

Audit Committee

Date: **Thursday 23 April 2015**
Time: **2pm**
Venue: **Colman Room, County Hall, Norwich**

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

Membership: Mr I Mackie - (Chairman)

Mr B Bremner
Mr J Dobson - (Vice-Chairman)
Mrs S Gurney
Mr J Joyce
Mr R Parkinson-Hare
Mr R Smith

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

A g e n d a

1 To receive apologies and details of any substitute members attending

2 Minutes

To confirm the minutes of the meeting held on 29 January 2015.

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3 Members to Declare any Interests

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

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

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

If you do not have a Disclosable Pecuniary Interest you may nevertheless have an **Other Interest** in a matter to be discussed if it affects

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

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

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

5 Norfolk Audit Services Quarterly Report for the Quarter ended 31 December 2014

Report by the Interim Executive Director of Finance

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6 Risk Management report (4th Quarter 2014/15)

Report by the Interim Executive Director of Finance

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7 External Audit Plan 2014-15 Audit

Report by the Interim Executive Director of Finance

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

Date Agenda Published: 15 April 2015



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Audit Committee
Minutes of the Meeting held on Thursday 29 January 2015 at
2pm in the Colman Room, County Hall, Norwich

Present:

Mr I Mackie (Chairman)

Mr A Adams
Mr B Bremner
Mr J Dobson (Vice-Chairman)
Mr R Parkinson-Hare
Ms J Virgo

Officers Present:

Mr S Rayner	Strategic Risk Manager
Mr P Timmins	Executive Director of Finance (Interim)
Mr A Thompson	Chief Internal Auditor
Mrs J Mortimer	Committee Officer

Also Present:

Rob Murray	External Auditor
Philip King	External Auditor

1 Apologies for Absence

Apologies were received from Mr J Joyce; Mr A Gunson (Miss J Virgo substituted) and Mr R Smith (Mr A Adams substituted).

2 Minutes

- 2.1 The minutes of the meeting held on 25 September 2014 were agreed as a correct record and signed by the Chairman.

3 Declaration of Interests

- 3.1 There were no declarations of interest.

4 Items of Urgent Business

There were no items of urgent business. The Chairman advised that, as part of the budget setting process, departmental overspends and the risks around planning and delivery of the budget would be monitored ahead of the budget being presented to full Council in February 2014.

5 **Norfolk Audit Services Quarterly Report for the Quarter ended 30 September 2014.**

5.1 The Committee received the report by the Executive Director of Finance (Interim) summarising the results of recent work by Norfolk Audit Services (NAS) to give an overall opinion on the adequacy and effectiveness of risk management and internal control within the County Council and to give assurance that, where improvements were required, remedial action had been taken by Chief Officers; and provided an update on changes to the approved Norfolk Audit Services audit plan, traded schools audits and the preparations for an Audit Authority for the France Channel England Interreg VA Programme.

5.2 The Committee was asked to consider and comment on:

- The overall opinion on the effectiveness of risk management and internal control being 'acceptable' and therefore considered 'sound'.
- The summary High Priority Findings results at Appendix C, being satisfactory.
- Satisfactory progress with the Property Asset Management project as set out in Appendix F of the report.
- The changes to the approved 2014-15 Norfolk Audit Services audit plan, described in Appendix G of the report.
- Satisfactory progress regarding the traded schools audits and the preparations for an Audit Authority for the France Channel England Interreg Programme.

5.3 During the discussion, the following points were noted;

- The Committee asked whether, following the reduction in petrol costs, consideration could be given to reducing the mileage allowance to save money. The Executive Director of Finance (Interim) responded that, although the rate was set by Government, this was a maximum rate and Norfolk County Council could set a lower figure if it wished. He added that the Managing Director was currently considering all options for saving money, as part of the review into staff car parking and would be presenting a report at a Policy and Resources Committee meeting.
- Norfolk County Council had recently entered into a contract with Click Travel who were making all hotel and travel bookings on behalf of the County Council and it was hoped that significant financial savings could be made.

5.4 The Committee **noted** the report.

6 **Risk Management report (3rd Quarter 2014/15).**

6.1 The Committee received the report by the Executive Director Finance (Interim) providing an update of the Corporate Risk Register and other related matters following the latest quarterly review conducted during the third quarter of 2014/15. The update included details of twenty-one risks proposed for inclusion within the Corporate Risk Register.

6.2 During the discussion, the following points were noted;

- The Risk Register was owned by the Chief Officer Group. All risks were allocated to a Chief Officer and were reviewed regularly at Chief Officer Group meetings.
- Regarding risk RM13906 – Looked after Children overspends, the Committee was reassured that Children’s Services department was closely monitoring the risk and was taking appropriate measures to mitigate them. The Committee was also reassured that the number of looked after children was slowly reducing. Children’s Services was reviewing their Management structure and was in the process of appointing staff to tier 4 of the structure.
- As part of the work being undertaken in setting the budget, investigations were being carried out into how to prevent children from entering the care system and £5k had been allocated from the Children’s Services budget to carry out some work in this respect.
- Risk RM14205 - Traded Services. The Executive Director of Finance (Interim) agreed to circulate a report to the Committee about the traded services contract, which had been in place for approximately one year.
- Regarding risk RM0201 – Failure to implement Norwich Northern Distributor Route (NDR), Members were informed that a decision was still awaited from the Secretary of State regarding planning permission and the risk would remain on the register until this decision had been reached.
- Regarding Risk RM14079 – Failure to meet the long term needs of older people, it was explained that the unknown nature of future events had led to this being categorised as such a long-term risk.
- The Risk 0207 – Failure to meet the needs of older people was the shorter term risk and related to meeting the needs of funding the services for elderly people and the increased demand on services.
- Regarding risk RM14097 – Shortage of personnel for a variety of reasons, Members were reassured that many staff were able to cover more than one role and the threat and risk was around those staff leaving the County Council. There was a need for departments to ensure that they had multi-skilled staff to carry out a variety of different roles. Members were reassured that business continuity plans included resilience arrangements in the event that multi-skilled staff left the County Council.
- Regarding risk RM14098 – Incident at key NCC premises or adjacent causing loss of access or service disruption, the Committee was reassured that all departments had Business Continuity Plans in place and these were reviewed regularly. The business continuity plans included a list of offices staff would be able to work from in the event of an incident. The Executive Director of Finance (Interim) would let the Committee have details of the Business Continuity Plans for all departments.

- The Committee **agreed** to ask the Communities Committee to consider adding “Review of Business Continuity Plans” to their forward work programme and to review these regularly to ensure it was comfortable with the arrangements that were in place.

6.3 The Committee **NOTED** the changes to the risk register and **agreed** to ask the Communities Committee to review Business Continuity Plans to ensure the current arrangements were adequate.

7 A Half-Yearly Update of the Audit Committee

7.1 The Committee received the report from the Chairman summarising the work of the Committee in the half year ended 30 September 2014, confirming that its function was consistent with best practice and demonstrated the impact of its work and how it added value.

7.2 **RESOLVED** to **note** that the Committee:

- was independent of the executive function, reported directly to full Council and had terms of reference that were consistent with CIPFA’s guidance and best practice.
- Provided effective challenge across the Council and independent assurance on the system of internal control, including the management of risk, to members and the public;
- Could demonstrate the impact and value of its work, and
- Was monitoring the Secretary of State’s plans for the Future of Local Public Audit.

8 Internal Audit Strategy, Approach, Strategic Plan 2015-18 and Internal Audit Plan for 2015-16.

8.1 The Committee received the report from the Executive Director of Finance (Interim) asking it to approve an Internal Audit Plan of work to fulfil the regulatory function.

8.2 In response to a question from the Committee, The Chief Internal Auditor confirmed that all areas of the Council were covered in the audit plan, which had been drafted following discussions with Members, Chief Officers, Financial Business Partners and included any known risks.

8.3 **RESOLVED** to approve

- the Internal Audit Strategy as set out at Appendix A of the report,
- the Approach (Appendix B),
- the Three Year Strategic Audit Planned Days to support the Audit Opinion (Appendix C),
- the Summary Internal Audit Plan for work supporting the Strategy 2015-16 (Appendix D), and
- the Detailed Internal Audit Plan for 2015-16 (Appendix E).

9 Review of the Internal Audit Terms of Reference and Code of Ethics

9.1 The Committee received a report by the Executive Director of Finance (Interim) setting out the relevant Terms of Reference for the Internal Audit Function and a Code of Ethics to meet regulations and best practice. The Committee was recommended to consider and approve the amended Internal Audit Terms of Reference and the amended Code of Ethics.

9.2 The Committee **RESOLVED** to approve

- the amended Internal Audit Terms of Reference as set out in Appendix A of the report, and
- the amended Code of Ethics as set out in Appendix B of the report.

10 Anti-Fraud and Corruption Update

10.1 The Committee received the report by the Practice Director Norfolk Public Law (NPLaw) providing an update for the Committee on the Council's Anti-Fraud and Corruption activity for the period from June to December 2014.

10.2 The following points were noted during the discussion:

- The Chief Internal Auditor explained that, although a strong application had been made for a share of the £60m fund from the DCLG to help finance some of the work previously carried out by Investigators for benefit fraud, Norfolk County Council had been unsuccessful in securing any funding.

The DCLG had set up the fund to help finance some of the non-benefits work which had previously been carried out by the Investigators for benefit fraud. The Investigators for benefit fraud had been brought under one umbrella following which it had been recognised that they had also carried out other anti-fraud work in some Councils.

In order for a bid to be successful, applicants needed to include details about how the service would be able to recover any investment made. The Chief Internal Auditor said that it had been hard to make a case to demonstrate this due to Norfolk County Council having a low fraud base.

- Mr I Mackie proposed, seconded by Mr T Adams the following amendment to the recommendation in the report:

The Audit Committee ~~to consider and commend~~ to strongly recommend to Chief Officers that ~~some~~ 'Fraud Awareness' training be made a mandatory requirement for **all** employees.

The amendment was unanimously **agreed**.

10.3 **RESOLVED:**

- The mandatory information would be published as required by the due deadline (February 2015) for the DCLG Transparency Code 2014 – Anti-Fraud Section requirements (as set out in Appendix A of the report). The information 'recommended' for publication in that Code would be investigated and reported to the next meeting.

- A statement regarding the adherence to the Code would be included in the Council's Annual Governance Statement, as required by the CIPFA Code of Practice on Managing the Risk of Fraud.
- A report would be made to the next meeting of the Audit Committee regarding the National Audit Office Whistleblowing Report – November 2014 and their earlier report 'Making a Whistleblowing Policy Work' – 18 March 2014.
- Actions arising from the CIPFA Anti-Fraud Benchmarking Report 2014 had been included in the Action Plan (as set out in Appendix D of the report).

To note:

- The questions posed in the Audit Commission Fraud Briefing 2014 (Appendices B1 and B2).
- The questions posed in the Audit Commission Protecting the Public Purse Report 2014 (Appendix C).
- The questions posed in the Audit Commission Fighting Fraud Checklist for Governance 2014 (Appendix E).
- The Government's UK Anti-Corruption Plan (para 2.15 of the report) which had no direct actions for Local Councils and direction was awaited from DCLG in due course.
- The NFI Progress report, at paragraphs 2.16 – 2.18 of the report.
- The Anti-Fraud and Corruption Strategy 2014 remained fit for purpose.
- The work to date by Norfolk Audit Services, that there had been adequate progress and the plan for future work as set out in Appendix D of the report.

Agreed:

- To strongly recommend to Chief Officers that 'Fraud Awareness' training be made a mandatory requirement for all employees.

11 Audit Committee Work Programme

- 11.1 The Committee received and **noted** the report by the Executive Director of Finance (Interim) setting out the programme of work for the Committee.

The meeting ended at 3pm

CHAIRMAN



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Audit Committee

Item No 5

Report title:	Norfolk Audit Services Quarterly Report for the Quarter ended 31 December 2014
Date of meeting:	23 April 2015
Responsible Chief Officer:	Executive Director of Finance (Interim)
Strategic impact	
The Audit Committee are responsible for monitoring the adequacy and effectiveness of the systems of risk management and internal control, including internal audit, as set out in its Terms of Reference, which is part of the Council's Constitution.	

Executive summary

Norfolk Audit Services fulfils the internal audit function for the Council as required by the relevant regulations and confirms:

- An Acceptable Opinion ~ the overall opinion on the effectiveness of risk management and internal control is 'Acceptable' and therefore considered 'Sound', that opinion is supported by the work completed in the last quarter at **Appendices A, B and C**
- Action has been completed or plans are in place for a corporately significant report issued for Information Governance in Children's Services, shown at **Appendix B**
- Changes have been required to the agreed Internal Audit Programme shown at **Appendix D**. The plan still meets its purpose.
- Most topics in the Internal Audit Balance Scorecard (at March 2015) are rated Green, on target ~ Progress with nine Amber rated topics in the Scorecard are being managed as shown at **Appendix E**. With the recruitment of a new Audit Manager and Business Support Officer the Amber rated topics are expected to be rated Green by the end of April 2015. The remaining 44 topics are rated green and two are completed.
- There is satisfactory progress with the traded schools audits and the preparations for an Audit Authority for the France Channel England Interreg Programme

The Audit Committee is asked to consider and comment on:

- the overall opinion on the effectiveness of risk management and internal control being 'Acceptable' and therefore considered 'Sound'
- the changes to the approved 2014-15 Norfolk Audit Services audit plan, described in **Appendix D**
- Satisfactory progress with the traded schools audits and the preparations

<p>for an Audit Authority for the France Channel England Interreg Programme.</p> <ul style="list-style-type: none"> - The Audit Commission has confirmed that the External Audit Fee for 2015-16 will be £39,015 lower at £117,045.
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1. Proposal (or options)

- 1.1 The proposal is covered in the Executive Summary above.
- 1.2 The Chairman of the Audit Committee and Chief Officers Group have been consulted in the preparation of this report.

