Norfolk County Council

Audit Committee

Date: **Thursday 18 June 2015**

Time: **2pm**

Venue: **Colman Room, County Hall, Norwich**

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

Membership:

        Mr B Bremner
        Mrs S Gurney
        Mr H Humphrey
        Mr J Joyce
        Mr I Mackie
        Mr D Ramsbotham
        Mr R Smith

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

A g e n d a

1   **Election of Chairman**

2   **Election of Vice-Chairman**

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

4   **Minutes**
To confirm the minutes of the meeting held on 23 April 2015.

5   **Members to Declare any Interests**

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

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

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

If you do not have a Disclosable Pecuniary Interest you may nevertheless have an **Other Interest** in a matter to be discussed if it affects
-       your well being or financial position
-       that of your family or close friends
-       that of a club or society in which you have a management role
-       that of another public body of which you are a member to a greater extent than others in your ward.

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

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

7   **Risk Management report (1st Quarter 2015/16)**
Report by the Executive Director of Finance

8   **Report on Business Continuity**
Report by the Executive Director of Community & Environmental Services

9   **Norfolk Pension Fund - External Auditor's Audit Plan 2014-15.**
Report by the Executive Director of Finance

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Date Agenda Published: 10 June 2015

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Norfolk County Council

Audit Committee
Minutes of the Meeting held on Thursday 23 April 2015 at 2pm in the Colman Room, County Hall, Norwich

Present:

Mr I Mackie (Chairman)

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

Officers Present:

Mr S Rayner   Strategic Risk Manager
Mr A Thompson   Chief Internal Auditor
Mrs J Mortimer   Committee Officer

Also Present:

Rob Murray   External Auditor
Philip King   External Auditor

1   Welcome

1.1   The Chairman welcomed Mrs S Gurney to the Committee. Mrs Gurney had replaced Mr A Gunson, who had recently resigned from the Council. Members placed on record their thanks to Mr Gunson for all his service to the Committee and the Council.

1.2   The Chairman also welcomed John White, who had joined the County Council as an Internal Audit Manager. John had moved to Norfolk County Council from Barnsley Council and had an extensive history of working in the public sector, particularly in audit.

2   Apologies for Absence

          Apologies for absence were received from Mr B Bremner and Mr P Timmins, Interim Executive Director of Finance.

3   Minutes

3.1   The minutes of the meeting held on 29 January 2015 were agreed as a correct record and signed by the Chairman.

          Matters arising
3.2   Members asked officers to check that the figure of £5k, referred to in paragraph 6.2, third bullet point, which had been allocated from the Children's Services

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Budget to carry out some work on how to prevent children from entering the care system, was correct.

3.3   The Chief Internal Auditor would follow up the request from the Audit Committee for Community Services Committee to review all business continuity plans and provide the Committee with an update at its next meeting.

3.4   One of the contingency arrangements as part of the business continuity plan for relocating staff in an emergency, had been to issue all staff with laptop computers as part of the DNA project. This allowed the majority of staff to work in other locations in the event of an emergency, although it was recognised that high speed broadband was not as good in some locations as in others. The Committee noted that the DNA roll-out programme was progressing well.

4   Declaration of Interests

4.1   Mrs S Gurney declared an other interest in item 7 (External Audit Plan 2014-15 Audit) as her son was employed by Norse and was a member of the Norfolk Pension Fund and her husband was a member of the Norfolk Pension Fund.

5   Items of Urgent Business

There were no items of urgent business.

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

6.1   The Committee received the report by the Executive Director of Finance (Interim) summarising the results of recent work by Norfolk Audit Services (NAS).

6.2   The Committee was asked to consider and comment on:

- The overall opinion on the effectiveness of risk management and internal control being 'acceptable' and therefore considered 'sound'.
- The changes to the approved 2014-15 Norfolk Audit Services audit plan, as set out in Appendix D of the report.
- Satisfactory progress with the traded schools audits and the preparations for an Audit Authority for the France Channel England Interreg Programme.
- The Audit Commission had confirmed that the External Audit Fee for 2015-16 would be £39,015 lower at £117,045.

6.3   During the discussion, the following points were noted;

- At its last meeting, the Committee had strongly recommended that training on fraud awareness should be mandatory for all employees.

- Chief Officer Group (COG) was monitoring the savings options and medium term financial planning. There was a significant challenge in ensuring that the built in savings were being achieved or were likely to be achieved in the future and therefore this topic remained a significant issue for the whole Council.

- COG received regular updates on all departmental risk registers, which provided opportunities for each service director to be scrutinised on risk by their peers as well as by the service committees.

- The Chief Internal Auditor explained that the Annual Governance Statement referred to in Appendix B of the report was signed by the Leader of the Council and the Managing Director and there was a requirement for the document to be published by the end of June 2015. The statement would be prepared and published in draft format, signed off by the Leader of the Council and Managing Director, before it was audited by the External Auditors. The Audit Committee would receive the final Annual Governance Statement at its September meeting when it considered and signed off the annual accounts.

- The corporately significant governance issues outlined in the report would be included in the Annual Governance Statement.

- The Committee would receive an update report on the latest position with regard to the draft accounts at its June meeting.

