. Within NAS, a 'Plan of a Page' is in place for NAS, risk management and Anti- Fraud.

Risk management processes

- 2.32 We reviewed the Council's risk management system at a high level to determine if we could rely on the risk assessments performed, resulting in the corporate and department risk registers in place, or whether we needed to complete our own risk assessments for planning purposes. We concluded that we could rely on the risk assessments based on our own professional knowledge of what an adequate and effective risk management system looks like.
- 2.33 The Council has a corporate risk register in place and departmental risk registers are in place for all departments.
- 2.34 Service risk registers are in place within each department.
- 2.35 The Council's Risk Management Policy and accompanying procedures were refreshed in September 2019 to reflect the movement from a Committee system to a Cabinet system.
- 2.36 The annual report for Risk Management 2020/21 states that 'The Council's system of Risk Management during 2020/21 was sound, adequate, and effective in accordance with the requirements of the Accounts and Audit (England) Regulations 2015.'
- 2.37 The annual report further states that 'Sound' is taken to mean that adequate governance, reporting, and assurance structures are in place to manage the risks to the Council's objectives. This was determined from the results of the Benchmarking Club, looking at evidence-based performance results against other councils.'

Audit Universe

- 2.38 The Council's Risk Management Policy and accompanying procedures were refreshed in September 2019 to reflect the movement from a Committee system to a Cabinet system.
- 2.39 The annual report for Risk Management 2020/21 states that 'The Council's system of Risk Management during 2020/21 was sound, adequate, and effective in accordance with the requirements of the Accounts and Audit (England) Regulations 2015.'
- 2.40 The annual report further states that 'Sound' is taken to mean that adequate governance, reporting, and assurance structures are in place to manage the risks to the Council's objectives. This was determined from the results of the Benchmarking Club, looking at evidence-based performance results against other councils.'

Senior management consultation

- 2.41 We met with Assistant Directors, Directors and other senior and key managers to discuss the key issues facing the department or service to determine the topics for which they wanted assurance on for the 2022/23 Audit Plan. We discussed their corporate and departmental risks with them as well.
- 2.42 We also considered concerns from Members and Executive Directors, inspection and committee reports, the Audit Report from the External Auditors, matters discussed with other Heads of Internal Audit, as well as applying our own professional judgement, audit knowledge and experience in devising an appropriate audit plan. Audit requirements were also discussed with the Chair of the Audit Committee.

Other factors to consider

- 2.43 Context: The audit year 2021-22 has again been informed and shaped by the continuing Covid-19 pandemic response. We have been through two lockdowns and everyone has had to adjust to the situation and to auditing remotely. A vaccination programme has been under way. As a result, we have planned for a relatively 'normal' audit year but anticipate the need to be agile in our work and ready to adapt to the environment we find ourselves in, which could result in revised priorities for the Audit Plan. We will take advice and consider when on the spot audit visits to schools are appropriate. In the meantime, we will consider what risk based remote auditing may be possible.

The Chartered Institute of Internal Auditors (CIIA) issued a 'Risk in Focus 2022' in October 2021. This details the top five risks facing organisations as identified by Chief Audit Executives (CAEs) and Audit Committee Chairs and subject matter experts and is useful for us to refer to for audit planning purposes. There have been several public interest reports published recently and our audit planning will consider any lessons to be learned and potential risk areas. Modern Slavery and National Procurement Policy have been noted as developing topics. The Council will be implementing its new HR and Finance System and we will be providing assurance on the controls. The CIIA has commented that, 'Data Analytics is rapidly becoming a core skill set within internal audit functions and has been cited by the Institute as not-negotiable for a modern IA function. Data analytics enables continuous auditing on specific business cycles but not necessarily all of them, especially in the case of smaller audit functions. HIAs need to determine how the use of data analytics will assist them in meeting their strategic needs. They also need to determine which specific areas of the audit population analytics can be used in rather than incorporating it into the audit plan without a clear purpose or strategy.'

The Audit Plan 2022/23

Day available

- 2.44 The total days available to deliver all the services provided by NAS is 2,057. Of these days, 687 days are delivered to external clients, which generates income for the Council (See **Appendix B** for more detail).
- 2.45 Of the remaining 1,370 days available to deliver the services to internal clients (see **Appendix A** for more detail), 944 days (821 days in 2021/22) are available to deliver the audit opinion work, as shown in the table below.
- 2.46 To deliver the risk management and investigative auditor roles, 348 days are available, and the remaining 78 days are available to deliver the other services provided by NAS, also detailed in the table below. **Appendix C** shows a comparison with 2021/22.