2. Evidence

- 2.1 This section covers:
 - Work to support the opinion (2.2)
 - Conclusions on the Service Transformation Programme and Digital Norfolk Ambition (DNA) risks (2.20)
 - External matters of note (2.27)

2.2 Work to Support the opinion

- 2.3 My opinion, in the Executive Summary, is based upon:
 - Final reports issued in the quarter (representing a proportion of the planned audit coverage for the year) **Appendix A**
 - The results of any follow up audits,
 - The results of other work carried out by Norfolk Audit Services; and
 - The corporate significance of the reports, at **Appendix B**.

2.4 Norfolk Audit Services have set a target of 100% of reports being draft or final by the end of 2014/15. Delivery of final reported audits for the quarter ended 31 December 2014 is considered satisfactory and sufficient. A list of those reports is attached as **Appendix A**.

Report type	Quarter 3	Year to 31 December 2014
Final audit reports (non-schools)	8	24
Final audit reports (schools)	5	5
Certified grant claims	4	17
Follow-up report	0	0

NB:- The year to date figure refers to audits included in the 2014-15 audit plan only.

- 2.5 Reporting for High Priority Findings will be included for the June Committee and the future criteria for ranking the findings as 'High Priority' is being considered to ensure effective reporting. What is considered as High Priority for one report, in isolation, may not be key for the Council as a whole.
- 2.6 Action has been completed or plans are in place for a corporately significant report issued for Information Governance in Children's Services, shown at **Appendix B**.
- 2.7 An audit of particular note for the quarter is described in detail at **Appendix C** for the following audit. Actions have been agreed and High Priority findings are being followed up for:
- Schools Financial Value Standard (SFVS) returns
- 2.8 Changes have been made to the Internal Audit Plan for 2014-15 are agreed by the Audit Committee, there were:
- 60 more days in the original plan for 2014-15 are subject to change, as set out in **Appendix D**. These audits have not been replaced while vacancies are being managed in the Internal Audit Team.
- 2.9 The Internal Audit team has a Balanced Scorecard shown at **Appendix E**. Most topics in the Internal Audit Balance Scorecard (at March 2015) are rated Green, on target.
- Progress with nine Amber rated topics in the Scorecard is being managed, as shown at Appendix E and listed below. The Amber rated topics are expected to be Green by the end of April 2015 with the recruitment of a new Audit Manager and Business Support Officer.
 - Developing a system to allow Members to raise issues and questions (topic 3.9)
 - Developing a Service Level Agreement with the Norfolk Pension Fund (topic 1.2)
 - Timely Delivery of Audit Reports (topic 1.4)
 - High Priority Findings Reporting (topic 1.5)
 - Attendance at Departmental Management Teams (topic 1.7)
 - Service Level Agreements for Council Departments (topic 1.13)
 - Understanding Costs (topic 1.14)
 - Developing Capacity for Auditing Critical Strategic Business Risks (topic 2.2)
 - Implementing new Audit Software (topic 2.7)
 - The remaining 43 topics are rated green and two are completed.
- 2.10 There has been a slow take up of the Traded Schools Audits. Work is planned in April 2015 to promote the audits to schools that have not had audits for the longest time. There are 19 schools that were last audited in 2008 and 55 last audited in 2009. We will be promoting our audit services to Academies in the new term.

- 2.11 We aim to further develop our approach and skill sets to provide new perspectives on how we approach audits to add value, be a partner to the business and take an active role in transformational change through critical thinking and value creation. We have started developing our reporting in 2014-2015 to set, measure and highlight cost recovery; new growth opportunity; hour efficiency; redeployment savings or risk reduction with recommendations that make 'meaningful improvements'.
- 2.12 Norfolk Audit Services makes every effort to reduce its carbon footprint. More details are described in **Appendix F**, Section 4 (4.2)
- 2.13 The profile of Anti-Fraud and Corruption arrangements remains high and we are responding to the challenges that arise. Two electronic learning courses have been produced by NAS and are available to all Members and staff of the Council. They are entitled 'An Introduction to Fraud Awareness' and 'Fraud Prevention and Detection (for Managers)' The latest Anti-Fraud and Corruption Update details the communications plan which has been put in place to intensify the promotion of these courses. The Chairman of the Audit Committee has strongly recommended these courses to be made **mandatory** for all staff. Action plans are in place to develop this.
- 2.14 Work is in progress on the report, previously planned for this meeting, regarding the National Audit Office Whistleblowing Report – November 2014 and their earlier report 'Making a Whistleblowing Policy Work' – 18 March 2014.
- 2.15 There are two formal investigations, which have just been requested from Internal Audit. Terms of reference will be agreed for these investigations. Six Preliminary Assessments are in progress.
- 2.16 Satisfaction Questionnaires with the draft reports and has received overall positive feedback from these questionnaires for the quarter ended 31 December 2014.
- 2.17 The cumulative proportion of productive time for quarters 1, 2 and 3 was 54.04% and this is considered satisfactory due to the temporary staff turnover, profile changes and the increased training needs within NAS. See **Appendix F, Section 2 (2.1)** for further detail.
- 2.18 The preparations for the France Channel England Interreg Audit Authority are progressing satisfactorily.
- 2.19 Supporting notes and Technical Details for this report appear at **Appendix F**, for reference only.
- 2.20 **Conclusions on the Service Transformation Programme and Digital Norfolk Ambition (DNA) risks**
- 2.21 **The Service Transformation Programme**
- 2.22 From a review of the reporting, to Policy and Resources Committee at 23 March 2015 and from relevant audit work it is

concluded that the governance, controls and risk management for the service transformation programme remain acceptable, however, with the significant and on-going financial challenges ensuring that financial management and financial resilience are maintained will require sustained consistent, focussed attention and control by Chief Officers. Further detail is provided in Appendix F, Section 2, (2.3).

- 2.23 The Financial Implications and risks associated with the change programme have the potential to be significant where they may impact on available reserves. The Directorate Transformation Programmes include projects to deliver our financial, organisational and operational goals. These projects are within overall savings targets totalling £70.596m over the three years to 2017-18, as reported in the [Monitoring of Financial Savings 2015-16](#) report to Policy and Resources (page 35) on 23 March 2015.
- 2.24 Internal Audit meet periodically with Corporate Programme Office contacts to consider developments, risks and the audit approach. The challenges and issues for service transformation are reflected in the Corporate Risk Register.

2.25 Digital Norfolk Ambition Update

- 2.26 In developing the ICT audit plan for the next three years it has been agreed with the then Head of ICT that for the corporately significant DNA project Norfolk Audit Services would report quarterly to this Committee. At this time no specific audit work has been completed on the programme. We are alert to developments, governance, controls and risk management in the DNA programme and will maintain this in future audit planning and advice. An audit of Controls for Desirable and Portable Devices is planned. Further details are shown at **Appendix F, Section 2 (2.4).**

2.27 External Matters of Note

- 2.28 The Audit Commission has confirmed that the Council's External Audit Fee for 2015-16 will be £39,015 lower at £117,045.
- 2.29 The following are recent [NAO Reports](#) that are relevant to Local Government Governance and are therefore of interest to the Audit Committee.
- Report of the Comptroller and Auditor General: Whole of Government Accounts 2013-14
 - The role of prescribed persons (Whistleblowing)
 - Care services for people with learning disabilities and challenging behaviour
 - Conflicts of interest
 - Public Health England's grant to local authorities

- 2.30 CIPFA published a paper on, '[The Future of Local Public Audit](#)', which has been circulated to Committee members.
- 2.31 The Government has published the [Accounts and Audit Regulations 2015](#) which are in force for the 2015-16 financial year. Key changes to note are that:
- The audit timetable has been changed and this is being transitionally introduced over the next three years
 - The responsible financial officer will commence a 30 working day period during which the public may inspect the accounts and other relevant documents. The right to make objections is limited to this same period
 - There is to be a new 10 working day period applicable to all authorities, such that the 30 working day period for public inspection of accounts must include for the purposes of the financial year 2015-16, the first 10 working days in July. For the financial year 2017-18 this will change to the first 10 working days in June
 - The way auditors deal with objections by local government electors will from financial years 2015-16 onwards, be subject to a new triage mechanism to proportionately focus work on significant public interest matters.

3. Financial Implications

- 3.1. The expenditure falls within the parameters of the Annual Budget agreed by the Council.
- 3.2. Norfolk Audit Services has delivered approved savings in 2014-15 by adhering to the planned budget and preparing for ongoing savings as required.
- 3.3. All standard audits are allocated a budget (£) which is formally monitored at draft and final report stages. A target for 2014-15 has been set to deliver 100% of audits within budget.
- 3.4. The costs of half yearly audit plans are communicated to the Interim Head of Finance.

4. Issues, risks and innovation

- 4.1. There are no implications with respect to:

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

5. Background

- 5.1. The Council has to undertake sufficient audit coverage to comply with the Accounts and Audit Regulations 2011. The allocation of audit time was based upon a risk assessment and this is continuously reviewed throughout the year.
- 5.2. There is no relevant input or comments from other committees to include within this report.
- 5.3. **Background papers**
 - [Annual Audit Plan](#) 2014-15 – See page 226 to 265

Officer Contact

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

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

Officer Name: Adrian Thompson - Chief Internal Auditor

Tel No: 01603 222784

Email address: adrian.thompson@norfolk.gov.uk



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**Norfolk Audit Services
Final Reports Issued in the Quarter Ended 31 December 2014**

There were 13 final reports and 4 grant claims certified during the quarter.

Final Reports

Children's Services

1. The Information Governance Review
2. Teachers Pension Agency - Certification

Contracts and Procurement

3. Contract Audit - County Hall
4. i-Procurement

Environment, Transport and Development

5. Management of Travellers Sites

ICT

6. Wireless VPN/Remote Access

Information Management

7. Review of County Hall Office Relocation, Records Movement Management

Schools (Compliance)

8. Archbishop Sancroft High School
9. Litcham School

Schools (Thematic)

10. Schools Financial Value Standard (SFVS) returns

Schools (Traded)

11. Alderman Peel High School
12. Dereham Neatherd High (Health Check)
13. Sheringham Woodfields (Special)

Grants claims certified

1. Police and Crime Panel
2. PRiME-C (Phase 1)
3. PRISMA (Final Claim)
4. RINSE (On The Spot Check)

Corporately Significant Report Synopsis

The following criteria are used to assess whether reports are of corporate significance:

- The amount of money that is at risk, normally this will be material amounts
- Any policy implications for the Council as a whole
- Topical issues, having a potential political or public interest
- Where it has not been possible at COG to reach agreement on significant issues or the action that is required to address the issues
- Where agreed action has not been taken at the time of the follow-up audit.

An 'Information Governance review in Children's Services' audit focused on the role of the Caldicott Guardian and the ability of Children's Services in complying with all seven of the Caldicott principles. The Caldicott principles set out good governance standards for the holding and use of sensitive information.

The reason why this audit is 'Corporately significant' is due to these findings being material, topical and as Data protection already features in the Council's Annual Governance Statement 2013-14 action plan. The management and control of sensitive personal data for children in the Council's care is a significant safeguarding matter and the Council may be questioned regarding this matter.

Action plans have been agreed for all of the findings.

- Management have set criteria to ensure Caldicott principles are met by Children's Services and procedures have been aligned to this
- The Corporate Safe Haven policy will include all of the Caldicott principles
- Awareness sessions are completed to ensure relevant staff are all aware of the Safe Haven policy. More sessions are planned in the future
- The 'Norfolk Overarching Protocol' (NOP) and 'Data Exchange Agreements (DEAs) have been updated to include the newest Caldicott principle
- Random sampling will be put in place to ensure all staff are aware of the NOPs and DEAs and these will be routinely checked by staff before sharing data
- With the appointment of the Assistant Director from 1st April 2015 the role and responsibility of the Caldicott Guardian will be defined and documented
- A formal reporting process will be put in place for the Caldicott Guardian to confirm that Children's Services are compliant with the principles

- There will be a formal Caldicott Guardian handover process in place, for when the interim assistant directors are replaced with permanent staff, as above

An action plan has been agreed with the Chief Officer. A follow –up audit will be undertaken after six months but before the end of the 2015-16 audit plan. As these findings are material, topical and Data protection already features in the Council's Annual Governance Statement 2013-14 action plan this topic is corporately significant and therefore a synopsis of the findings from this audit has been reported to the Chief Officers Group and this topic is proposed to be covered in the Council's Annual Governance Statement for 2014-15 in the Significant Governance Issues section.

Appendix C

Audits of Note

Schools Financial Value Standard (SFVS) Self Assessment Returns (Thematic Audit)

The purpose of this audit was to provide assurance that, based on a representative sample, there is adequate evidence to support the answers given by schools detailed in the self assessment returns.

Overall, controls were in place but certain areas needed strengthening for the process to be considered fully adequate and effective.

Three High Priority Findings (HPFs) were raised during the audit.

Areas generating HPFs were:

- Supporting evidence
- Remedial action points
- School's Financial Team review of school and governing bodies

An action plan was agreed for the findings raised in the report. One finding is to be completed by April 2015, one by May 2015 and the rest will be implemented for the next annual Self-Assessment Return.