- When there were cases of alleged fraud in educational settings, Internal Audit would carry out the forensic audit work and gather evidence, working with Children's Services and the schools finance teams. A report would be produced showing the evidence and conclusions and passed to Children's Services specialist investigating officers, who would progress the allegations as appropriate.

- Schools Financial Value Standard (SFVS) returns were self assessments carried out by a Headteacher and Governing body about how well they felt the school was doing in areas of governance, risk management and business continuity using a Red, Amber, Green (RAG) rating. The audit had identified that, in some cases, there was room for improvement as there had been insufficient evidence to support the individual judgements that had been made. An action plan had been agreed.

- Members were given some examples of fraud risks in schools. The Committee was pleased to note that fraud in educational settings was rare, although where there may be a high level of trust given to finance officers in schools, that had a potential to lead to fraud. The Internal Audit Team worked with Governors to raise awareness of fraud and also how to identify possible cases.

- The Committee suggested a briefing note could be prepared which could be offered to Governors to assist them when they were checking accounts, by giving some examples of things to look for.

- The Chief Internal Auditor and the Chairman would consider whether to re-launch the Traded Schools Audits services for schools that had not received audits for a few years. These services could also be promoted to academies and free schools as an opportunity to generate income for the Council.

6.4   The Committee **noted** the report.

7   Risk Management report (4th Quarter 2014/15).

7.1   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 fourth quarter of 2014/15. The update included details of twenty risks proposed for inclusion within the Corporate Risk Register.

7.2   During the discussion, the following points were noted;

- The Committee was pleased to note that Janice Dane, Assistant Director Early Help and Prevention, Adult Social Care would be attending the next committee meeting to answer questions from Members about risk number RM14079 (Failure to meet the long term needs of older people).

- The possibility of a merger between Adult Social Care and the NHS was being kept under review to monitor any impact a merger may have on the County Council.

- With regard to risk RM13968 (Failure to follow data protection procedures), once the Digital Norfolk Ambition (DNA) Programme roll-out had been completed, electronic information would be held much more securely. It was recognised that this would not prevent a member of staff from putting the wrong letter in an envelope and therefore the risk remained high because of the potential for a security breach to occur in this respect.

- With regard to risk RM14097 (Shortage of personnel for a variety of reasons) the Committee noted that the tender for the replacement of the oracle programme had now been awarded and interface with the contractor was taking place to ensure the programme worked correctly. The risk would therefore remain a high priority until the programme had been deemed fit for purpose.

- Departmental management teams were being asked to review risk scores to ensure that they remained at an appropriate level and were achievable.

- The Committee requested further information about the overall view from Chief Officer Group (COG) on risk appetite and whether the current financial pressures meant that some risk scores were being handled appropriately. The Committee suggested that it would be useful to have a corporate view on risk and requested that that the Managing Director should be invited to attend a future meeting to provide some information in this respect.

7.3   The Committee **noted** the changes to the risk register.

8   External Audit Plan 2014-15 Audit

8.1   The Committee received the report by the Executive Director of Finance (Interim) introducing the External Auditor's Audit Plan at Appendix A. The Plan summarised 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.

8.2 The Chairman welcomed Mr R Murray and Mr P King from Ernst & Young LLP (EY) who attended the meeting to answer questions from the Committee.

8.3 The following key points were noted during the presentation of the report:

- Two new significant risks had been introduced, one relating to accounting for schools and the other relating to the financial pressures on the Council.

- Financial pressures on the Council had been uprated to a significant risk and more work would be carried out on the integrity of plans and the assumptions made when preparing the budget.

- Following the closure of the Audit Commission, the external audit contracts were now managed by PSAA Ltd.

- Norfolk had been categorised as a Public Interest Entity following a review of Ernst & Young's client base. This had led to the materiality reducing by half from the previous year. It was not expected that this change would alter the External Auditor's fees for this year and therefore fees were expected to be held at the same level as last year.

- No change was expected with regards to Norse Group accounts, although this had yet to be confirmed

8.4 The following key points were noted during the discussion:

- Norse Group had agreed to amend their Accounting year end to become coterminous with Norfolk County Council from 2015-16 and had agreed to pick up the additional External Auditor fees until this came into effect.

- The External Auditors confirmed that they were satisfied with the quality and quantity of work carried out by the Internal Audit Team.

- The External Auditor fees remained unchanged for this financial year although they would reduce significantly in 2015-16.

- The level of materiality (defined as the magnitude of an omission or misstatement that, individually or on aggregate, could reasonably be expected to influence the users of the financial statements) had reduced significantly from previous years. The overall materiality for the financial statements of the Norfolk County Group was £14.8m based on 1% of gross operating expenditure. Any uncorrected audit misstatements greater than £700,000 would be flagged up by the External Auditors.

- The Norfolk Pension Fund Audit Plan would be presented to the Pensions Committee in June, after which it would be brought to the Audit Committee.

8.5 The Committee **NOTED** the report.

9   Audit Committee Work Programme

9.1   The Committee received and **noted** the report by the Executive Director of Finance (Interim) setting out the programme of work for the Committee, and requested updates at its June meeting on risk RM14079 (Failure to meet the long term needs of older people), risk appetite and business continuity planning.