Audit opinion days

- 2.47 The detailed Audit Plan for 2022/23 is shown in Appendix D. This shows that the days available for audit opinion work is 944. This is deemed sufficient to provide an opinion on the adequacy and effectiveness of the Council's framework of internal control.

- 2.48 Audits are allocated to each quarter in line with discussions with directorates and departments.
- 2.49 Our audit opinion work produces draft and final reports, which include recommendations for improvements in internal controls and an action plan.
- 2.50 Our audit findings are categorised into high, medium and low priority. Action plans are agreed with management to mitigate risks for all findings. We assign overall opinions to our audit work of 'Acceptable – green rated' or 'Key issues to be addressed – red or amber rated'. We also assess the corporate and departmental significance of the audit. Significant findings are followed up.
- 2.51 All actions agreed for medium and high priority findings are followed up during the audit year by the NAS Team; a number of days is allocated in the Audit Plan for this work.

France Channel England (FCE)

- 2.52 The Audit Authority works to its own Audit Strategy, which will be formally refreshed in March 2022 and will be endorsed by the FCE Consultative Audit Group. The Audit Strategy ensures that the Audit Authority fulfils the expectations and meets the requirements laid out in EU Regulations. The strategy has three main strands: audit of the systems, audit of the expenditure and audit of the accounts. The Audit Authority summarises the audit results in its Annual Control Report, which is submitted to the EC alongside the programme's annual accounts.
- 2.53 The work of the Audit Authority relates to the prior accounting year, similar to the work of external auditors, as it aims to support the opinion on the programme's accounts.
- 2.1 The programme has now reached full flow of implementation and reported expenditure of 59 million € in 2020/21, against an overall total of 104 million € since the beginning. The delivery by the Council (NCC) of the programme implementation and audit has so far generated a total expenditure of 10 million €.
- 2.2 The programme has completed the project selection phase and the full 223 million € available have been allocated to live projects.

2.3 Implementation will last until the legal deadline of 31 December 2023. The FCE Audit Authority is expected to submit its final Annual Control Report to the European Commission by 15 February 2025, after which the formal programme closure process will be initiated by the European Commission.

2.4 The days available for FCE work is 341.

NAS Budget

2.5 The net budget for delivering all the services provided by NAS remains at circa £520K for 2022/23. Projected income is estimated to be circa £175K.

Performance

Targets

2.6 We issue draft reports within ten days following the feedback meeting and final reports within seven days following receipt of the action plan from clients.

2.7 All audits have a budgeted number of days assigned to them which is compared to actual days. A budgeted and actual cost of each audit is also determined. Feedback from clients is also sought.

2.8 The productivity percentage for the whole of the NAS Team for 2022/23 has been calculated to be 60%. This is lower than last year as we have apprenticeships roles which accounts for circa 100 days of professional training which impacts on our overall productivity. We also have plans to invest in 'non-professional training' for other team members to enhance existing skills (circa 10 days). We believe that investing in our staff this way supports a stronger and more qualified team going forward.

2.9 The NAS Management Team monitor the above targets at their meetings.

2.10 The targets detailed above are reported to the Audit Committee in our quarterly and annual reports.

PSIAS

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

3. Impact of the Proposal

- 3.1 The Accounts and Audit Regulations 2015 (as amended in 2020) 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 five priorities as set out in the County Council's strategy, 'Better Together, for Norfolk'.
- 3.3 The internal audit plan will be delivered within the agreed NAS resources and budget. Individual audit topics may change in year which will result in the higher risk areas being include in the plan to inform the annual audit opinion.
- 3.4 As a result of the delivery of the internal audit plan and audit topic coverage, the Committee, Executive Directors, Senior Officers and Managers will have assurance through our audit conclusions and findings that internal controls, governance and risk management arrangements are working effectively or there are plans in place to strengthen controls.