Changes to the Norfolk Audit Services Audit Plan 2014-15

Audit From Original Approved 2014-15 Plan	Department	Days Out	Reason For Change	New Audit Now in Plan	Days Re-applied	Reduction in the Approved Plan (days)
Review of effectiveness of the systems of internal controls	Finance -Norfolk Audit Services	15	The target is now for external consultants to come and review NAS processes in April/May 2015 (after year end but still able to feed the outcome into the annual report). Strategy and timings agreed by Norfolk Audit Services Management.	N/A	0	
Adult Education - Commissioned Services	Community and Environmental Services	10	By agreement with the Assistant Director Community and Environmental Services and the Executive Director of Community and Environmental Services the audit is postponed until 2015-16 following the recent Ofsted reporting.	N/A	0	
Pupil Premium - Schools Thematic Audit (No. 2)	Children's Services - Schools	20	The audit has been temporarily postponed until April 2015. Agreed by the Finance Business Partner - Children's Services	N/A	0	
Telephone and Paper Communications	Resources - Information Management	15	Postponed as a Children's Services improvement action plan is in progress in this area. This was agreed with the Executive Director of Resources.	N/A	0	
Totals		60			0	-60

Appendix E - Norfolk Audit Services - Internal Audit Scorecard Summary - March 2015

		C o m p l e t e	R e d	A m b e r	G r e e n
Summary:					
1 Delivering excellent audit services		1	0	6	11
2 Providing an Audit Vision		0	0	2	12
3 Building networks and improving decision making		1	0	1	11
4 Developing skills and capabilities across Norfolk CC		0	0	0	9
Total		2	0	9	43
%		4%	0%	16%	78%

1	Delivering excellent audit services	Resp	Date	Rated
1.1	Develop Three Year Strategic Audit Plan 2016-17 to 2018-19	KL	Dec-15	G
1.2	SLA for Norfolk Pension Fund IA work	CB	Jun-15	A
1.3	Audit Report Design and Content - Annual Review	AT	Sep-15	G
1.4	Timely Delivery of Draft and Final Audit Reports	AT	Jun-15	A
1.5	High Priority Findings	AT	Apr-14	A
1.7	Key Stakeholders (and attendance at DMTs)	CBu	01/09/2015	A
1.8	Annual Internal Auditor Report for 2014-15	Cbu	Jun-15	G
1.9	Annual Governance Statement 2014-15	Cbu	Jun-15	G
1.10	UK Audit Standards Compliance	KL	Sep-15	G
1.11	Management Information Reporting	GL	Sep-15	G
1.12	Management Information Design	KL	Sep-15	C
1.13	Service Level Agreement (NCC Depts)	CB	Sep-15	A
1.14	Understanding and reporting on costs	AT	Sep-15	A
1.16	Committee Reports	CB	Jun-15	G
1.18	Client Assurance Statements	CB	Sep-15	G
1.19	Comply with internal Quality Assurance and Improvement programme	CB	Sep-15	G
1.20	Implementing 'critical thinking' approach	AT	Sep-15	G

2	Developing the tools to deliver our Audit Vision	Resp	Date	Rated
2.1	Audit Authority Project Delivery (systems)	KL	Sep-15	G
2.2	Enhance Internal Auditing's Capability to Address Critical Strategic Business Risks - IIA Global Report	AT	Sep-15	A
2.3	New Schools Audit Offering Project Delivery (systems)	AD	Sep-15	G
2.6	Continue development of Anti Fraud and Corruption work to agreed plan (systems)	AH	Sep-15	G
2.7	'''	KL	May-15	A
2.8	Implement revised 'fit for purpose' NAS staffing structure (people)	PW	Sep-15	G
2.9	Excellent Internal Auditor review and implementation (people)	CB	Sep-15	G
2.10	Evaluate financial savings/income generation opportunities see 2.1, 2.2 and 2.3 (budget)	AT/PW	Sep-15	G
2.11	Review results of employee survey and develop action plan to address key issues	AT	Jun-15	G
2.12	TORs and Codes for NAS	AT	Sep-15	G
2.13	Review risk management framework for authority (systems)	KL	Sep-15	G
2.14	Charging Policy - Investigations (budget)	AT	Jun-15	G
2.15	Develop a template for Terms of Reference and associated costing for Preliminary Assessment for Investigation (budget)	KL	Sep-15	G

3 Building Networks and Improving Decision Making				
3	Building Networks and Improving Decision Making	Resp	Date	Rated
3.1	Changes in legislation affecting authority & affecting audit framework	AT	Sep-15	G
3.2	External audit Liaison Meetings booked and completed	AT	On-going	G
3.3	Become a trusted Advisor to the Audit Committee - IIA Global Report	AT	Sep-15	G
3.4	Become a trusted advisor to the Executive Management - Develop relations with Chief Officers / Managing Director - IIA Global Report	AT	Sep-15	G
3.5	Develop relations with Departmental Managers (Increasing our circle of influence)	AT	Sep-15	G
3.6	Develop stronger links with Quality Assurance Teams	CB	Sep-15	G
3.7	Continue to develop and embed Suffolk CC collaboration	KL	Sep-15	G
3.8	Raise organisational profile of Internal Audit Service	KL	Sep-15	G
3.9	Develop system to allow Members to raise issues and questions	AT	Jun-15	A
3.10	Membership of Counter Fraud and Contracting Audit Groups	AH	Sep-15	C
3.11	Ongoing CIPFA IA and Fraud Benchmarking	AH	Sep-15	G
3.12	Establish dialogue with all regulatory and inspection agencies	AH	Sep-15	G
4 Developing Skills and Capabilities across Norfolk CC / NAS				
4	Developing Skills and Capabilities across Norfolk CC / NAS	Resp	Date	Rated
4.1	Developing feedback	EJ	Sep-15	G
4.2	Develop and Implement Knowledge and Talent Acquisition Strategies - IIA Global Report	KL	Sep-15	G
4.3	Workforce Planning	AT	Sep-15	G
4.4	Equal Opps & Other HR indicators	CB	Sep-15	G
4.6	Develop Intranet and Internet Web pages	CB	Sep-15	G
4.7	Ensure we operate to a consistent approach in regard to the documentation of work - TeamMates	KL	Sep-15	G
4.8	Develop and implement staff competencies based development system	CB	Sep-15	G
4.9	Review and maintain the Quality Evaluation Assessment for Service	CB	Sep-15	G
Key to ratings				
R	Red - Highly problematic - requires urgent and decisive action.			
A	Amber - Work progressing within target, requires some attention			
G	Good – on target, or target already achieved			
C	Work completed.			

Technical Details

Notes for section 2

2.1 Productive Time

2.1.1 Norfolk Audit Services monitor the productive and non-productive time of the team on a regular basis to ensure delivery of an effective and efficient service. The target for time NAS staff spends on “productive” activities, ie work which contributes to and supports the opinion of the Chief Internal Auditor, has been set at 65% for the 2014-15 year.

2.2 Investigations Procedure

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

2.3 **Conclusions on the Service Transformation Programme and Digital Norfolk Ambition (DNA) risks**

2.3.1 The focus of audit assurance for this programme is now achieved through a review of reporting on managing change, which is part of the Performance Monitoring Report to the new Policy and Resources Committee, together with the audit of specific projects, looking at either governance arrangements in the project or governance and controls post implementation. If any exceptions are reported they are fed into our audit planning.

- 2.3.2 Under the new system of governance from May 2014, the Policy and Resources Committee has two main areas of responsibility: leading the process for developing the County Council Plan and the Medium Term Financial Plan; and co-ordinating all other service committees. It provides a ‘whole council’ view of performance, budget monitoring and risk and therefore has an important role in moving the organisation forward. In addition, the Committee has responsibility for developing and monitoring corporate services including, ICT, finance and risk management, property and asset management, human resources and organisational development, legal, governance, communications and public affairs and business continuity.
- 2.3.3 The [Performance and Risk Monitoring Report](#) to Policy and Resources Committee on 23 March 2015 is drawn from individual performance reports to Committees and proposed changes to the way in which performance information and analysis is reported to the Committee and the other service committees. The revised approach is in response to the challenges that the Council faces now and in the future as it manages a diminishing budget, makes fundamental decisions about what services it will deliver, how and for whom, and as it attempts to drive out the maximum value from its resources. Operating in this context, the council will require robust performance oversight, and Members of the Committee will want to have assurance that performance remains under scrutiny and is appropriately challenged.’
- 2.3.4 The report goes on to say, ‘The changes represent a tightening up of the existing performance reporting arrangements, by ensuring a minimum set of standards for measures, indicators and reports. These minimum standards will, in turn, help ensure that clear, concise and focussed performance management information is brought to Committee, facilitating a robust ‘whole council’ view.’

2.4 Digital Norfolk Ambition Update

- 2.4.1 Under the new system of governance from May 2014 - the Policy and Resources Committee monitors performance, budget monitoring and risk. In addition that Committee has responsibility for developing and monitoring corporate services including, ICT. Policy and Resources received a [Digital Norfolk Ambition programme update report](#) (page 17) on 23 March 2015.
- 2.4.2 That report recommended that members:
- Note that after initial delays, good progress is now being made on the more- routine aspects of the programme – device rollout and server migration.
 - Note that DNA is essential to resolving a number of critical issues for the Council – in particular better information sharing and better targeting of resources – and that good progress is being made in these areas

- Agree to receive an updated programme and a further financial update on 1st June 2015.

Notes for section 4

4.1 Crime and Disorder Act 1998

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

4.2 Sustainability

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

Notes for Section 5

5.1 Audit Opinions

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

5.2 The difference we are making

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

5.2.2 Norfolk Audit Services have adopted a "Statement of Customer Pledge and Remedy" which is published on the Council's internet. NAS issues Customer

5.2.3 Satisfaction Questionnaires with the draft reports and has received overall positive feedback from these questionnaires for the quarter ended 31 December 2014.

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

5.2.5 Feedback received was as follows:

Type of work	Questionnaires issued	Questionnaires received
--------------	-----------------------	-------------------------

Standard audit	13	7	
Grants	4	0	
Analysis of results:			
	Expectations Met*	Very Satisfied	Disappointed or Very Disappointed
	6	1	0

*The simpler electronic "Survey Monkey" based questionnaire was launched from 20 May 2014 onwards to increase the likelihood of returns. A Service Level Agreement is being drafted for our services.

Audit Committee

Item No. 6

Report title:	Risk Management report (4th Quarter 2014/15)
Date of meeting:	23 April 2015
Responsible Chief Officer:	Head of Finance (Interim)
Strategic impact Monitoring risk management and the corporate risk register helps the committee undertake some of its key responsibilities and provides contextual information for many of the decisions that are taken.	

Executive summary

This report provides the Committee with an update of the Corporate Risk Register and other related matters following the latest quarterly review conducted during the third quarter of 2014/15.

The update includes details of twenty risks proposed for inclusion within the Corporate Risk Register. Risks are where events may impact on the County Council achieving its objectives.

Recommendations:

Committee Members are asked to:

1. note the changes to the risk register
2. comment on the twenty corporate risks and add, amend or remove any risks as appropriate
3. consider if any further action is required

1. Proposal (or options)

1.1. Recommendations :

1. note the changes to the risk register
2. comment on the twenty corporate risks and add, amend or remove any risks as appropriate
3. consider if any further action is required

1.2. The Chief Officer Group has been consulted in the preparation of the Corporate risk register and this report.

2. Evidence

- 2.1. The Corporate Risk Register lists the key business risks that require strong management at a corporate level and which, if not managed appropriately, could result in the County Council failing to achieve one or more of its key objectives and/or suffer a significant financial loss or reputational damage. All risks listed have been reviewed and updated, as appropriate.
- 2.2. Following the most recent report to Audit Committee in January 2015 a review of the existing risks, as well as any new risks proposed for inclusion in the Corporate Risk Register, has taken place with the officers responsible and this has then been considered and reviewed by COG. This report is based on the outcome of that review.
- 2.3. Appendix 1 contains a copy of the full risk register as at March 2015 following a review by all risk owners. It should be noted that a number of risks have been time-framed to 31 March 2015. As we approach that date, risk owners will review if the risk has now become manageable with the current risk score or if the risk needs to be reconsidered, re-scored and extended, taking into consideration the effectiveness of any mitigation that has been implemented.
- 2.4. Appendix 2 contains a summary of the proposed updated full Corporate Risk Register as at March 2015 following a review by risk owners.
- 2.5. In total, it is recommended that twenty risks are included on the Corporate Risk Register. The January Audit Committee reviewed twenty-one risks that were on the Corporate Risk Register at that time.
- 2.6. Within the constraints of the target date (which provides a time-frame for the risk) and using the Generic Risk Impact Criteria Model and Likelihood Criteria Model the three risk scores can be determined. Each risk score is expressed as a multiple of the impact and the likelihood of the event occurring.
 - Original risk score – the level of risk exposure before any action is taken to reduce the risk when the risk was entered on the risk register
 - Current risk score – the level of risk exposure at the time the risk is reviewed by the risk owner, taking into consideration the progress of the mitigation tasks
 - Target risk score – the level of risk exposure that we are prepared to tolerate following completion of all the mitigation tasks.
- 2.7. In accordance with the Risk Matrix and Risk Tolerance Level set out within the current Norfolk County Council “Well Managed Risk - Management of Risk Framework three risks are reported as “High” (risk score 16–25), sixteen as “Medium” (risk score 6–15) and one as “Low” (risk score 1-5).

2.8. The three risks with a current “High” risk score are as follows:

- RM14079 “Failure to meet the long term needs of older people” remains a high risk because of the increasing demand for the service. It appears that there will be further and sustained cuts to local government funding impacting on the funding for long term care.
- RM13968 “Failure to follow data protection procedures”, following further breaches. A Physical File Audit pilot of Children's Services has been completed and the final pilot audit report is due to be reported in March 2015.
- RM14097 “Shortage of personnel for a variety of reasons”. At this stage the risk remains high as there are still some concerns around the contract evaluation and testing of the processes.

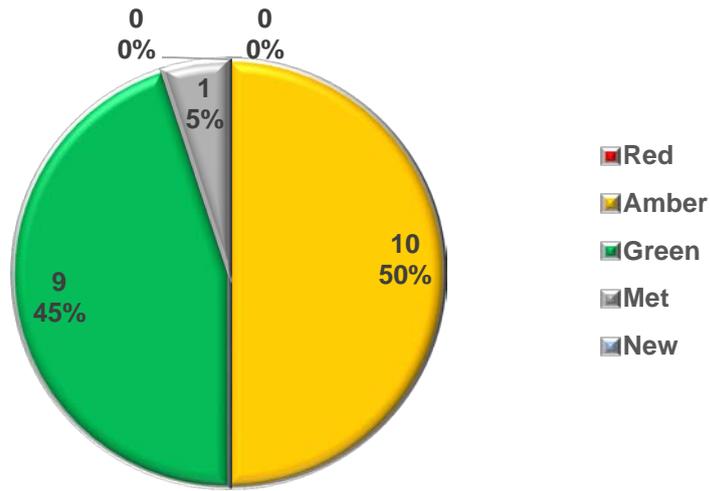
2.9. The prospects of meeting target scores by the target dates are a reflection of how well mitigation tasks are controlling the risk. The contents of this cell act as an early warning indicator that there may be concerns when the prospect is shown as amber or red. In these cases, further investigation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

The position is visually displayed for ease in the “Prospects of meeting the target score by the target date” column as follows:

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

2.10. Risk owners have considered whether the risk will meet the target score by the target date. Ten risks are assessed as “Amber– some concerns” that targets may not be met, and nine are assessed as “Green - on schedule” to meet their target. One risk has met the target, there are no “Red” rated risks.