9.2   The Committee agreed the following training for Members of the Audit Committee.

18 June 2015	–	Future of public audit.
24 September 2015	–	Statement of Accounts.

10   Date of next meeting

10.1   The next meeting will take place at 2pm on Thursday 18 June 2015 in the Colman Room.

The meeting ended at 3.10pm

CHAIRMAN

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Audit Committee

Report title:	Risk Management report (1st Quarter 2015/16)
Date of meeting:	18 June 2015
Responsible Chief Officer:	Executive Director of Finance
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 review conducted during the part of 2015/16.

The update includes details of the twenty risks currently included within the Corporate Risk Register. Risks are where the occurrence of an event may have an impact on the County Council achieving its objectives or missing opportunities.

A more comprehensive review of the Councils corporate risk register is currently taking place and the outcome of that will be reported to the Committee at its next meeting.

Recommendations:

Committee Members are asked to:
1. **note the changes to the risk register**
2. **comment on the twenty corporate risks identified**
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 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.
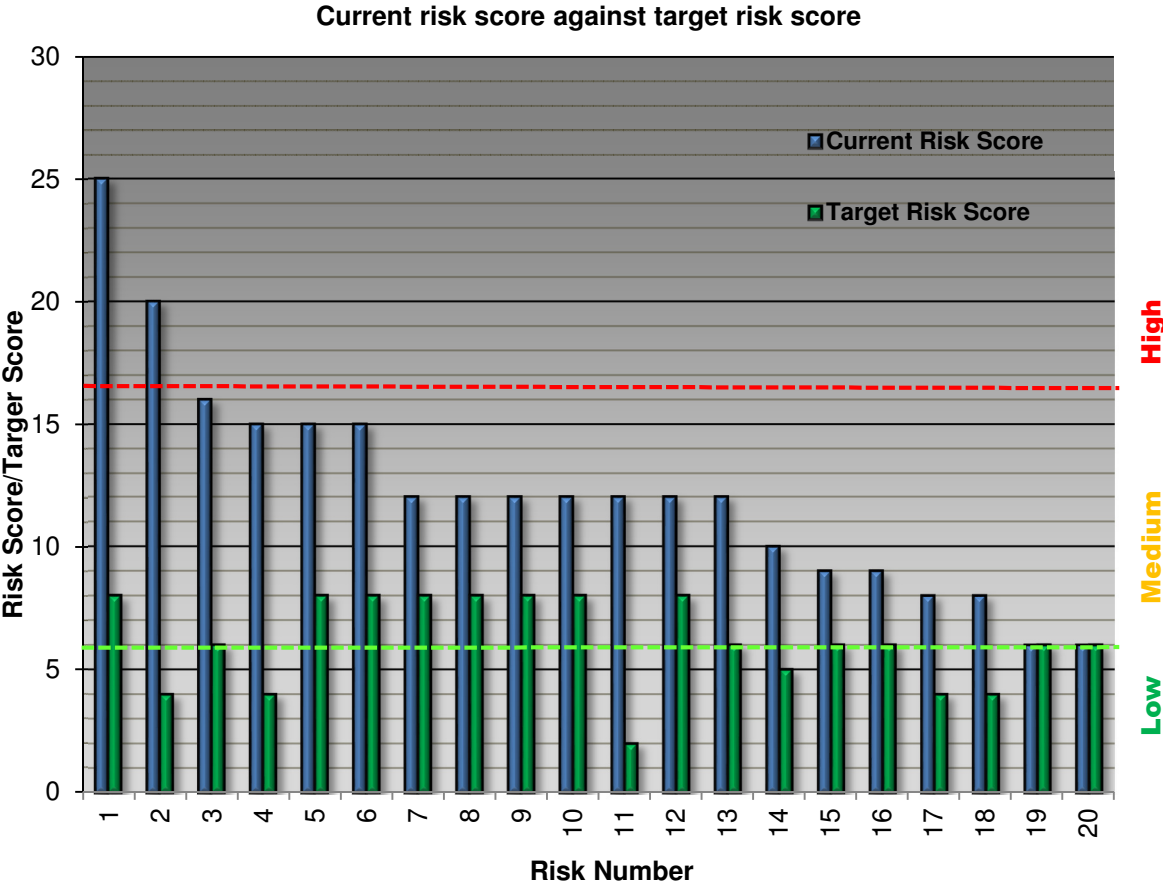
2. Evidence

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 April 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 summary of the proposed updated full Corporate Risk Register as at March 2015 following a review by risk owners. The summary report contains for the first time a description of travel since the last review.

2.4. Appendix 2 contains a full description of each risk including the tasks to mitigate and the progress of that mitigation.

2.5. Appendix 3 is a heat map of the 20 risks on the risk register.

2.6. The risk register contains three risk scores, each 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 (the risk appetite).

2.7. 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 shortly.

- 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.

2.8.   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.