4. Evidence and Reasons for Decision

4.1 Not applicable.

5. Alternative Options

5.1 There are no alternative options, that are considered to meet the relevant regulations.

6. Financial Implications

6.1 The expenditure falls within the parameters of the Annual Budget agreed by the Council. Our work provides assurance on the systems and internal controls that manage the councils spend of £1.518 billion on our priorities, which includes the capital programme of £538m for 2021-25.

6.2 The costings for NAS remains unchanged, subject to any savings that the Committee may agree in year, no further savings are proposed for 2021/22. The overall resourcing levels remain unchanged. We will actively maintain traded services and pursue new opportunities when they arise.

6.3 There is a contribution to the fixed costs from the FCE Programme Technical Assistance. All costs incurred in delivering the audit authority function are recovered from the European Commission, such that the resources can be back filled, where necessary.

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 resources implications in respect of the proposed strategy. However significant changes to the Strategy, Approach and Plan may result in staffing and cost implications. A reduction in overall resources may expose the Council to inadequate

internal audit coverage and in turn to the risk of financial or reputational loss.

- 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:** There are no other implications.

9. Risk Implications/Assessment

- 9.1 If appropriate systems are not in place or are not effective there is a risk of: -
- The Council failing to achieve its corporate objectives
 - The Audit Committee not complying with best practice and thereby not functioning in an efficient and effective manner; and
 - Not meeting statutory requirements to provide adequate and effective systems of internal audit.
 - The CIA may not be able to provide an opinion due to insufficient audit work being completed.

10. Select Committee comments

- 10.1 Not applicable.

11. Recommendations

- 11.1 See Recommendations in the Executive Summary.

12. Background Papers

- 12.1 Internal Audit Strategy, Our Approach and 20022/23 Audit Plan
Internal Audit Terms of Reference (Charter)

Section C Financial Regulations

Officer Contact

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

Officer name: Adrian Thompson

Tel no.: 01603 303395

Email address:



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.

Adrian.thompson@norfolk.gov.uk

Other Services to Internal Clients

The table below details the other services (426 days) we deliver to internal clients.

- Provision of the Risk Management Strategy including servicing of Committees in respect of risk management
 - Our Risk Management Officer proactively supports Directorates in identifying and managing their corporate and departmental risks (175 days)
- Provision to undertake investigations where requested to do so by Chief Officers or the Audit Committee Chairman; and Delivery of the Anti-Fraud and Corruption Strategy including preliminary assessments and investigations, managing the Council's Whistleblowing Policy and Procedures and managing the Council's Money Laundering Policy and procedures.
 - To deliver professional and objective evidence-based reports to assist with effective and efficient disciplinary or criminal proceedings. Our staffing strategy includes an investigative auditor role (173 days)
 - We review, with the Chief Legal Officer, the Anti-Fraud and Corruption Strategy on an annual basis, update it as necessary and present it to the Audit Committee.
 - A performance report with respect to Anti-Fraud and Corruption is made to the Audit Committee half-yearly. We provide advice in respect of allegations and undertake preliminary assessments into fraud, support disciplinary review action groups and undertake investigations.
 - We undertake preliminary assessments into whistleblowing disclosures and commission / undertake investigations and maintain the log of disclosures.
 - We will consider Money Laundering reports and report them where appropriate.
- Reporting to the Audit Committee, quarterly and annually (12 days)
 - Production and delivery of reports to a professional standard.
 - Attendance at all meetings by the appropriate officers
- Delivery of the Annual Governance Statement to the Audit Committee (14 days).

- Delivery of the Annual Governance Statement ensuring adequate and timely consultation with appropriate senior officers and members.
- Provision of assurance to the Executive Director of Finance and Commercial Services, the Section 151 Officer, with respect to the systems of governance/internal control and risk management throughout the authority and the Joint Committees (20 days).
 - Consideration of all aspects of governance, internal control and risk management throughout the authority or joint committee and arrive at a reasoned opinion.
 - Consideration of all risks included in the Corporate Risk Register as part of the risk based internal audit approach.
 - Demonstration of how corporate risks in the Corporate Risk Register are considered and covered in the annual audit plan and the sources of assurance available to ensure all corporate risks are adequately considered and have sufficient internal audit coverage.
 - Reporting this to the Executive Director of Finance, and Commercial Services and the appropriate committees.
- Provision of advice and assistance with respect to Internal Control to Corporate Board and other Senior Officers (52 days).
 - Our annual resource plan provides for general liaison with Corporate Board and other Senior Officers particularly in the formulation of the audit plan.
 - We provide advice on new systems and answers queries in respect of internal control.