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



Prospects of meeting target score by the target date

2.12. Risk RM14173 “Failure to establish a waste management strategy and associated policies” is reported as having met the target score by the target date. Full Council on 15 December approved the waste policies and a strategy for securing residual waste services. Further evaluation by the Waste Advisory Group will be undertaken going forward.

2.13. Fig 2. Compares the current risk scores and the target risk scores of the twenty risks. The chart also identifies the transition points from low to medium to high risks.



2.14. The average for the current risk score is 12, which places our combined level of risk in the middle of the medium category. The target scores are a reflection of our risk appetite, the level of risk the risk owner is willing to pursue or retain, and the average score for the combined target risk scores is 6 placing it at the bottom of the medium category. Clearly it is the progress of the risk mitigation tasks that acts upon the current risk scores to reduce them towards the target risk score level.

2.15. Appendix 3 is a table showing the rolling five quarter risk trends for the corporate risks during 2014 - 2015. The table provides a record of the movement of the "current risk score" and the "prospect RAG rating" when considered against the "target risk score" (which remains static and is the risk appetite).

2.16. The table is an indication of the individual risk owners risk appetite. Where a risk has remained with a RAG rating of Green or Amber over a number of iterations and there also remains a gap between the "current risk score" and the "target risk score" it may be an indicator that the mitigation tasks are not significantly reducing the risk. This may also be an indicator that the current risk score is acceptable and that the target risk score or appetite has been set too low as the risk is being managed successfully. If the potential risk is being managed, although the target score has not been met it may be possible to remove the risk and not allocate any further resource to it.

2.17. **Significant changes to the Corporate risk register**

Since the last review by Audit Committee, one risk has been removed and one risk has been added to the risk register, the changes are as follows:

Risk removed.

- Risk RM14172 "Residual Waste Treatment Contract termination process." has now been removed from the risk register. Final settlement of £33.7m was agreed on 28 November which was announced on 1 December 2014 and has now been paid.

2.18. **Significant changes to the Corporate risk register**

Since the last review by Audit Committee, one risk has had the current risk score increased and two risks have had the current risk score reduced, the risks are as follows:

Current risk score increased.

- The current risk score for risk RM14147 "Failure to improve at the required pace" has seen the current risk score increased from 10 (likelihood 2 x impact 5) to 15 (likelihood 3 x impact 5). This is because new post-holders are now in place but there are some gaps in the structure, external advertisements are in place to rectify this situation. Leadership programme has been launched for all Tier 4 managers.

Current risk scores decreased.

- The current risk score for risk RM13906 "Looked After Children overspends" has been decreased from 25 (likelihood 5 x impact 5) to 15 (likelihood 3 x impact 5). This is because interim team targets have been profiled and a tracker mechanism is to be implemented. Interim additional management is now in place to drive performance to achieve targets.

- The current risk score for risk RM14169 “Failure to deliver planned revenue budget savings in 2014/15” has been decreased from 9 (likelihood 3 x impact 3) to 6 (likelihood 2 x impact 3). The overall revenue budget based on the position at the end of January is forecast to underspend by £1.071m. Although the target score has been met the risk will remain current until the books are finally closed on the year’s business.

2.19. **Significant changes to the Corporate risk register**

Since the last review by Audit Committee, one risk has met the target score, the risk is as follows:

- Risk RM14173 “Failure to establish a waste management strategy and associated policies” is now reported as having met the target score by the target date. Full Council on 15 December approved waste policies and a strategy for securing residual waste services.

3. Risk management reporting to Committees

- 3.1 As a result of requests from Members and with support of the Chair and members of the Audit Committee it was agreed the all departmental risks should be formally reviewed at the appropriate committees
- 3.2 The recent round of Performance Reports to Committees have included a specific section on risk management highlighting all departmental risks. The reporting is by exception, including full information for risk with a current risk score of 12 and above where the prospects of meeting the target score by the target date is reported as amber or red. It is intended that a risk report will be presented to each Committee on a quarterly basis, at the same time as the Performance Report.
- 3.3 Members did engage in questions relating to the risk registers and officers were able to respond as appropriate.

4. Financial Implications

- 4.1 There are no financial implications other than those identified within the risk register

5. Issues, risks and innovation

- 5.1 There are no further risks than those described elsewhere in this report.

6. Background

- 6.1. Appendix 1 contains a copy of the full risk register as at March 2014.
- 6.2. Appendix 2 contains a summary of the proposed updated full Corporate Risk Register as at March 2014.
- 6.3. Appendix 3 is a table showing the rolling five quarter risk trends for the corporate risks during 2014 - 2015.

- 6.4. The review of existing risks has been completed with responsible officers.
- 6.5. There remains a strong corporate commitment to the management of risk and appropriately managing risk, particularly during periods of organisational change, such as the accelerated programme to deliver all the elements of the vision for the County Council.
- 6.6. An on-going clear focus on strong risk management is necessary as it provides an essential tool to ensure the successful delivery of our strategic and operational objectives.

Officer Contact

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

Officer name : Steve Rayner

Tel No. : 01603 224372

Email address : steve.rayner@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.

Risk Register - Norfolk County Council

Risk Register Name		Corporate Risk Register - Appendix 1										Red									
Prepared by		Steve Rayner										Amber									
Date updated		March 2015										Green									
Next update due		June 2015										Met									
CDG/STP	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	Community Services Transformation (Adult Social Care Committee)	RM14079	Failure to meet the long term needs of older people	If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation. With regard to the long term risk, bearing in mind the current demographic pressures and budgetary restraints, the Local Government Association modelling shows a projection suggesting local authorities may only have sufficient funding for Adult's and Children's care.	11/10/2012	5	5	25	5	5	25	<ul style="list-style-type: none"> Take steps to protect the Purchase of Care budget when budget planning prior to 2014-17. Invest in appropriate prevention and reablement services Integrate social care and health services to ensure maximum efficiency for delivery of health and social care The Building Better Futures Programme will realign and develop residential and social care facilities Ensure budget planning process enables sufficient investment in adult social care particularly in year 3 of current plan. Continue to: try and manage needs; to identify and deliver savings in the Adult Social Care budget plan; and to ensure the issues are understood and discussed corporately. Adult Social Services is looking to come up with a new more cost effective model for meeting peoples' needs based on Promoting Independence. 	The Adult Social Care mitigating tasks are relatively short term measures compared to the long term risk, i.e. 2030, but long term measures are outside NCC's control, for example Central Government policy. Although steps have been taken to protect the Purchase of Care budget in previous budget planning, the proposals for 2014-18 have had to include savings from the Purchase of Care budget. Actions are in hand to achieve these, e.g. adjustments to the Resource Allocation System for Community Activities/Well Being and Transport were made on 1 April 2014. However it is proving difficult to make the savings in 2014-15. The Care Act including changes in social care funding will impact significantly: more people eligible for social care funding; less service user contributions; and it is not clear whether there will be additional/sufficient government funding. The guidance is still draft. A project is in place to help ensure the department delivers the changes arising from the Care Act. It appears that there will be further and sustained cuts to local government funding. The department has set up a project for Promoting Independence and will be taking a paper outlining the approach and seeking approval to continue to the Adult Social Care Committee in May 2015.	2	4	8	31/03/2030	Amber	Harold Bodmer	Janice Dane	09/03/2015
C	Resources Information Management (P&R Committee)	RM13968	Failure to follow data protection procedures	Failure to follow data protection procedures can lead to loss or inappropriate disclosure of personal information resulting in a breach of the Data Protection Act and failure to safeguard service users and vulnerable staff, monetary penalties, prosecution and civil claims.	30/09/2011	3	5	15	4	5	20	Incidents are notified to and logged by the Corporate DP Officer who submits weekly reports to the Chief Information Officer and monthly updates to the ICG. COG, advised by the Chief Information Officer and the Monitoring Officer, is required to confirm whether a breach should be notified to the Information Commissioner. In future regular reports to be provided to Departmental SMTs. Further recommendations around the organisation information compliance status have been submitted and approved by COG. These recommendations are now being drawn up into a formal plans.	An Information Management Shared Service has been established to integrate all information activities, including Information Compliance and Information Security. Practitioners will be co-located, and common processes and procedures introduced where they do not already exist. The Physical File Audit as a corporate project is underway, and will be undertaking a pilot with in Children's Service Social Care in the first instance with a project report due the beginning of January. The Physical File Audit pilot of Children's Services has been completed and the final pilot audit report is due the w/b 16th March 2015. HP Records Manager is implemented and will be used to hold the file audit results and outcomes. HP and NCC are now coordinating and planning the Main File Audit which is due to start in April. HP and NCC are starting to pull together the information and meetings required for the NCC Digitisation Strategy. The strategy will look at bulk scanning and on-demand scanning of physical files in line with statutory regulations.	1	4	4	31/03/2015	Amber	Anne Gibson	Mark Crannage	10/03/2015

CDGSTP	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update	
						3	4	12	4	4	16			3	2	6						
C	Resources HR (P&R Committee)	RM14097	Shortage of personnel for a variety of reasons e.g. illness, industrial action, inclement weather etc., including loss of key senior personnel	The risk of a shortage of personnel could result in inadequate capacity to deliver our services, reputational damage for the organisation, and litigation in the case of being unable to deliver our key statutory obligations. This is particularly the case with Payroll specialist and Oracle functional/ technical staff given the high level of payroll legislative changes (Real Time Information, Pension Scheme changes (LGPS 2014, TP & NHS 2015)) impacting at the same time as extensive organisational change.	01/04/2013	3	4	12	4	4	16	Business Partners / HR Service Manager / HR workforce planning team Ensure key skills for critical activities are documented to support redeployment of staff in the event of needing staff to support critical activities.	Payroll service delivery is at increasing risk as a result of the erosion of Oracle expertise within NCC combined with increasing statutory requirements. This has been mitigated by the introduction of a support contract commencing 24 Dec 14 with a 3rd party supplier however the detailed working arrangements, responsiveness and quality of service provision (an increased risk given some areas of concern identified during contract evaluation) are, as yet, untested. More generally the expectation is that significant and intensive HR activity will be required to support the wider organisation achieve the necessary budget reductions in 15/16 and thereafter. This will also be at a time when the HR function is undergoing its own transformation and reduction in size reducing available capacity and skills.	3	2	6	31/03/2015	Amber	Audrey Sharp	Ian Cooper		
												Maintain critical skills within NCC's Corporate HR system.	Qualifications can now be added to an employee's personal record via self service. This is available to approx. 4000 employees and allows a wide range of qualifications to be recorded. Whilst this does not fully meet the need as it is not yet possible to record skills, just qualifications, a greater range of information is now available. Increased scope of both the available functionality and number of employees who can access self service is planned.									
C	Children's Services (Children's Services Committee)	RM14147	Failure to improve at the required pace.	CS Teams do not show the improved performance at the speed which is acceptable to DfE and Ofsted.	01/12/2013	2	5	10	3	5	15	Recruit the right people with the right skills into posts. Train and support managers to improve their performance.	Recruitment of Assistant Directors and Tier 4 Managers now complete with a competence-based approach used. Aim is to get the right people with the right skills in the right jobs. Post-holders now in place - there are some gaps in the structure but external advertisements are in place. Leadership programme launched for all Tier 4 managers.	1	4	4	31/01/2016	Green	Sheila Lock	Helen Wetherall	04/03/2015	
C	Children's Services (Children's Services Committee)	RM14148	Overreliance on interim capacity	Overreliance on interim capacity at leadership and management levels and in social worker teams leads to unsustainable performance improvement.	01/12/2013	4	5	20	3	5	15	Succession Planning. Skills and knowledge transfer from interim to permanent staff in place and showing positive impact. Need for permanent replacement to interim to senior leadership team.	NIFE initiative is providing significant additional capacity and is showing signs of improving performance in teams where deployed. Also see progress above.	2	4	8	30/06/2015	Amber	Sheila Lock	Helen Wetherall	04/03/2015	
C	Children's Services (Children's Services Committee)	RM13906	Looked After Children overspends	That the Looked After Children's budget could result in significant overspends that will need to be funded from elsewhere within Children's Services or other parts of Norfolk County Council	18/05/2011	4	4	16	3	5	15	LAC Reduction Strategy agreed by CSLT and being applied. LAC Panel now in place, chaired by DCS. Target reunification given to all LAC Teams and IRO's	Interim team targets have been profiled over the next year and a tracker to be produced. Interim additional management in place to drive performance to achieve targets. Private sector (Ingson's) reviewing every LAC case to address performance issues and identification of re-unification opportunities. work etc.	2	4	8	30/06/2016	Amber	Sheila Lock	Helen Wetherall	04/03/2015	
C	Community and Environmental Services (EDT Committee)	RM0201	Failure to implement Norwich Northern Distributor Route (NDR)	Failure to implement the NDR would result in the inability to implement significant elements proposed in the Norwich Area Transport Strategy (NATS) Implementation Plan including pedestrian enhancements in the city centre, public transport improvements (including some Bus Rapid Transit corridors), traffic management in the suburbs, reductions in accidents and would result in an increase in congestion affecting public transport reliability. It would also result in a reduction in our capacity for economic development and negatively impact on Norfolk County Council's reputation. Inability to deliver the NDR will also affect the growth planned as part of the Joint Core Strategy (JCS).	01/04/2005	3	4	12	3	4	12	Following confirmation of funding, complete work required by DfT to regularly report on-going project progress for the NDR (and Postwick Hub, for which the funding is linked) to maintain funding allocation. Work on Public Examination process for delivery of necessary Development Consent Order for NDR. Ensure all necessary timescales for the Examination process are met. Work with DfT regarding the Full Approval process for the NDR at the appropriate point following completion of the Examination process.	The Transport Secretary announced on the 26 October 2012 that the NDR has been included in a 'Development Pool' of schemes. DfT have now reconfirmed a maximum contribution of £86.5m funding for the NDR (which includes £19m for Postwick Hub). However the funding cannot be drawn down for the NDR until 'Full Approval' stage, which follows completion of statutory processes (i.e. confirmation of the Development Consent Order - DCO). The DCO consolidates the planning/land CPOs/highway Orders into one process overseen by the Planning Inspectorate - called the Examining Authority (ExA). This has provided more confidence in the timescales to deliver the NDR, with the potential to commence construction in the late Summer of 2015 and open the NDR in late Autumn 2017 - but this assumes there is no legal challenge received in relation to the DCO once confirmed by the Secretary of State. The NDR examination in public started on 2 June 2014 and closed on 2 December 2014 (at the full 6 month period). The Secretary of State decision may be made before the election, but it could take the full period to 2 June 2015.	2	4	8	01/11/2017	Amber	Tom McCabe	David Allfrey	24/02/2015	