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

Prospects of meeting target score by the target date
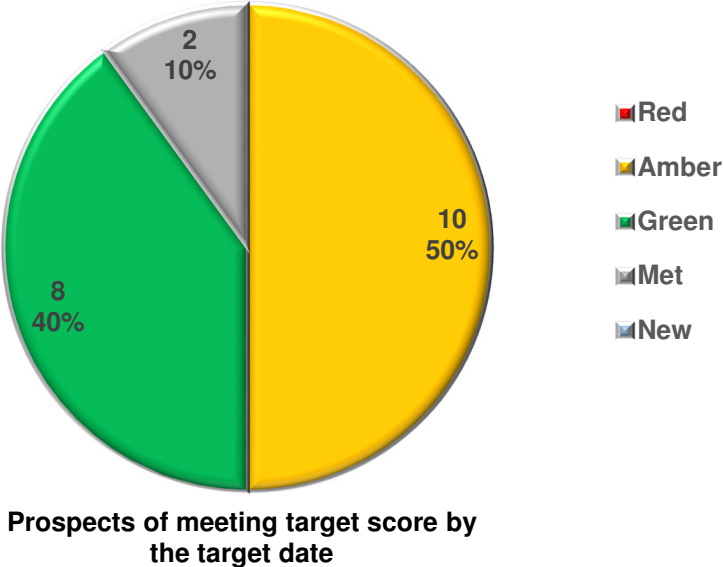
2.10. Fig 2. Compares the current risk scores and the target risk scores of the twenty risks. The chart also identifies the transition points from low to medium to high risks.

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No.	Risk description
1	Failure to meet the long term needs of older people
2	Failure to follow data protection procedures
3	Shortage of personnel for a variety of reason
4	Failure to improve at the required pace
5	Overreliance on interim capacity
6	Looked After Children overspends
7	Failure to implement Norwich Northern Distributor Route
8	Failure to meet the needs of older people
9	Capacity for change - Insufficient capacity for business transformation
10	Staffing - The speed and severity of change in work activities.
11	Failure to enter into and manage traded services on a sound commercial basis
12	Loss of internet connection and the ability to communicate with Cloud provided services.
13	Loss of key ICT systems
14	Failure to effectively manage County Hall refurbishment and maintenance.
15	Incident at key NCC premises or adjacent causing loss of access or service disruption
16	Failure to deliver planned revenue budget savings in 2015/16
17	Failure of tender process
18	Successful cyber attack.
19	Failure to deliver planned revenue budget savings in 2014/15
20	Liability for legal challenge to procurements conducted by ESPO

2.11. 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.

2.12. **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 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
Risk added
- Risk RM14234 "Failure to deliver planned revenue budget savings in 2015/16" has been added to reflect the budget pressures for the next financial year.

2.13. Two risks remain on the register for monitoring purposes and will be removed at the appropriate time, the current risk score is the same as the target score. The risks are as follows:
- RM14169 "Failure to deliver planned revenue budget savings in 2014/15" will be removed once the accounts are approved.

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- RM14156 "Liability for legal challenge to procurements conducted by ESPO" will remain so that monitoring of the contract will continue.

2.14. The Chief Officer Group has asked that a full evaluation of the current Corporate Risk Register is carried out in conjunction with an examination of strategic risks that have been included in other, similar Local Authorities high level risk registers. The intention is to undertake a gap analysis to ensure that the NCC Corporate Risk Register adequately reflects and captures the risks facing the Council at the present time along with the appropriate, measurable mitigation.

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 risks with a current risk score of 12 and above where the prospects of meeting the target score by the target date is reported as amber or red. 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 summary of the risk register as at May 2015.

6.2. Appendix 2 contains a full description of each risk as at May 2015.

6.3. Appendix 3 is a heat map of the corporate risks.

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:

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Email address :   steve.rayner@norfolk.gov.uk

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Risk Register - Norfolk County Council

Risk Register Name	Corporate Risk Register - Appendix 1			Red	⬇	Worsening
Prepared by	Steve Rayner		High	Amber	⬌	Static
Date updated	May 2015		Med	Green	⬆	Improving
Next update due	August 2015		Low	Met		

Area	Risk Number	Risk Name	Risk Description	Current Likelihood	Current Impact	Current Risk Score	Target Risk Score	Prospects of meeting Target Risk Score by Target Date	Direction of travel from previous review	Risk Owner
Community Services Transformation	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.	5	5	25	8	Amber	⬌	Harold Bodmer
Resources Information Management	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.	4	5	20	4	Amber	⬌	Anne Gibson
Resources HR	RM14097	Shortage of personnel for a variety of reasons e.g.. illness, industrial action, inclement weather etc., including loss of key senior	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.	4	4	16	6	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.	3	5	15	4	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.	3	5	15	8	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	3	5	15	8	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).	3	4	12	8	Amber	⬌	Tom McCabe
Community Services Transformation	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.	3	4	12	8	Amber	⬌	Harold Bodmer