Delivery to External Clients

The services NAS delivers to external clients (a total of 687 days) are:

- Provision of an Internal Audit Service to Schools – traded audits (100 days).
 - The strategy for auditing schools from April 2012 was agreed with the Audit Committee.
 - We offer a full traded audit to maintained schools.
- Provision of advice and assistance to the Eastern Inshore Fisheries and Conservation Authority (6 days)
 - Provision of advice and assistance with respect to the Annual Governance Statement and other internal control issues.
 - We provide this service on a full cost recovery basis which enables us to absorb the cost of some of our senior management and other overheads.
- Undertaking grant certification work particularly with respect to EU grants completed quarterly, half yearly or annually (165 days)
 - We provide this service on the required charges basis or at full cost recovery, which enables us to absorb the cost of all or some of our senior management and other overheads.
 - Grant certifications include EU grants and LGA grants, one external client and other UK government grants, plus the 16-19 EFSA grant funding work for schools for the S151 Officer.
- Provision of the Audit Authority for the France Channel England programme (341 days)
 - We provide these services on a full cost recovery basis.
- Provision of an Internal Audit Service to the Norfolk Pension Fund (75 days)
 - We provide an internal audit service to the Norfolk Pension Fund on a risk assessed basis.

We provide these services on a full cost recovery basis which enables us to absorb the cost of some of our senior management and other overheads.

Days available to deliver NAS services 2022/23

Element	Total Days proposed in 2022/23	% of NCC plan (excludes external clients)	Total Days proposed in 2021/22	% of NCC plan (excludes external clients)
Reporting to the Audit Committee quarterly and annually	12	1%	36	3%
Facilitation of the delivery of the Annual Governance Statement to the Audit Committee and the Joint Committees. Corporate risk RM013	14	1%	17	1%
Provision of advice and assurance to Executive Directors and Senior Officers with respect to the systems of governance, internal control and risk management throughout the Authority and audit planning.	52	4%	60	5%
Undertaking audit work to support the internal audit opinion	944	69%	821	64%
Delivery of the Anti Fraud and Corruption strategy, including preliminary assessments and investigations	173	13%	167	13%
Delivery of the Risk Management Strategy including servicing of Committees in respect of risk management	175	13%	173	14%
*Provision of chargeable Internal Audit Service to Schools	100		100	
*Provision of an Internal Audit Service to Norfolk Pension Fund	75		75	
*Provision of advice and assistance to the Eastern Sea Fisheries Joint Committee (EIFCA)	6		5	
*Undertaking Grant Certification work particularly with respect to EU grants (some days non chargeable)	165		279	
*Delivering the Audit Authority Function to the FCE programme	341		336	
Gross Total	2,057	100%	2,069	100%
*Less Delivered to external Clients	687		795	
Total Days to be Delivered	1,370	100%	1,274	100%

Available Productive Days as per the Resource Model
 Audit Opinion Days Planned

2057

2069

821

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
Community and Environmental Services						
Highways and Waste						
Governance of early stages of Major Project Development (deferred from 2021/22)	Service risk	20	Assurance that the governance arrangements during the early stage of project development, especially in relation to the costs, are adequate and effective	N/a		20
Contract Management and Monitoring of Residual Waste Contract with Veolia	Service risk	20	Assurance that robust contract management and monitoring arrangements are in place and are working as intended	N/a	20	
Follow Up of the 2021/22 Bridges Audit (Q 4)	Service risk	15	Assurance that the agreed actions from the 2021/22 audit have been fully actioned and implemented	N/a		15
Long Stratton Bypass	Service Risk	20	Assurance that an adequate governance framework has been established for the Long Stratton Bypass to enable effective monitoring, decision making, and management of risk, timely action and issue resolution and a project delivered on time and to budget.	N/a	20	
Contract Management and Monitoring (deferred from 2021/22)	Service risk	25	Assurance over the contract management and monitoring arrangements in place for Norse Highways contract including fleet.	N/a	25	
Culture and Heritage						
Dashboard for Carbon Emissions	Environmental Risk	20	Assurance on the dashboard for monitoring and reporting is adequate and effective	A greener, more resilient future		20
Growth and Development						
Community Renewal Fund	Service risk	20	Assurance on how NCC are preparing for the introduction of the UK Shared Prosperity Fund. Assurance over the governance framework and how the initial allocation is managed and used in line with Department for Levelling Up, Housing and Communities conditions	Combination of Better Together, for Norfolk 2021-2025 Strategic Priorities	20	
Community information and Learning						
Performance and Governance						
Payment for Adult Learning Courses	Service risk	20	Assurance that procedures and controls are adequate and effective around the payment for adult learning courses	N/a		20
Total Community & Environment Services		160			85	75
Adult Social Services						
All departments						
Shared Care Protocols & Continuing Health Care (deferred from 2021/22)		20	Assurance that the shared care protocols for mental health are working in practice and we are following policy and complying with Care Act requirements..	Healthy, fulfilling and independent lives		20
E-brokerage	Service risk	20	Assurance that the e-brokerage system for sourcing providers is being utilised in practice	Healthy, fulfilling and independent lives		20