CDGSTP	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
						3	4	12	3	4	12			2	4	8					
C	Community Services Transformation (Adult Social Care Committee)	RM0207	Failure to meet the needs of older people	If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation.	01/04/2011	3	4	12	3	4	12	<ul style="list-style-type: none"> Invest in appropriate prevention and reablement services Integrate social care and health services to ensure maximum efficiency for delivery of health and social care The Building Better Futures Programme will realign and develop residential and social care facilities. Adult Social Services is looking to come up with a new more cost effective model for meeting peoples' needs based on Promoting Independence. 	<p>A review of the fees paid to the independent sector was undertaken in 2012-13 and informed the inflationary uplift discussions with provider representatives for 2013-14 and 2014-15. Following the setting up of Norse Care in April 2011 the Building Better Futures 15 year transformation programme of the previous in house residential homes is starting with the re-provision of three residential homes in the Eastern Locality with Lydia Eva court and is building a development at Bowthorpe. The department is relaunching the Care Aware service, which provides independent financial advice. Most of the 2013-14 budgeted savings were achieved and where they weren't they were offset by underspends elsewhere in the department and the use of some reserves. Actions are in place to deliver the 2014-17 savings but there are risks associated with the savings, and they are proving difficult to achieve in 2014-15. The Purchase of Care budget and the department are forecast to overspend in 2014-15. Work is progressing on integration with NCH&C and around the setting up and delivery of the Better Care Fund (BCF). The Council will receive approximately £6m less funding from the BCF than NCC included in the budget plan to maintain current services. This is being fed into the corporate budget planning. The department has set up a project for Promoting Independence and will be taking a paper outlining the approach and seeking approval to continue to the Adult Social Care Committee in May 2015.</p>	2	4	8	31/03/2015	Amber	Harold Bodmer	Janice Dane	09/03/2015

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						3	4	12	3	4	12			2	4	8					
C	Resources (P&R Committee)	RM0200	Capacity for change - Insufficient capacity for business transformation	The proposals require significant transformation and change to services and there is a risk that there will be insufficient capacity to re-design services and implement new ways of working. Insufficient capacity and resources in the organisation to make required business transformation resulting in change projects not being delivered on time and risk that	01/04/2011	3	4	12	3	4	12	<ul style="list-style-type: none"> Corporate Programme Office established and rigorously reviews and reports progress of the Council's business transformation programme (Norfolk Forward) on a monthly basis within a formal governance and reporting structure. Capacity and resource planning is a key part of this agenda to ensure successful delivery of the strategic outcomes Any issues are addressed by the Norfolk 	<p>Summary statement: Resource issues impacting the delivery of the NCC change programme are being addressed at a departmental level in the first instance and where there are issues which require priority decisions or additional funding they will be escalated to COG for resolution. Resource requirements for broader 'business transformation' activities which do not fall under the NCC change programme are currently being managed within each Directorate.</p> <p>Process, Behaviour and Planning: Project and</p>	2	4	8	31/03/2017	Amber	Anne Gibson	Diana Dixon	05/03/2015
C	Resources HR (P&R Committee)	RM13918	Staffing - The speed and severity of change in work activities.	The risk that skills and knowledge may be lost as people leave or are made redundant, and that staff morale is adversely affected. The speed and severity of the changes in service activities, service redesign and job cuts necessary to achieve budget savings targets could significantly affect the engagement and wellbeing of staff. This could lead to increased sickness absence, reduced engagement and a reduction in productivity and performance.	23/05/2011	3	4	12	3	4	12	<ul style="list-style-type: none"> The OD and HR workstream highlights a range of activities to ensure from a people perspective that we maintain a resilient, productive organisation ready to embrace and implement the changes. The CC continues to :- <ul style="list-style-type: none"> (a) Set clear expectations of managers around leading change in their teams.(b) To provide targeted leadership & management development to support our managers to be able to sustain both individuals and team engagement, wellbeing, resilience, productivity and performance. There was a particular focus this year around equipping managers to have high quality discussions with individuals through end of year Appraisal discussions - to prepare them for the future - (including developing new skills and planning their careers). (c) Ensure the on-going promotion and access to our wellbeing support (including for example the Norfolk Support line); provide sessions to build individual and team resilience (along with self help support on Peoplenet). The provision of a targeted package for employees leaving the organisation has been previously provided and well received. There is in place regular tracking employees engagement and morale through a range of mechanisms and upwards feedback and ensuring any themes/issues are acted on. Attention will be paid to tracking this across all services across the CC. Also linking this data with on-going trends around sickness absence and range of proactive support for managers around managing attendance within their teams. Further review and planning of the HR and OD support is underway to ensure the effective implementation of financial challenges / People First. 	<p>We continue to draw on and review the 'lessons learned' from all the different change we have implemented in order to improve our handling of future phases, such as involvement, communications and support mechanisms for staff. Previous Employee surveys and our tracking through the Manager Reference, Focus Group and TU feedback highlights good levels of employee engagement (against a backdrop of change and on-going job security issues). Progress around sickness absence also reported regularly to COG and Committees - end of year figures show overall reduction in sickness absence compared to previous years.</p>	2	4	8	31/03/2017	Green	Audrey Sharp	Kerry Furness	

CDGSTP	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
						4	3	12	4	3	12			1	2	2					
C	Finance (P&R Committee)	RM14205	Failure to enter into and manage traded services on a sound commercial basis	The risk that full costs are not recovered on NCC traded services and that we enter into contracts which could jeopardise NCC's ability to deliver our core services.	07/11/2014	4	3	12	4	3	12	Develop a better understanding of all costs incurred as a result of trading. Develop a method of cost allocation of corporate costs across the organisation (Peter Timmins). Develop more effective tools and techniques to manage commercial operations within NCC (Peter Timmins). Develop better governance for the review and sign off of new trading opportunities and service contracts to external customers (Peter Timmins). Establish a process and supporting data which will provide the ability to review the impact on internal services if new or expanded services are traded (Peter Timmins).	Develop a better understanding of all costs: A review of shared services, structures, costs and future direction is currently underway and regular progress updates are made to COG. In addition to this an options appraisal of strategy and services being delivered by Services for Schools is now well advanced and will report to COG on 19th March 2015. Cost allocation: Finance working with KPMG have produced an automated model which extracts data from Oracle and recharges costs of Shared Services on to Services, in order to comply with statutory requirements and to produce a better understanding of Shared Service costs. A further report is going to COG on 12th March 2015 which illustrates the indicative recharges and proposes a range of cost apportionment methods. Effective tools: Finance has produced an outline 'trading toolkit', including financial management templates and guidelines for all traded services within NCC. The use of the model is being piloted in Nplaw, County Farms and Scottow Enterprise Park. Proposals have been made to COG to create a trading network for all traded services within NCC.	1	2	2	31/12/2015	Green	Peter Timmins	Graham Jermy	10/03/2015
C	Resource ICT (P&R Committee)	RM14183	Loss of internet connection and the ability to communicate with Cloud provided services.	The loss of ability to communicate over the internet will result in a failure to deliver IT based services leading to a loss of reputation, service delivery and additional costs.	07/07/2014	3	4	12	3	4	12	Internet Connection is duplicated and delivered through diverse routes (County Hall and Carrow House).	Services are delivered using multiple connections. The new HP Services are delivered through multiple connections. Resilience for internet and specifically County hall will also be included in the Voice and Data procurement.	2	4	8	01/03/2015	Green	Anne Gibson	Kurt Frary	10/03/2015

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C	Resources ICT (P&R Committee)	RM14100	Loss of key ICT systems	Loss of core or loss of a key ICT systems, communications or utilities for a significant period could impact on delivery of critical services.	01/04/2013	3	4	12	3	4	12	<p>Ensure ICT solutions are designed, implemented and operated to provide the agreed level of resilience.</p> <p>Ensure the ICT dependencies and requirements of the business are fully understood and reflected in ICT operational services, ICT infrastructure / platforms, ICT continuity plans and ICT recovery processes.</p> <p>Ensure the increased availability of ICT platforms and services through planned migration of data centre services from County Hall and Carrow House to more appropriate and resilient environments.</p> <p>Ensure provision of appropriate ICT support for business services operating outside of standard business hours.</p>	<p>ICT systems and services will migrate to Tier 3 (National infrastructure) data centres as part of DNA during 2014. As part of this work HP will deliver a Business Continuity plan and Disaster recovery plan for the services transferring and update them as the work progresses. The corporate Business Continuity Team will be directly involved.</p> <p>ICT Business Continuity plans are to be reviewed Feb 2014 and updated March 2014 to reflect lessons learnt as part of the datacentre power outage major incident. As part of the datacentre migration to HP we will be documenting all system dependencies to enable the move. In addition the ICT Service Delivery Analyst will be working with the resilience team to develop a plan to improve the situation and are meeting this week (March 2015).</p> <p>The first 3 pilot servers have been replicated to the HP Datacentre's and are now running in parallel ready for a coordinated switch over. This will provide additional resilience in terms of the server infrastructure once all server migrations are complete.</p> <p>DNA was approved in November 2013 and work has commenced to plan the migration of services. ICT have been asked by Wendy Thomson to consider the provision of additional support hours. All ICT contracts include the commitment to provide out of hours support as and when required to support planned activities and emergency situations.</p>	2	3	6	31/03/2015	Amber	Anne Gibson	Kurt Frary	10/03/2015
C	Resources Corporate Programme Office (P&R Committee)	RM14146	Failure to effectively manage County Hall refurbishment and maintenance.	Failure to effectively manage County Hall refurbishment and maintenance during the project may lead to: Excessive dust and noise resulting in interruption to work-related activities Release of asbestos resulting in the contamination of working areas and long term health issues. Flooding, specifically of the server room, resulting in delays to service delivery. Heightened risk of fire damage and personal injury due to inadequate fire alarm and evacuation systems.	01/11/2013	3	5	15	2	5	10	<p>Ensure the construction strategy regarding noise management is created in collaboration with client workstreams. Create and regularly test robust asbestos management plans before commencement of any construction activities.</p> <p>Ensure all staff and contractors are appropriately trained.</p> <p>Undertake a detailed assessment of existing water services, including identification of areas at high risk of failure.</p> <p>Create a management plan and approach to working on the system, including publishing and distributing an emergency handbook detailing the sequence of actions in the event of a discharge.</p> <p>Create an installation strategy to maintain effective systems of detection and alert.</p> <p>Fire Marshal team to be actively involved in the progress of works and included within the existing fire alarm testing regime, notifications, plans and systems.</p> <p>Communication plan in place to deliver</p>	<p>The risks have been managed effectively and the project is proceeding on time and on budget. This will deliver a refurbished building which will address the major repair issues, support new ways of working and facilitate the closure of other offices in Norwich. Work has been completed on schedule on floors 6,7,8 & Ground Floor (south wing) and these areas have been re-occupied.</p>	1	5	5	31/03/2016	Green	Harvey Bullen	Mick Sabec	02/03/2014
C	Community and Environmental Services (Communities Committee)	RM14098	Incident at key NCC premises or adjacent causing loss of access or service disruption	The risk that fire, flood or structural damage could cause disruption for services due to loss of the building or loss of access to the building.								To ensure a corporate approach to work area recovery is agreed.	Work underway to produce new plan for NCC's agreed corporate work area recovery site so that this is fit for purpose following the huge organisational changes/premises uses that have taken place. Once completed, plan to be signed off by the BC Management Board.								