Area	Risk Number	Risk Name	Risk Description	Current Likelihood	Current Impact	Current Risk Score	Target Risk Score	Prospects of meeting Target Risk Score by Target Date	Direction of travel from previous review	Risk Owner
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.	3	4	12	8	Amber	⬄	Anne Gibson
Resources HR	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	3	4	12	8	Green	⬄	Audrey Sharp
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.	4	3	12	2	Green	⬄	Simon Geroge
Resource ICT	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.	3	4	12	8	Green	⬄	Anne Gibson
Resources ICT	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.	3	4	12	6	Amber	⬄	Anne Gibson
Resources Corporate Programme Office	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.	2	5	10	5	Green	⬄	Harvey Bullen
Finance	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.	3	3	9	6	Amber	⬄	Simon George
Finance	RM14234	Failure to deliver planned revenue budget savings in 2015/16	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.	3	3	9	6	New		Simon George
Resources Procurement	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.	2	4	8	4	Green	⬄	Al Collier
Resources ICT	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.	2	4	8	4	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.	2	3	6	6	Met	⬄	Simon George
Resources Procurement	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.	2	3	6	6	Met	⬄	Simon George

Risk Number	RM14079		Date of update	11 May 2015
Risk Name	Failure to meet the long term needs of older people			
Risk Owner	Harold Bodmer		Date entered on risk register	11 October 2012

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
5	5	**25**	5	5	**25**	2	4	**8**	Mar-30	**Amber**

Tasks to mitigate the risk

• 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.

Progress update

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 proved 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 for part two 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 is taking a paper outlining the approach and seeking approval to continue to the Adult Social Care Committee in May 2015.

Risk Number	RM13968		Date of update	05 May 2015
Risk Name	Failure to follow data protection procedures			
Risk Owner	Anne Gibson		Date entered on risk register	30 September 2011

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	**15**	4	5	**20**	1	4	**4**	Sep-15	**Amber**

Tasks to mitigate the risk

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.

Progress update

An Information Management Shared Service has been established to integrate all information activities, including Information Compliance and Information Security. Practioners will be co-located, and common processes and procedures introduced where they do not already exist. 25/4/2015 - Childrens Physical File Audit has been completed and draft report has been submitted to the Director of Children's Services and COG. IM Team will work with CSLT over the next few months to implement the recommendations. A proposed governance model around Information Compliance has been agreed by COG to enable full organisational transparency in regards to compliance and governance. – The IM Service recommended to COG that Adults Social Care teams and Children's Social Care teams adopt the NHS IG Training toolkit and move away from using the corporate DP Essentials course. The NHS IG Training toolkit has to be completed every year and is specifically designed for Health and Social Care staff, where as the NCC solution is generic. The adoption of the NHS tool will also enable mutual trust from our Health partners and will reduce the issues NCC currently have with sharing information. This mutual trust has been seen to work in the technical area between health partners since NCC have been accredited with the NHS IG Toolkit at Level 2 – the same as Health providers within Norfolk. This was signed of by COG and the IM Team will be working with Adult and Children's colleague in implementing this.

Risk Number	RM14097		Date of update	11 May 2015
Risk Name	Shortage of personnel for a variety of reasons e.g.. illness, industrial action, inclement weather etc., including loss of key senior personnel			
Risk Owner	Audrey Sharp		**Date entered on risk register**	01 April 2013

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	**12**	4	4	**16**	3	2	**6**	Mar-16	**Amber**

Tasks to mitigate the risk	Progress update
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.
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.

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Risk Number	RM14147						Date of update			12 May 2015	
Risk Name	Failure to improve at the required pace.										
Risk Owner	Sheila Lock						Date entered on risk register			01 December 2013	

Risk Description

CS Teams do not show the improved performance at the speed which is acceptable to DfE and Ofsted.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	5	**10**	3	5	**15**	1	4	**4**	Jan-16	**Green**

Tasks to mitigate the risk

Recruit the right people with the right skills into posts. Train and support managers to improve their performance.

Progress update

All AD posts are now substantively filled and . 25 of the 28 Tier 4 posts have been successfully recruited to. Recruitment of a substantive DCS remians a key busienss priority and first-stage interviews have taken place on 7/5/15. CSLT will ensure the Training & Development programme is matched to service planning.

Risk Number	RM14148			Date of update			12 May 2015				
Risk Name	Overreliance on interim capacity										
Risk Owner	Sheila Lock			Date entered on risk register			01 December 2013				

Risk Description

Overreliance on interim capacity at leadership and management levels and in social worker teams leads to unsustainable performance improvement.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	5	20	3	5	15	2	4	8	Jun-16	**Amber**

Tasks to mitigate the risk

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.

Progress update

The first tranche of NIPE workers have joined operational teams. The Reorganisation Board is managing the roll-out of the new structure tightly. A recruitment strategy is being devised to attract social workers to the additional posts in the new structure.

Risk Number	RM13906		Date of update		12 May 2015
Risk Name	Looked After Children overspends				
Risk Owner	Sheila Lock		Date entered on risk register		18 May 2011

Risk Description

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

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	4	**16**	3	5	**15**	2	4	**8**	Jun-16	**Amber**

Tasks to mitigate the risk

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

Progress update

Some interim AD capacity has been retained to refresh the strategy to ensure it reflects the reorganisation and implimentaiton of 'signs of safety'. Within the refresh, an increased focus is being given to reprofiling of LAC placements, which is a key are of the savings projections.

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Risk Number	RM0201		Date of update	29 April 2015
Risk Name	Failure to implement Norwich Northern Distributor Route (NDR)			
Risk Owner	Tom McCabe		**Date entered on risk register**	01 April 2005

Risk Description

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).