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
3 ASS audits TBC		60	TBC	Healthy, fulfilling and independent lives	30	30
Total Adult Services		100			30	70

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
Children's Services						
Education						
Thematic Audit - TBC		30	TBC	N/a		30
Thematic Audit - TBC		30	TBC	N/a		30
All departments						
Short Breaks	Service Risk	30	Assurance that the controls for the operation of and the delivery of services from the short break community budget are appropriate and operating in practice	Better opportunities for children and young people	30	
Holiday and Activity Food Programme (HAFP)	Financial Risk and Service Risk	25	Assurance that government funding is being used appropriately and in accordance with funding requirements	Better opportunities for children and young people		25
Placements Process	Financial Risk and Service Risk	30	Assurance that the controls for determining placements for children who come into care is adequate and effective and operating in practice	Better opportunities for children and young people	30	
Health and Safety Statutory Compliance Checks at Schools	Health and Safety Risk	25	Assurance that there are appropriate controls in place to monitor third parties who complete statutory health and safety checks on our behalf at schools and that there is confirmation that these checks have been completed	N/a	25	
Total Children's Services		170			85	85
Strategy and Transformation						
Health and Safety						
Risk Assessments	Service Risk	25	Assurance that managers are completing risk assessments for activities e.g., driving for work, lonw working and other operational activities in accordance with NCC's policies and procedures as required and that senior managers are aware of these assessments	N/a		25
Driving for Work	Service Risk	25	Assurance that managers are completing the required check in accordance with NCC's policies and procedures for their staff members who drive for work	N/a	25	
Human Resources & Organisational Development						
Sponsorship of International Employees	HR Risk	20	Assurance that NCC is following its recruitment policies and procedures when international employees are appointed	N/a		20
Skills - digital and management	HR Risk	25	Assurance that the employees are aware of an using the digital skills tool to assess and improve their digital skills. Assurance that managers are reviewing and assessing their management skills, identifying their need and utilising available resources to improve these.	N/a	25	
Total Strategy and Transformation		95			50	45
Governance Department						
Governance						

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
Awareness and understanding of the County Council's Decision Making Process	Service Risk	20	Advisory work on the awareness and understanding of the decision making process within the County Council (Article 10 of the Constitution), in particular to understand the reasons why some decisions are made that do not follow the required process because they are deemed to be urgent	N/a		20
Total Governance Department		20			0	20
Work to Support AGS						
Norfolk Safety CIC - full assurance audit	N/a	10	Assurance that adequate governance controls were in place during 2021/22	N/a	10	
Independence Matters - full assurance audit	N/a	10	Assurance that adequate governance controls were in place during 2021/22	N/a	10	
Norse - Self- assessment Management Assertion	N/a	3	Assurance that adequate governance controls were in place during 2021/22	N/a	3	
Total for Work to Support AGS		23			23	0
Finance and Commercial Services						