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						3	3	9	3	3	9			3	2	6					
					01/04/2013	3	3	9	3	3	9	<p>Ensure robust out of hours arrangements for all premises access in the event of an incident exist.</p> <p>To ensure evacuation procedures are in place which minimise disruption and support recovery.</p> <p>To create an alternative exit for CH for use in emergency.</p>	<p>Work has been progressed to ensure details of Premise Managers and keyholders are available via the C2 system. Out of hours arrangements have been detailed in the SLA between NPS and NCC however this SLA has not been signed off and so the arrangements have not yet been initiated. Meeting to highlight this issue from an information management perspective with Mark Crannage. Please note: this action cannot be progressed any further until agreement is reached corporately between NCC and NPS on the service level agreement - dialogue is ongoing around this.</p> <p>Evacuation plans are being progressed. Two new evacuation points have been agreed for the North Wing and for the basement levels. A new main assembly point is currently in development. NPS needs to document evacuation arrangements which include input from the Resilience Team regarding communications and issues which need to be considered in the event we could not return to part or all of CH. Work ongoing and almost at completion.</p> <p>New muster areas marked out in carpark but as yet this has not been communicated to the business.</p> <p>Preparation work completed with NPS and Resilience Team so now in a position to be handed over to new Resilience Manager to liaise with relevant Elected Members prior to new application being submitted.</p>	3	2	6	31/03/2015	Amber	Tom McCabe	Lindsey Roue/Emma Tipple	09/03/2015
C	Resources Procurement (P&R Committee)	RM14080	Failure of tender process	If we do not manage the commissioning and tendering process effectively we may be subject to legal challenge from an unsuccessful bidder or we may appoint a bidder which is not capable of delivering the contract effectively.	16/10/2012	3	5	15	2	4	8	<p>1) Implement a document automation system to make tender processes more consistent.</p> <p>2) Further training for staff managing tender evaluation processes.</p>	Mitigation being monitored	1	4	4	30/06/2015	Green	Al Collier	Joan Murray	10/03/2015
C	Resources ICT (P&R Committee)	RM14184	Successful cyber attack.	A successful cyber attack will result in the loss or reduction of ICT capability leading to an inability to deliver or a restriction in our services. It will also result in a loss of sensitive data and/or information relating to service users and/or staff that could result in fines or legal challenge.	07/07/2014	2	4	8	2	4	8	The current Voice and Data contract includes Intrusion Detection and Intrusion prevention systems, Firewall and network security.	Appropriate Cyber security will be included in the Data and Voice contract re-let. Intrusion prevention and Intrusion detection have been included in the scope of the Voice and Data procurement Kurt Frary, Infrastructure Services Manager is working with procurement to ensure all security requirements are included.	1	4	4	01/03/2016	Green	Anne Gibson	Kurt Frary	10/03/2015

CDGSTP	Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Likelihood	Original Impact	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Tasks to mitigate the risk	Progress update	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner	Reviewed and/or updated by	Date of review and/or update
C	Finance (P&R Committee)	RM14169	Failure to deliver planned revenue budget savings in 2014/15	The risk that planned budget savings are not delivered in full and on time could lead to imposed in-year cuts and reductions in planned service delivery. This could impact on services delivered to the public, as well as generating adverse public and media comment if cuts are made in areas that were not included in the Putting People First consultation.	31/10/2013	3	3	9	2	3	6	Regular and robust monitoring and tracking of in-year budget savings by COG and members Regular finance monitoring reports to Committees	At the end of January 2015, there is a projected shortfall of £1.643m on the budgeted £68.267m savings target for 2014/15. Chief Officers are taking corrective action or identifying alternative savings to deliver a balanced outturn. The overall revenue budget based on the position at the end of January is forecast to underspend by £1.071m.	2	3	6	31/03/2015	Green	Peter Timmins	Harvey Bullen	05/03/2015
C	Resources Procurement (P&R Committee)	RM14156	Liability for legal challenge to procurements conducted by ESPO	The Eastern Shires Purchasing Organisation is a joint committee and the council, as a member authority, is liable for a share of any legal claim against ESPO which exceeds ESPO's modest reserves.	06/02/2014	3	3	9	2	3	6	A review of ESPO's governance processes has been undertaken and governance is now significantly more robust than in the past. However, large scale public procurement is inherently risky and tenderers are increasingly claims conscious. Further reviews are anticipated.	Situation being monitored, awaiting further review.	2	3	6	30/09/2015	Green	Peter Timmins	Joan Murray	10/03/2015
C	Community and Environmental Services (EDT Committee)	RM14173	Failure to establish a waste management strategy and associated policies	Would result in compromising the County Council's ability to undertake integrated procurements and development of initiatives in a co-ordinated manner, with suitable involvement of its partners and stakeholders and could lead to a requirement to use emergency powers to fulfil its role as the Waste Disposal Authority for Norfolk and may compromise its ability to deliver improved value for money waste services.	12/06/2014	2	5	10	1	5	5	Develop a waste management strategy and associated policies. Establish suitable governance and resources for development and delivery of strategy. Engage partners and stakeholders. Undertake procurements to deliver strategy. Deliver initiatives to support strategy.	Full Council on 15 December approved waste policies and a strategy for securing residual waste services. The Waste Advisory Group and Committee in March 2015 will consider evaluation principles to be applied and the approach to be adopted to securing solutions in 2015.	1	5	5	01/01/2015	Met	Tom McCabe	Joel Hull	27/02/2015

Risk Register - Norfolk County Council

Risk Register Name		Corporate Risk Register Summary- Appendix 2														Red	
Prepared by		Steve Rayner											High			Amber	
Date updated		March 2015											Med			Green	
Next update due		June 2015											Low			Met	
Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner			
Adult Social Care	RM14079	Failure to meet the long term needs of older people	If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation. With regard to the long term risk, bearing in mind the current demographic pressures and budgetary restraints, the Local Government Association modelling shows a projection suggesting local authorities may only have sufficient funding for Adult's and Children's care.	11/10/2012	25	5	5	25	2	4	8	31/03/2030	Amber	Harold Bodmer			
Resources	RM13968	Failure to follow data protection procedures	Failure to follow data protection procedures can lead to loss or inappropriate disclosure of personal information resulting in a breach of the Data Protection Act and failure to safeguard service users and vulnerable staff, monetary penalties, prosecution and civil claims.	30/09/2011	15	4	5	20	1	4	4	31/03/2015	Amber	Anne Gibson			
Resources	RM14097	Shortage of personnel for a variety of reasons e.g. illness, industrial action, inclement weather etc., including loss of key senior personnel	The risk of a shortage of personnel could result in inadequate capacity to deliver our services, reputational damage for the organisation, and litigation in the case of being unable to deliver our key statutory obligations. This is particularly the case with Payroll specialist and Oracle functional/ technical staff given the high level of payroll legislative changes (Real Time Information, Pension Scheme changes (LGPS 2014, TP & NHS 2015)) impacting at the same time as extensive organisational change.	01/04/2013	12	4	4	16	3	2	6	31/03/2015	Amber	Audrey Sharp			
Children's Services	RM14147	Failure to improve at the required pace.	CS Teams do not show the improved performance at the speed which is acceptable to DfE and Ofsted.	01/12/2013	10	3	5	15	1	4	4	31/01/2016	Green	Sheila Lock			
Children's Services	RM14148	Overreliance on interim capacity	Overreliance on interim capacity at leadership and management levels and in social worker teams leads to unsustainable performance improvement.	01/12/2013	20	3	5	15	2	4	8	30/06/2015	Amber	Sheila Lock			
Children's Services	RM13906	Looked After Children overspends	That the Looked After Children's budget could result in significant overspends that will need to be funded from elsewhere within Children's Services or other parts of Norfolk County Council	18/05/2011	16	3	5	15	2	4	8	30/06/2016	Amber	Sheila Lock			
Community and Environmental Services	RM0201	Failure to implement Norwich Northern Distributor Route (NDR)	Failure to implement the NDR would result in the inability to implement significant elements proposed in the Norwich Area Transport Strategy (NATS) Implementation Plan including pedestrian enhancements in the city centre, public transport improvements (including some Bus Rapid Transit corridors), traffic management in the suburbs, reductions in accidents and would result in an increase in congestion affecting public transport reliability. It would also result in a reduction in our capacity for economic development and negatively impact on Norfolk County Council's reputation. Inability to deliver the NDR will also affect the growth planned as part of the Joint Core Strategy (JCS).	01/04/2005	12	3	4	12	2	4	8	01/11/2017	Amber	Tom McCabe			
Adult Social Care	RM0207	Failure to meet the needs of older people	If the Council is unable to invest sufficiently to meet the increased demand for services arising from the increase in the population of older people in Norfolk it could result in worsening outcomes for service users, promote legal challenges and negatively impact on our reputation.	01/04/2011	12	3	4	12	2	4	8	31/03/2015	Amber	Harold Bodmer			
Resources	RM0200	Capacity for change - Insufficient capacity for business transformation	The proposals require significant transformation and change to services and there is a risk that there will be insufficient capacity to re-design services and implement new ways of working. Insufficient capacity and resources in the organisation to make required business transformation resulting in change projects not being delivered on time and risk that business as usual could fail in some areas.	01/04/2011	12	3	4	12	2	4	8	31/03/2017	Amber	Anne Gibson			
Resources	RM13918	Staffing - The speed and severity of change in work activities.	The risk that skills and knowledge may be lost as people leave or are made redundant, and that staff morale is adversely affected. The speed and severity of the changes in service activities, service redesign and job cuts necessary to achieve budget savings targets could significantly affect the engagement and wellbeing of staff. This could lead to increased sickness absence, reduced engagement and a reduction in productivity and performance.	23/05/2011	12	3	4	12	2	4	8	31/03/2017	Green	Audrey Sharp			

Area	Risk Number	Risk Name	Risk Description	Date entered on risk register	Original Risk Score	Current Likelihood	Current Impact	Current Risk Score	Target Likelihood	Target Impact	Target Risk Score	Target Date	Prospects of meeting Target Risk Score by Target Date	Risk Owner
Finance	RM14205	Failure to enter into and manage traded services on a sound commercial basis	The risk that full costs are not recovered on NCC traded services and that we enter into contracts which could jeopardise NCC's ability to deliver our core services.	07/11/2014	12	4	3	12	1	2	2	31/12/2015	Green	Peter Timmins
Resource	RM14183	Loss of internet connection and the ability to communicate with Cloud provided services.	The loss of ability to communicate over the internet will result in a failure to deliver IT based services leading to a loss of reputation, service delivery and additional costs.	07/07/2014	12	3	4	12	2	4	8	01/03/2015	Green	Anne Gibson
Resources	RM14100	Loss of key ICT systems	Loss of core or loss of a key ICT systems, communications or utilities for a significant period could impact on delivery of critical services.	01/04/2013	12	3	4	12	2	3	6	31/03/2015	Amber	Anne Gibson
Resources	RM14146	Failure to effectively manage County Hall refurbishment and maintenance.	Failure to effectively manage County Hall refurbishment and maintenance during the project may lead to: Excessive dust and noise resulting in interruption to work-related activities Release of asbestos resulting in the contamination of working areas and long term health issues. Flooding, specifically of the server room, resulting in delays to service delivery. Heightened risk of fire damage and personal injury due to inadequate fire alarm and evacuation systems.	01/11/2013	15	2	5	10	1	5	5	31/03/2016	Green	Harvey Bullen
Community and Environmental Services	RM14098	Incident at key NCC premises or adjacent causing loss of access or service disruption	The risk that fire, flood or structural damage could cause disruption for services due to loss of the building or loss of access to the building.	01/04/2013	9	3	3	9	3	2	6	31/03/2015	Amber	Tom McCabe
Resources	RM14080	Failure of tender process	If we do not manage the commissioning and tendering process effectively we may be subject to legal challenge from an unsuccessful bidder or we may appoint a bidder which is not capable of delivering the contract effectively.	16/10/2012	15	2	4	8	1	4	4	30/06/2015	Green	Al Collier
Resources	RM14184	Successful cyber attack.	A successful cyber attack will result in the loss or reduction of ICT capability leading to an inability to deliver or a restriction in our services. It will also result in a loss of sensitive data and/or information relating to service users and/or staff that could result in fines or legal challenge.	07/07/2014	8	2	4	8	1	4	4	01/03/2016	Green	Anne Gibson
Finance	RM14169	Failure to deliver planned revenue budget savings in 2014/15	The risk that planned budget savings are not delivered in full and on time could lead to imposed in-year cuts and reductions in planned service delivery. This could impact on services delivered to the public, as well as generating adverse public and media comment if cuts are made in areas that were not included in the Putting People First consultation.	31/10/2013	9	2	3	6	2	3	6	31/03/2015	Green	Peter Timmins
Resources	RM14156	Liability for legal challenge to procurements conducted by ESPO	The Eastern Shires Purchasing Organisation is a joint committee and the council, as a member authority, is liable for a share of any legal claim against ESPO which exceeds ESPO's modest reserves.	06/02/2014	9	2	3	6	2	3	6	30/09/2015	Green	Peter Timmins
Community and Environmental Services	RM14173	Failure to establish a waste management strategy and associated policies	Would result in compromising the County Council's ability to undertake integrated procurements and development of initiatives in a co-ordinated manner, with suitable involvement of its partners and stakeholders and could lead to a requirement to use emergency powers to fulfil its role as the Waste Disposal Authority for Norfolk and may compromise its ability to deliver improved value for money waste services.	12/06/2014	10	1	5	5	1	5	5	01/01/2015	Met	Tom McCabe

Risk trends 2014 /15 - Appendix 3

Risk No.	Risk Name	Current Risk Score					Target Risk Score					Prospects				
		4th Q	1st Q	2nd Q	3rd Q	4th Q	4th Q	1st Q	2nd Q	3rd Q	4th Q	4th Q	1st Q	2nd Q	3rd Q	4th Q
RM14147	Failure to improve at the required pace.	10	5	10	10	15	8	4	4	4	4	Amber	Green	Green	Green	Green
RM14148	Overreliance on interim capacity	20	10	15	15	15	8	8	8	8	8	Amber	Amber	Amber	Amber	Amber
RM13906	Looked After Children overspends.	16	16	16	25	15	8	8	8	8	8	Amber	Amber	Amber	Amber	Amber
RM14172	Residual Waste Treatment Contract termination process.	X	15	15	5	X	X	5	5	5	X	X	New	Amber	Met	X
RM0201	Failure to implement Norwich Northern Distributor Route (NDR).	12	12	12	12	12	8	8	8	8	8	Amber	Amber	Amber	Amber	Amber
RM14079	Failure to meet the long term needs of older people.	25	25	25	25	25	8	8	8	8	8	Amber	Amber	Amber	Amber	Amber
RM0207	Failure to meet the needs of older people	12	12	12	12	12	8	8	8	8	8	Amber	Amber	Amber	Amber	Amber
RM0200	Capacity for change - Insufficient capacity for business transformation	12	12	12	12	12	8	8	8	8	8	Amber	Amber	Amber	Amber	Amber
RM13918	Staffing - The speed and severity of change in work activities.	12	12	12	12		8	8	8	8		Green	Green	Green	Green	
RM14097	Shortage of personnel for a variety of reasons e.g.. illness, industrial action, inclement weather etc., including loss of key senior personnel.	12	12	12	16		6	6	6	6		Amber	Amber	Amber	Amber	
RM14098	Incident at key NCC premises or adjacent causing loss of access or service disruption.	9	9	9	9	9	6	6	6	6	6	Amber	Amber	Amber	Amber	Amber
RM14100	Loss of key ICT systems.	12	12	12	12	12	6	6	6	6	6	Amber	Amber	Amber	Amber	Amber

RM13968	Failure to follow data protection procedures.	12	12	20	20	20	4	4	4	4	4	Amber	Amber	Amber	Amber	Amber
RM14156	Liability for legal challenge to procurements conducted by ESPO	6	6	6	6	6	6	6	6	6	6	Green	Green	Green	Green	Green
RM14080	Failure of tender process.	8	8	8	8	8	4	4	4	4	8	Green	Green	Green	Green	Green
RM14169	Failure to deliver planned revenue budget savings in 2014/15.	X	9	9	9	6	X	6	6	6	6	X	Green	Green	Green	Green
RM14146	Failure to effectively manage County Hall refurbishment and maintenance.	15	15	15	10	10	5	5	5	5	5	Green	Green	Green	Green	Green
RM14173	Failure to establish a waste management strategy and associated policies.	X	X	10	10	5	X	X	5	5	5	X	X	Green	Green	Met
RM14183	Loss of internet connection and the ability to communicate with Cloud provided services.	X	X	12	12	12	X	X	8	8	8	X	X	Green	Green	Green
RM14184	Successful cyber attack.	X	X	8	8	8	X	X	4	4	4	X	X	Green	Green	Green
RM14205	Failure to enter into and manage traded services on a sound commercial basis	X	X	X	12	12	X	X	X	2	12	X	X	X	New	Green
RM14113	Failure in the delivery of the Willows Power and Recycling Centre.	20	6	X	X	X	6	6	X	X	X	Red	Met	X	X	X
RM14094	Failure to deliver planned budget savings in 2013/14	6	6	X	X	X	6	6	X	X	X	Green	Met	X	X	X
RM14154	Introduction of committee system	6	3	X	X	X	3	3	X	X	X	Amber	Met	X	X	X
RM14155	Embedding the committee system	8	4	4	X	X	8	4	4	X	X	Green	Green	Met	X	X

Audit Committee

Item No 7

Report title:	External Auditor's Audit Plan 2014-15
Date of meeting:	23 April 2015
Responsible Chief Officer:	Executive Director of Finance (Interim)

Strategic impact

The attached Audit Plan sets out how the Council's external auditors intend to carry out their responsibilities. This summarises the proposed external audit approach and scope for the 2014-15 audit, in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, auditing standards and other professional requirements.