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	**12**	3	4	**12**	2	4	**8**	Nov-17	**Amber**

Tasks to mitigate the risk

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.

Progress update

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 is now likely to take the full period to 2 June 2015.

Risk Number	RM0207		Date of update	11 May 2015
Risk Name	Failure to meet the needs of older people			
Risk Owner	Harold Bodmer		Date entered on risk register	01 April 2011

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	**12**	3	4	**12**	2	4	**8**	Mar-15	**Amber**

Tasks to mitigate the risk

• 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.

Progress update

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. About to start cost of care exercise for 2015-16. 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 has reprovided three residential homes in the Eastern Locality with Lydia Eva court and is building a development at Bowthorpe. The department is looking to set up Trusted Traders who provided 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 proved 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 originally to maintain current services. This was fed into the corporate budget planning. The department has set up a project for Promoting Independence, the new strategy for Adult Social Care, and will be taking a paper outlining the approach and seeking approval to continue to the Adult Social Care Committee in May 2015.

Risk Number	RM0200		Date of update	14 May 2015
Risk Name	Capacity for change - Insufficient capacity for business transformation			
Risk Owner	Anne Gibson		Date entered on risk register	01 April 2011

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	**12**	3	4	**12**	2	4	**8**	Mar-17	**Amber**

Tasks to mitigate the risk

• Corporate Programme Office established and produces progress reports of the Council's business transformation programme on a monthly basis within a formal governance and reporting structure. • Capacity and resource is reported on by each project and programme • Any issues are addressed by the Head of Programme Office and escalated to COG if necessary, through prioritisation of projects or where necessary the utilisation of the cost of change budget

Progress update

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. Process, Behaviour and Planning: Project and programme resource pinch points are being addressed at project and programme board level for resolution and escalated to RMT only when they cannot be resolved. Systems and Management Information: The Portfolio and Resource Management System (PRMS) is now rolled out across Shared Services Programme and the large Directorate Transformation Programmes. This enables demand for shared services to be identified at a project level which will provide information for resource planning in shared services. The first pilot using this application for resource management is underway in the corporate programme office (CPO).

Risk Number	RM13918		Date of update	No update
Risk Name	Staffing - The speed and severity of change in work activities.			
Risk Owner	Audrey Sharp		Date entered on risk register	23 May 2011

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	**12**	3	4	**12**	2	4	**8**	Mar-17	**Green**

Tasks to mitigate the risk

• 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 :- (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.

Progress update

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.

Risk Number	RM14205		Date of update	29 April 2015
Risk Name	Failure to enter into and manage traded services on a sound commercial basis			
Risk Owner	Simon George		Date entered on risk register	07 November 2014

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	3	**12**	4	3	**12**	1	2	**2**	Dec-15	**Green**

Tasks to mitigate the risk

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).

Progress update

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 has been presented to COG and has resulted in a new trading focused group being formed. 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 update went to COG on 15th March 2015 which illustrated the indicative recharges and proposes a range of cost apportionment methods. Another update mapping the destination point is being prepared for 21st May. 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. Reporting to Committees: a new report is being prepared for presentation at P & R Committee.

Risk Number	RM14183					Date of update				14 April 2015	
Risk Name	Loss of internet connection and the ability to communicate with Cloud provided services.										
Risk Owner	Anne Gibson					**Date entered on risk register**				07 July 2014	

Risk Description

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.

Original			Current			Target					
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date	
3	4	**12**	3	4	**12**	2	4	**8**	Mar-16	**Green**	

Tasks to mitigate the risk

Internet Connection is duplicated and delivered through diverse routes (County Hall and Carrow House).

Progress update

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.

Risk Number	RM14100		Date of update	14 April 2015
Risk Name	Loss of key ICT systems			
Risk Owner	Anne Gibson		Date entered on risk register	01 April 2013

Risk Description

Loss of core or loss of a key ICT systems, communications or utilities for a significant period could impact on delivery of critical services.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	**12**	3	4	**12**	2	3	**6**	Mar-16	**Amber**

Tasks to mitigate the risk	Progress update
Ensure ICT solutions are designed, implemented and operated to provide the agreed level of resilience.	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. New solutions are designed by the Systems and Solution Integration team and DNA solution by the HP architects to include appropriate resilience.
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.	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 have already had their first meeting.
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.	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 infrastrcuture once all server migrations are complete. Current status is the project has stalled due to a problem with the tooling.
Ensure provision of appropriate ICT support for business services operating outside of standard business hours.	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.

Risk Number	RM14146		Date of update	28 April 2015
Risk Name	Failure to effectively manage County Hall refurbishment and maintenance.			
Risk Owner	Harvey Bullen		Date entered on risk register	01 November 2013

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	**15**	2	5	**10**	1	5	**5**	Mar-16	**Green**

Tasks to mitigate the risk

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. Ensure all staff and contractors are appropriately trained. Undertake a detailed assessment of existing water services, including identification of areas at high risk of failure. 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. Create an installation strategy to maintain effective systems of detection and alert. 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. Communication plan in place to deliver weekly progress updates.