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
Finance and Exchequer Services						
Financial Assessments (deferred from 2021-22)	Service Risk	20	Assurance that internal controls are appropriate and working effectively	N/a	20	
MyOracle - Replacement Finance and HR System	Corporate Risk	100	Assurance that internal controls are appropriate and working effectively and that savings identified are being monitored for realisation	N/a		100
Corporate Property Team						
Follow Up of the Health and Safety Statutory Compliance Checks	Health and Safety Risk	20	Assurance that the agreed actions from the 2021/22 audit have been fully actioned and implemented	N/a		20
Disposals Process	Property and Financial Risk	20	Assurance that the disposal process as detailed in Corporate Standings Orders and procedures are being followed	N/a	20	
Management of leases (tenant and landlord)	Property Risk	20	Assurance that as a landlord or a tenant we are managing our leases in accordance with our obligations as per the lease agreement, that is we are aware of our obligations and are complying with these	N/a	20	
Repton Housing Development Company	Corporate risk RM007	20	Assurance that controls in place to govern and manage the build and sale of houses are working in practice	N/a		20
Procurement						
Separation of Duties	Financial Risk	20	Assurance that there is an adequate separation of duties in systems e.g., Routwise, Mayrise and Liquidlogic where purchase orders are raised	N/a	20	

Assurance Area and Audit topic	Risk Category / Corporate Risk Register Number / Service Risk	Audit Days	Brief description of the audit scope and purpose	Better Together, for Norfolk 2021-2025 Strategic Priority	Q1&2 Audit Days	Q3 & 4 Audit days
Information Management Technology						
PowerBI	IT Risk	20	Assurance that this data tool is being used effectively and appropriately and acces to data through this tool is controlled	N/a	20	
Cyber Security	IT Risk	20	Assurance that following the Micorsoft E5 licence implementation, that there are no residual gaps in capabilities that needs addressing			20
Pre-Project Stage Assurance Work	IT Risk	30	Audit Assurance work on data quality and processess			30
Total Finance and Commerical Services		290			100	190
Other Areas						
National Fraud Initiative	N/a	20	Work to support the NFI	N/a	5	15
Total Other Areas		20			5	15
Follow Up Days of MPF & HPF Recommendations		50			25	25
Total Opinion Days to be delivered in 2022/23		948			408	540

Grants		165			82.5	82.5
Pensions		75			25	50
Schools		100			40	60

Audit Committee

Item No:9

Report Title: Work Programme

Date of Meeting: 3 February 2022

Responsible Cabinet Member: N/A

Responsible Director: Simon George, Executive Director of Finance and Commercial Services

Is this a Key Decision? No

Executive Summary

The Committee's 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.

Recommendations

The Audit 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:

- April 2022 reports
 - Executive Director, Finance and Commercial Services
 - External Audit Letter and Audit Plan 2022
 - Insurance Report 2021-22
 - Treasury Management Report 2021-22
 - NAS Quarterly Report Quarter ended June 2022
 - Risk Management Report
 - Risk Management Annual Report 2021-22
 - Insurance Annual Report 2021-22
 - Norfolk Audit Services Annual Report 2021-22 (including Quarter ended April 2022)
 - Audit Committee – Terms of Reference
 - Audit Committee Work Programme
 - Director of Governance
 - Anti-Fraud and Corruption Strategy and Whistleblowing Update and Anti-Fraud and Corruption Annual Report 2021-22
- July 2022 reports
 - Executive Director, Finance and Commercial Services
 - Governance of Norfolk Pension Fund 2021-22
 - NAS Quarterly Report Quarter ended June 2022
 - Risk Management Report
 - Audit Committee Work Programme
 - Director of Governance
 - Annual Monitoring Officer report 2021-22
 - Anti-Fraud and Corruption Strategy and Whistleblowing Update
 - Executive Director of Strategy and Transformation
 - Annual SIRO Report 2021-22
- October 2022 reports
 - Executive Director, Finance and Commercial Services
 - NAS Quarterly Report Quarter ended June 2022
 - Risk Management Report
 - Annual Report to the Audit Committee 2021-22
 - External Auditor Report and Letters of Representation
 - Annual Statement of Accounts and Annual Governance Statement 2021-22
 - Norfolk Audit Services - Terms of Reference
 - Audit Committee Work Programme

- Director of Governance
 - Anti-Fraud and Corruption Strategy and Whistleblowing Update
- Medium Terms topics to note
 - Executive Director of Strategy and Transformation - Follow Up to the Census 2021 presentation (July 2021)
 - 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:

Officer name: Adrian Thompson
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.