Executive summary

The purpose of this report is to introduce the External Auditor's Audit Plan, which is attached as Appendix A.

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

Members are asked to:

- **consider the External Auditor's Audit Plan and whether there are other matters which may influence their audit.**

1. Introduction

The Council will publish a set of draft financial statements for 2014-15 at the end of June 2015, with the final audited statements published on or before 30 September 2015. The Council's external auditor is Ernst & Young LLP ("EY"), and the majority of the external audit will take place through July and August 2015.

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

2. Evidence

The External Auditor's Audit Plan is attached as Appendix A to this report.

3. Financial Implications

Items of particular note from the Audit Plan are:

- Financial Statement Risks, at part 3 –summarised in paragraph 4 below.
- Economy, Efficiency and Effectiveness, at part 4, including a significant audit risk arising from unfunded budget gaps in the Council's medium term financial strategy.
- The audit process and strategy, at part 5, including an indicative fee scale for the Council's audit which remains unchanged from 2013-14 at £170,360, including £14,300 for liaising with, and reviewing the work of the auditors of Norse Group, plus £6,200 in respect of the Teachers' Pension scheme.

EY assessment of overall materiality for the Council's 2014-15 financial statements is £14.8m based on 1% of gross operating expenditure. EY will report to the Audit Committee uncorrected audit misstatements greater than £0.7m. The equivalent figures for 2013-14 were £25.8m and £1m.

4. Issues, risks and innovation

Risk implications

- 4.1 The Financial Statement Risks identified in part 3 of the Audit Plan include the following risks which are in addition to those raised in last year's plan:
 - accounting for schools, following new accounting guidance issued in 2014-15 which may affect accounting assessments relating to voluntary controlled, voluntary aided, and foundation schools;
 - valuation of property, plant and equipment, as this represents a significant balance in the Council's accounts; and
 - assessment of the entities (including the Council's subsidiaries) included in the NCC group accounts. This follows the application of relevant international financial reporting standards to local authorities.
- 4.2 Officers have considered the risk areas highlighted in the Audit Plan. They have been taken into account in work planning, and are subject to discussions with the external auditors.
- 4.3 Apart from those listed in the report, there are no other implications to take into account.
- 4.4 A representative from EY will attend the meeting and answer members' questions.
- 4.5 EY will provide a formal report to the Audit Committee in September.

5. Background

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

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

- 5.2 EY will issue an opinion on whether the Council's group financial statements give a true and fair view of the financial position as at 31 March 2015 and of the income and expenditure for the year then ended. They will also report on the Council's Whole of Government Accounts ("WGA") return.
- 5.3 Due to a recent change in legislation, 2014-15 is the last year in which the Norfolk Joint Museums Committee will require a separate audit.
- 5.4 The Audit Plan at Appendix A explains the relevance of the Audit Commission's 'Statement of responsibilities of auditors and audited bodies' (Statement of Responsibilities), and the impact of the Local Audit and Accountability Act 2014.
- 5.5 The plan also sets out EY's assessment of the key strategic or operational risks and the financial statement risks facing the Council, respective responsibilities, and the audit strategy and process.

Officer Contact

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

Name	Telephone Number	Email address
Peter Timmins	01603 222400	peter.timmins@norfolk.gov.uk
Howard Jones	01603 223330	howard.jones@norfolk.gov.uk



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

Norfolk County Council

Year ending 31 March 2015

Audit Plan

23 April 2015

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INVESTOR IN PEOPLE

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

23 April 2015

Dear Members,

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. The purpose of this report is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2014/15 audit, in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, auditing standards and other professional requirements, but also to ensure that our audit is aligned with the Audit Committee's service expectations.

This report summarises our assessment of the key risks which drive the development of an effective audit for Norfolk County Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this report with you on 23 April 2015 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Rob Murray
Audit Director
For and on behalf of Ernst & Young LLP

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's 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 Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

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 Steve Varley, 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.

1. Overview

Context for the audit

This audit plan covers the work that we plan to perform in order to provide you with:

- ▶ Our audit opinion on whether the Council's financial statements give a true and fair view of the financial position as at 31 March 2015 and of the income and expenditure for the year then ended.
- ▶ A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

We will also review and report to the National Audit Office ('NAO'), to the extent and in the form required by them, on the Whole of Government Accounts return.

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

- ▶ Strategic, operational and financial risks relevant to the financial statements.
- ▶ Developments in financial reporting and auditing standards.
- ▶ The quality of systems and processes.
- ▶ Changes in the business and regulatory environment.
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and by focusing on the areas that matter, our feedback is more likely to be relevant to the Council.

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

In parts three and four of this plan we provide more detail on the above areas and we outline our plans to address them. Our proposed audit process and strategy are set out in more detail in section five.

We will provide an update to the Audit Committee on the results of our work in these areas in our report to those charged with governance scheduled for presentation to the Committee in September 2015.

2. The Local Audit and Accountability Act 2014

The Local Audit and Accountability Act 2014 (the 2014 Act) closes the Audit Commission and repeals the Audit Commission Act 1998.

The 2014 Act requires the Comptroller and Auditor General to prepare a Code of Audit Practice. In line with statutory deadlines, this was laid before Parliament and approved before 1 April 2015.

Although this new Code will apply from 1 April 2015, transitional provisions within the 2014 Act provide for the Audit Commission's 2010 Code to continue to apply to audit work in respect of the 2014/15 financial year. This plan is therefore prepared on the basis of the continued application of the 2010 Code of Audit Practice throughout the 2014/15 audit.

3. Financial statement risks

We outline below our assessment of the key strategic or operational risks and the financial statement risks facing the Council, identified through our knowledge of the entity's operations and discussion with members and officers.

Significant risks (including fraud risks)

Our audit approach

Pension valuations and disclosures

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.

The Council's current pension fund deficit is a highly material and sensitive item and the Code requires that this liability be disclosed on the Council's Balance Sheet.

The information disclosed is based on the IAS19 report issued to the Council by the actuaries to the administering body.

As part of their actuarial review, councils are being asked to make additional payments to the pensions scheme to fund deficits.

Our approach will focus on:

- ▶ Liaising with the auditors of the administering authority, to obtain assurances over the information supplied to the actuary in relation to the Norfolk County Council.
- ▶ Assessing the conclusions drawn on the work of the actuary by the Consulting Actuary to the Audit Commission, PwC.
- ▶ Reviewing and testing the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

Norse Group Ltd

Norse Group Ltd is a significant component company within the Norfolk County Council group. Norse Group Ltd is significant to the group based on both its size and other risk factors; specifically that it has a non-coterminous year end.

Production of statements and disclosure notes for the group accounts and the closedown and consolidation process therefore presents a significant financial statement risk.

Our approach will focus on:

- ▶ Assessing the group accounting instructions and consolidation schedules issued to Norse Group Ltd by Norfolk County Council.
- ▶ Liaising with Grant Thornton LLP, the external auditors of the Norse Group, and issuing them with instructions that detail the required audit procedures they are to undertake on the consolidation schedules prepared by Norse.
- ▶ Ensuring that appropriate consolidation procedures are applied when consolidating the Norse Group into the Norfolk County group accounts.

Accounting for schools

Accounting for schools has been a key issue over previous years. This has focused on the accounting treatment of assets held by locally maintained schools and whether these assets are controlled by the local authority and therefore on the Balance Sheet. This control assessment has focused on the five main categories of schools, community, voluntary controlled (VC), voluntary aided (VA), foundations and academies.

During 2014/15, guidance has been issued in this area, specifically an update to the Code and LAAP Bulletin 101; Accounting for Non-Current Assets Used by Local Authority Maintained Schools. The updated guidance considers further the impact of ownership on the control assessment; specifically the fact that VC, VA and a number of foundation schools may be owned by religious bodies.

This area requires a significant amount of accounting judgement to be applied and there is therefore a risk that these schools may be incorrectly treated in the accounts or that the treatment applied may not be fully supported.

Our approach will focus on:

- ▶ Reviewing and concluding on the Council's assessment of who receives the future economic benefit or service potential of the schools and the related playing fields
- ▶ Considering the explanation of what specific factors have altered if a change in accounting treatment is required
- ▶ Reviewing key correspondence with religious bodies and/or foundation school trusts/governing bodies regarding these assets
- ▶ Assessing the appropriateness of the accounting policy and accounting entries in the accounts relating to this issue.

Risk of management override

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

Our approach will focus on:

- ▶ testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- ▶ reviewing accounting estimates for evidence of management bias, and
- ▶ evaluating the business rationale for significant unusual transactions

Other financial statement risks

Assessment of the Norfolk County Council group boundary

IFRS 10: Consolidated Financial Statements and IFRS 11: Joint Arrangements have been adopted into the Local Authority Accounting Code of Practice for the first time in 2014/15.

These new accounting standards introduce into the Code a number of changes to the classification and accounting requirements for potential group entities, most significantly:

- a new and wider definition of control which focuses on the ability to control relevant activities and thereby to control variations in returns received from the entity; and
- changes to the classification of joint arrangements that the Authority may be involved in; limiting them to either Joint Venture or Joint Operation status.

During recent years the Council has entered into a number of arrangements with other entities regarding service delivery. It is therefore important that the Council continues to revisit on an annual basis its assessment of the group boundary, especially in the light of these new standards and considers all entities where there is an arrangement for the operation and delivery of services.

Our approach will focus on:

- ▶ Assessing where overall control lies with regard to the operation and delivery of services of the potential group entities.
- ▶ Reviewing the group boundary assessment prepared by the Council. In relation to those entities that are identified as being within the Norfolk County group boundary; assessing whether the entities have been correctly classified and accounted for in accordance with IFRS 10 and 11; and for each entity ensuring that the accounting framework and accounting policies are aligned to those of the Norfolk County group.
- ▶ Ensuring that appropriate consolidation procedures are applied when consolidating relevant entities into the Norfolk County Council group accounts.

Valuation of property, plant and equipment

Property, plant and equipment represent a significant balance in the Council's accounts and this is an area which involves judgemental inputs and estimates.

The most significant accounting judgement and estimate that the Council forms in this area relates to the valuation of property, plant and equipment. In order to address this accounting risk the Council employs a valuation expert; Norfolk Property Services.

Our approach will focus on:

- ▶ Consideration of any revaluations in year, the basis of valuation of significant assets and any significant changes in use to ensure they remain appropriate if circumstances change.
- ▶ Review of accounting treatment for any changes or reclassifications required to balance sheet assets.
- ▶ The valuation expertise used by the Council.

Academies

Schools have continued to convert to academy status during 2014/15. This has implications for the treatment of the schools' property, plant and equipment, debtors, creditors, cash, balances and income (including dedicated schools grant) and expenditure within the Council's accounts.

There is a risk that these schools' transactions and balances may be either incorrectly included or omitted.

Our approach will focus on:

- ▶ The arrangements for agreeing with the schools the assets, liabilities and balances for transfer.
- ▶ Reviewing how the transfers have been accounted for

Respective responsibilities in relation to fraud and error

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

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

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

- ▶ identifying fraud risks during the planning stages;
- ▶ enquiry of management about risks of fraud and the controls to address those risks;
- ▶ understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ determining an appropriate strategy to address any identified risks of fraud; and
- ▶ performing mandatory procedures regardless of specifically identified fraud risks.

We will consider the results of the National Fraud Initiative and may refer to it in our reporting to you.

4. Economy, efficiency and effectiveness

Our work will focus on whether the Council has proper arrangements in place to secure:

- ▶ financial resilience, and
- ▶ economy, efficiency and effectiveness in the use of resources.

Our approach and identification of significant risks

Over recent years, we have gained a comprehensive understanding of the Council's strategic, finance and operating plans and processes. We have supplemented this knowledge with a review of Council's value for money arrangements against characteristics and risk indicators set out in the Audit Commission's Value for Money conclusion guidance. We have concluded in all audit years that the Council has proper arrangements to secure its financial resilience and in economy, efficiency and effectiveness in its use of resources.

We will continue to plan and perform our work this year based on our assessment of risk as set out in the Audit Commission's guidance. At this stage, we have identified one significant risk against the Value for Money criteria which will require additional risk based work. The table below provides a high-level summary of the identified significant risk and the areas of focus for our 2014/15 work regarding this risk.