Progress update

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. Work on floors 3,4,& 5 is currently on schedule to enable these floors to be re-occupied in July and August 2015. This will then allow offices at Charles House and Lakeside 500 to be closed.

Risk Number	RM14098		Date of update	07 May 2015
Risk Name	Incident at key NCC premises or adjacent causing loss of access or service disruption			
Risk Owner	Simon George		**Date entered on risk register**	01 April 2013

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	**9**	3	3	**9**	3	2	**6**	Mar-16	**Amber**

Tasks to mitigate the risk	Progress update
To ensure a corporate approach to work area recovery is agreed.	Work underway to produce new plan for NCC's agreed corpoate 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. Ongoing at present until full accomadation moves are confirmed
To ensure communication system can be activated to inform all users and visitors of the blockage and assembly/information point to enable alternative arrangements can be made.	NPS will be asked to adopt and extend current communication system for building evacuation to inlcude means for communicating with all occupiers and visitors to buildings and making announcements across the site.Quotes being obtained for voice over systems
To ensure evacuation procedures are in place which minimise disruption and support recovery.	Evacuation plans are being progressed. Two new evacuation points have been agreed for the North Wing and for the basement levels. New muster areas have been marked out in carpark but as yet this has not been communicated to the business.Amendments being discussed to suit new layout and alterations to area at front of main entrance commencing in July 15.
To create an alternative exit for CH for use in emergency.	Liaise with Resilience Manager regarding consultation with relevant Elected Members prior to new planning application being submitted. Lakenham cricket Ground is being developed with access within planning approval for emergency vehicle access and pedestrian and cycle access to site.This is possibly available within the next 12 months subject to housing developers programme. If likelihood of success deemed poor for general access, prepare alternative proposals for emergency only secondary vehicular access/egress will be explored.

Risk Number	RM14234		Date of update		29 April 2015
Risk Name	Failure to deliver planned revenue budget savings in 2015/16				
Risk Owner	Simon George		Date entered on risk register		01 May 2015

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	**9**	3	3	**9**	2	3	**6**	Mar-16	**Green**

Tasks to mitigate the risk

Regular and robust monitoring and tracking of in-year budget savings by COG and members Regular finance monitoring reports to Committees

Progress update

A report was presented to Policy and Resources Committee on 23 March setting out the current position on the 2015/16 £36.721m savings. At this early stage before the start of the financial year, some savings are showing as amber and none are shown as red. If the savings are not delivered, Chief Officers will need to consider and identify alternative savings to deliver a balanced budget.
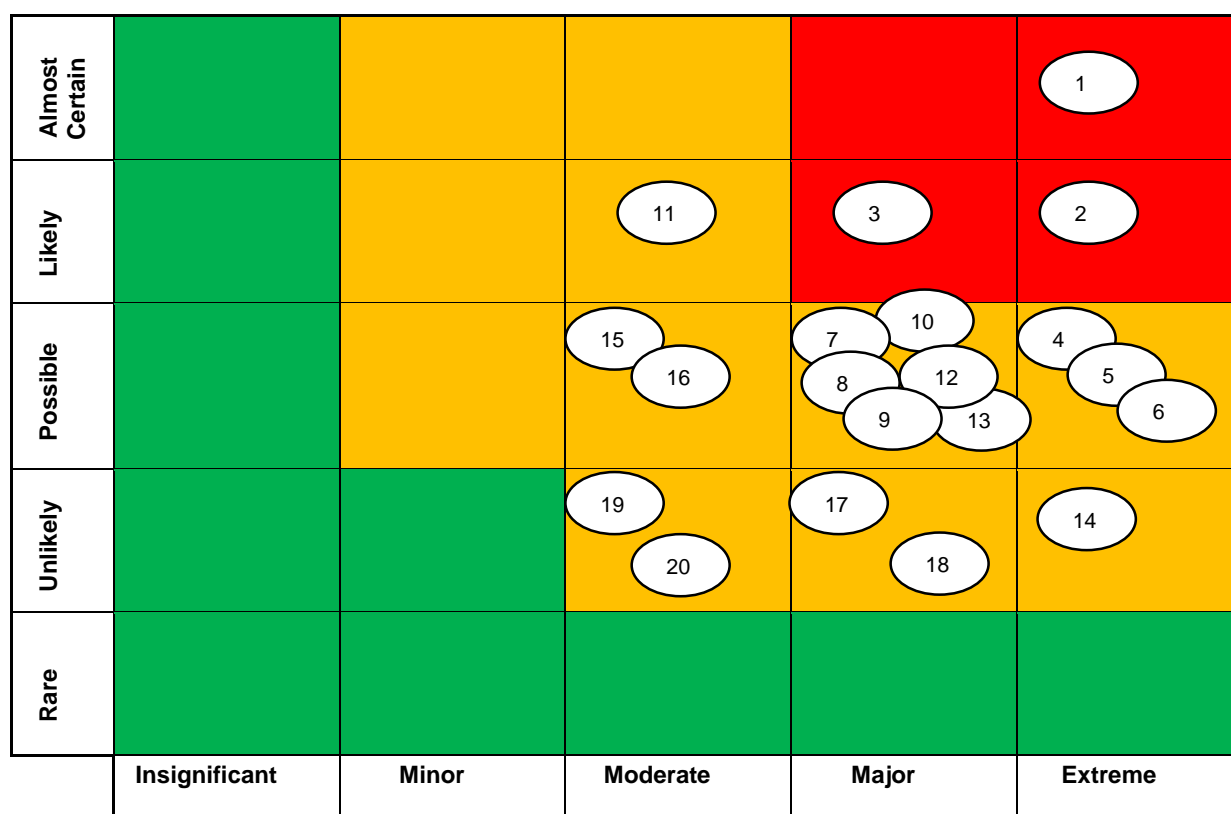
Risk Number	RM14080		Date of update		11 May 2015
Risk Name	Failure of tender process				
Risk Owner	Al Collier		Date entered on risk register		16 October 2012