Significant risk	Impacts arrangements for securing	Our audit approach
Financial pressures on the Council		
<p>To date the Council has responded well to the financial pressures it has faced during the difficult economic conditions of the last few years.</p> <p>The Council, however, continues to face significant financial challenges over the next three to four years, due to declining Central Government funding and continued pressures from inflation, demographics and the impact of new legislation.</p> <p>As a result of these pressures the Council currently has unfunded budget gaps in its medium term financial strategy of £42.9m in 2016/17 and £44.8m in 2017/18.</p>	Financial resilience	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ The adequacy of the Council's medium term financial planning process, including an assessment of the links to the annual budget setting process. ▶ The robustness of the assumptions that underlie budget setting. ▶ The effectiveness of the approach taken to assessing the impact of and managing risk within the budget setting process. ▶ The effectiveness of the steps being taken by the Council to eradicate the unfunded budget gaps in its medium term financial strategy in 2016/17 and 2017/18.

We will keep our risk assessment under review throughout our audit and communicate to the Audit Committee any revisions to the significant risk identified here and any additional local risk-based work we may need to undertake as a result.

5. Our audit process and strategy

Objective and scope of our audit

Under the Audit Commission's Code of Audit Practice ('the Code') our principal objectives are to review and report on, the Council's:

- ▶ financial statements
- ▶ arrangements for securing economy, efficiency and effectiveness in its use of resources

We issue a two-part audit report covering both of these objectives.

Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland). This opinion covers the Council's financial statements. We issue a separate opinion on the financial statements of the Norfolk Pension Fund.

We will also review and report to the National Audit Office ('NAO'), to the extent and in the form required by them, on the Whole of Government Accounts return.

We will also issue a statutory audit opinion on Norfolk County Council's subsidiary company, Independence Matters Ltd. In respect of this subsidiary we will plan our audit procedures to identify misstatements that could be material to the statutory financial statements of the individual entity.

Arrangements for securing economy, efficiency and effectiveness

The Code sets out our responsibility to satisfy ourselves that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In arriving at our conclusion, to the fullest extent possible we will place reliance on the reported results of the work of other statutory inspectorates in relation to corporate or service performance. In examining the Council's corporate performance management and financial management arrangements we have regard to the following criteria and areas of focus specified by the Audit Commission:

- ▶ Arrangements for securing financial resilience – whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- ▶ Arrangements for securing economy, efficiency and effectiveness – whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Audit process overview

Our audit involves:

- ▶ Assessing the key internal controls in place and testing the operation of these controls
- ▶ Review and re-performance of the work of Internal Audit
- ▶ Reliance on the work of other auditors where appropriate
- ▶ Reliance on the work of experts in relation to areas such as pensions and property valuations
- ▶ Substantive tests of detail of transactions and amounts

Processes

Our initial assessment of the key processes has identified the following key processes where we will seek to test key controls, relying on the work of internal audit where efficient:

- ▶ General ledger
- ▶ Accounts receivable
- ▶ Accounts payable
- ▶ Payroll
- ▶ Routewise
- ▶ P & T Operations
- ▶ Homecare third party payments
- ▶ Recurring payments
- ▶ CareFirst

Other material items of account will be tested substantively at year end.

Analytics

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

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

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

Internal audit

As in prior years, we will review Internal Audit plans and the results of work undertaken. We will reflect the findings from these reports, together with reports from other work completed in the year, in our detailed audit plan, where issues are raised that could impact the year-end financial statements.

Use of experts

We will utilise specialist EY resource, as necessary, to help us to form a view on judgments made in the financial statements. At the moment we expect those areas to include pension's valuation experts only.

Mandatory procedures required by auditing standards

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

Procedures required by standards

- ▶ addressing the risk of fraud and error;
- ▶ significant disclosures included in the financial statements;
- ▶ entity-wide controls;
- ▶ reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- ▶ auditor independence.

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement
- ▶ Reviewing and reporting on the Whole of Government accounts return, in line with the instructions issued by the NAO
- ▶ Reviewing, and where appropriate, examining evidence that is relevant to the Authority's corporate performance management and financial management arrangements and reporting on these arrangements

Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition. We have determined that overall materiality for the financial statements of the Norfolk County group is £14.8m based on 1% of gross operating expenditure. We will communicate uncorrected audit misstatements greater than £0.7m to you.

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

Fees

The Audit Commission has published a scale fee for all authorities. The scale fee is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2010. The indicative fee scale for the Council's audit is £156,060, and we are expecting to charge an additional £14,300 for liaising with, and reviewing the work of the auditors of Norse Group. This is the same level of additional work as incurred in 2012/13 and 2013/14, and is subject to approval by Public Sector Audit Appointments Ltd. This fee is predicated on the Council preparing financial statements for audit which are free from material error and which are supported by good quality working papers.

Your audit team

The engagement team is led by Rob Murray, who has significant experience on the external audit of Norfolk County Council. Rob is supported by Philip King who is responsible for the day-to-day direction of audit work, and who is the key point of contact for the corporate accounting team.

Timetable of communication, deliverables and insights

We have set out on the following page a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts; and the deliverables we have agreed to provide to through the Audit Committee cycle in 2015. These dates are determined to ensure our alignment with the Audit Commission's rolling calendar of deadlines.

We will provide a formal report to the Audit Committee in September, incorporating the outputs from our year-end procedures. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate.

Following the conclusion of our audit we will prepare an annual audit letter in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	Audit Committee timetable	Deliverables
High level planning	January		Audit Fee letter
Risk assessment and setting of scopes	February - March	Audit Committee	Audit Plan
Testing of routine processes and controls	March-April		Reporting of any significant matters if required
Draft accounts	June		Accounts received for audit
Year-end audit including WGA	July – August		
Reporting	September	Audit Committee	Report to those charged with governance Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources). Audit completion certificate
Reporting	November		Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

6. Independence

Introduction

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

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

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

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

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

Relationships, services and related threats and safeguards

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

Self-interest threats

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

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

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and that are in compliance with the Audit Commission's Standing Guidance.

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

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

Self-review threats

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

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

Management threats

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

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

Other threats

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

The Audit Commission's standing guidance for auditors requires confirmation, before the start of the sixth year of an individual auditors work on an engagement, that there are no independence issues that would preclude an extension for an additional period of up to no more than two years. This is Rob Murray's seventh year on the Norfolk County Council audit. We agreed with the Audit Commission in 2013/14 that there were no independence issues that would preclude an extension for a further two years.

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

Overall Assessment

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

Other required communications

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

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended 27 June 2014 and can be found here:

[UK 2014 Transparency Report](#)

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2014/15 £	Actual Fee 2013/14 £	Explanation of variance
Total Audit Fee – Code work	170,360*	170,360*	N/A
Review of Teacher's Pension claim	6,200	6,200	N/A

*The planned fee includes an expected additional fee of £14,300 for instructing, liaising with, and reviewing the work of the auditors of Norse Group Ltd. This was included in both 2013/14 and 2012/13.

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

- ▶ the Council provides good quality draft accounts which have undergone senior management review by 30 June 2015 and working papers which have similarly undergone review by 30 June 2015;
- ▶ officers provide appropriate responses to queries and other information we request within the agreed timescales to allow us to complete the audit fieldwork by August 2015;
- ▶ we can rely on the work of internal audit as planned;
- ▶ the level of risk in relation to the audit of accounts is consistent with that in the prior year;
- ▶ the Audit Commission making no significant changes to the use of resources criteria on which our conclusion will be based;
- ▶ our accounts opinion and use of resources conclusion will be unqualified;
- ▶ the Council maintains an effective control environment;
- ▶ there are no questions asked or objections made by local government electors; and
- ▶ if any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Executive Director of Finance and the Audit Committee in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B UK required communications with those charged with governance

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

Required communication	Reference
<p>Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.</p>	▶ Audit Plan
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ significant difficulties, if any, encountered during the audit ▶ significant matters, if any, arising from the audit that were discussed with management ▶ written representations that we are seeking ▶ expected modifications to the audit report ▶ other matters if any, significant to the oversight of the financial reporting process 	▶ Report to those charged with governance
<p>Misstatements</p> <ul style="list-style-type: none"> ▶ uncorrected misstatements and their effect on our audit opinion ▶ the effect of uncorrected misstatements related to prior periods ▶ a request that any uncorrected misstatement be corrected ▶ in writing, corrected misstatements that are significant 	▶ Report to those charged with governance
<p>Fraud</p> <ul style="list-style-type: none"> ▶ enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ a discussion of any other matters related to fraud 	▶ Report to those charged with governance
<p>Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ non-disclosure by management ▶ inappropriate authorisation and approval of transactions ▶ disagreement over disclosures ▶ non-compliance with laws and regulations ▶ difficulty in identifying the party that ultimately controls the entity 	▶ Report to those charged with governance
<p>External confirmations</p> <ul style="list-style-type: none"> ▶ management's refusal for us to request confirmations ▶ inability to obtain relevant and reliable audit evidence from other procedures 	▶ Report to those charged with governance

Required communication	Reference
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY’s objectivity and independence</p> <p>Communication of key elements of the audit engagement director’s consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ the principal threats ▶ safeguards adopted and their effectiveness ▶ an overall assessment of threats and safeguards ▶ information about the general policies and process within the firm to maintain objectivity and independence 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ whether the events or conditions constitute a material uncertainty ▶ whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ the adequacy of related disclosures in the financial statements 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ breakdown of fee information at the agreement of the initial audit plan ▶ breakdown of fee information at the completion of the audit 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance ▶ Annual Audit Letter if considered necessary
<p>Group audits</p> <ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team’s planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team’s evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor’s work ▶ Any limitations on the group audit, for example, where the group engagement team’s access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	<ul style="list-style-type: none"> ▶ Audit Plan

Required communication

Reference

Certification work

- ▶ Summary of certification work undertaken

- ▶ Annual Report to those charged with governance summarising grant certification
-

Appendix C Detailed Scopes

Our objective is to form an opinion on the group's consolidated financial statements under International Standards on Auditing (UK and Ireland).

We set audit scopes for each reporting unit which together enable us to form an opinion on the group accounts. We take into account the size, risk profile, changes in the business environment and other factors when assessing the level of work to be performed at each reporting unit.

- ▶ Full scope: locations deemed significant based on size and those with significant risk factors are subject to a full scope audit, covering all significant accounts and processes using materiality levels assigned by the EY Cambridge audit team for the purposes of the consolidated audit. Procedures are full-scope in nature, but may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements (as materiality thresholds support to the consolidated audit).
- ▶ Specific scope: locations where only specific procedures are performed by the local audit team, based upon procedures, accounts or assertions identified by the EY Cambridge audit team.
- ▶ Limited Scope: limited scope procedures primarily consist of enquiries of management and analytical review. On-site or desk top reviews may be performed, according to our assessment of risk.

Our audit approach is risk based and following an assessment of the risks presented by the significant component company within the Norfolk County Council group, Norse Group Ltd, the preliminary audit scope we have adopted to enable us to report on the group accounts is set out below:

- ▶ Due to its significance to the group, based on both its size and other risk factors, Norse Group Ltd has been assessed as a full scope component. We have therefore instructed Grant Thornton LLP, the external auditors to the Norse Group, to undertake a full scope audit of the consolidation pack prepared by the Norse Group, covering all significant accounts and processes and using a materiality level that we have assigned

ISA 600 (UK and Ireland) requires that we provide you with an overview of the nature of our planned involvement in the work to be performed by the auditors of group component companies. As noted above, we have instructed Grant Thornton LLP to undertake a full scope audit of the consolidation pack prepared by the Norse Group. We will liaise with Grant Thornton on a regular basis as well as review elements of the work they undertake on our behalf. We will review the final audited financial statements of Norse Group Ltd when performing our tests of consolidation and analytical review of the amounts feeding into the group statements.

EY | Assurance | Tax | Transactions | Advisory

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Audit Committee

Item No...8...

Report title:	Work Programme
Date of meeting:	23 April 2015
Responsible Chief Officer:	Executive Director of Finance
Strategic impact	
<p>The Committee's work fulfils its Terms of Reference as set out in the Council's Constitution and agreed by the Council. The terms of reference fulfil the relevant regulatory requirements of the Council for Accounts and Audit matters, including risk management, internal control and good governance.</p> <p>In accordance with its Terms of Reference the Committee should consider the programme of work set out below.</p>	

June 2015	
NAS Quarterly Report Quarter ended 31 March 2015	Executive Director of Finance
Monitoring Officer Annual Report 2014-15	Head of Law
Annual NAS Report 2014-15	Executive Director of Finance
Statement of Accounts 2014-15 Update	Executive Director of Finance
Annual Governance Statement and the Review of the Effectiveness of the Governance Framework, including the System of Internal Control 2014-15	Executive Director of Finance
Risk Management Report	Executive Director of Finance
Anti-Fraud and Corruption Update	Head of Law
Local Audit and Accountability Act 2014 – Auditor Panel Implementation Strategy	Executive Director of Finance
Audit Committee Work Programme	Chairman
September 2015	
Annual Governance Statement 2014-15 for Approval	Executive Director of Finance
Statement of Accounts 2014-15 for Approval	Executive Director of Finance
NAS Quarterly Report Quarter ended 30 June 2015	Executive Director of Finance
Letter of Representation for Statement of Accounts 2014-15, Annual Governance Report	Executive Director of Finance/External Auditors

and Draft Annual Audit Letter	
Internal Audit Plan for the second half of 2015-16	Executive Director of Finance
Risk Management Report	Executive Director of Finance
Audit Committee Work Programme	Chairman
January 2016	
NAS Quarterly Report Quarter ended 30 September 2015	Executive Director of Finance
NAS: Review of NAS Terms of Reference, Code of Ethics and Strategy	Executive Director of Finance
A Half yearly update of the Audit Committee	Chairman
Internal Audit Strategy, Approach, Strategic Plan 2016-2019 and Internal Audit Plan for 2016-17	Executive Director of Finance
Audit Committee Terms of Reference	Chairman
Anti-Fraud and Corruption Update	Head of Law
Certificate of Claims and Returns Annual Report 2014-15	Executive Director of Finance/External Audit
External Audit Update Report	Executive Director of Finance/External Audit
Risk Management Report	Executive Director of Finance
Audit Committee Work Programme	Chairman

Officer Contact

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

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

Officer Name: Adrian Thompson - Chief Internal Auditor

Tel No: 01603 222784

Email address: adrian.thompson@norfolk.gov.uk



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