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	**15**	2	4	**8**	1	4	**4**	Jun-15	**Green**

Tasks to mitigate the risk

1) Implement a document automation system to make tender processes more consistent. 2) Further training for staff managing tender evaluation processes.

Progress update

Mitigation being monitored

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Risk Number	RM14184			Date of update			14 April 2015		
Risk Name	Successful cyber attack.								
Risk Owner	Anne Gibson			Date entered on risk register			07 July 2014		

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	4	8	2	4	8	1	4	4	Mar-16	Green

Tasks to mitigate the risk

The current Voice and Data contract includes Intrusion Detection and Intrusion prevention systems, Firewall and network security.

Progress update

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.

Risk Number	RM14169		Date of update	29 April 2015
Risk Name	Failure to deliver planned revenue budget savings in 2014/15			
Risk Owner	Simon George		Date entered on risk register	31 October 2013

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	**9**	2	3	**6**	2	3	**6**	Mar-15	**Met**

Tasks to mitigate the risk

Regular and robust monitoring and tracking of in-year budget savings by COG and members Regular finance monitoring reports to Committees

Progress update

At the end of February 2015, there is a projected shortfall of £2.340m 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 February is forecast to underspend by £0.613m.

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Risk Number	RM14156		Date of update	11 May 2015
Risk Name	Liability for legal challenge to procurements conducted by ESPO			
Risk Owner	Simon George		Date entered on risk register	06 February 2014

Risk Description

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.

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	2	3	6	2	3	6	Sep-15	**Met**

Tasks to mitigate the risk

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.

Progress update

Situation being monitored, awaiting further review.

Appendix 3 - Heat Map

	Insignificant	Minor	Moderate	Major	Extreme
Almost Certain					1
Likely			11	3	2
Possible			15, 16	7, 10, 8, 12, 9, 13	4, 5, 6
Unlikely			19, 20	17, 18	14
Rare					

No.	Risk description
1	Failure to meet the long term needs of older people
2	Failure to follow data protection procedures
3	Shortage of personnel for a variety of reason
4	Failure to improve at the required pace
5	Overreliance on interim capacity
6	Looked After Children overspends
7	Failure to implement Norwich Northern Distributor Route
8	Failure to meet the needs of older people
9	Capacity for change - Insufficient capacity for business transformation
10	Staffing - The speed and severity of change in work activities.
11	Failure to enter into and manage traded services on a sound commercial basis
12	Loss of internet connection and the ability to communicate with Cloud provided services.
13	Loss of key ICT systems
14	Failure to effectively manage County Hall refurbishment and maintenance.
15	Incident at key NCC premises or adjacent causing loss of access or service disruption
16	Failure to deliver planned revenue budget savings in 2015/16
17	Failure of tender process
18	Successful cyber attack.
19	Failure to deliver planned revenue budget savings in 2014/15
20	Liability for legal challenge to procurements conducted by ESPO

Audit Committee

Report title:	Report on Business Continuity
Date of meeting:	18 June 2015
Responsible Chief Officer:	Executive Director Community & Environmental Services

Strategic impact

If Norfolk County Council suffers an incident that could potentially disrupt service delivery it is important to ensure services, in particular critical services, continue to function at an acceptable level. NCC has a Business Continuity Management process in place that identifies potential threats, the impacts to services those threats, if realised, might cause, and provides a framework for building organisational resilience through an effective response to service disruptions.

Executive summary

This report provides an overview of NCC Business Continuity arrangements to ensure the Authority has the capability to continue service delivery at acceptable predefined levels following a disruptive incident.

Recommendations:

1. **To recognise the importance of Business Continuity Management to the continued effective delivery of Council services following a disruptive incident.**

2. **The report is noted by members.**

1. Evidence

1.1. The NCC Resilience Policy is owned and approved by the Chief Officer Group and establishes NCC Resilience requirements and measures to achieve the requirements.

The Business Continuity Management Board (to be renamed the Resilience Board) meets quarterly to ensure the council's Business Continuity Management Framework is implemented throughout the authority, with effective BCM arrangements in place at strategic, tactical and operational levels.

The NCC BCM Framework reflects the Business Continuity Institute Good Practice Guidelines which is based on ISO 22301:2012, the International Standard for Business Continuity. NCC seeks to work in alignment with the ISO standard.

The BC Assurance process will form the performance management process the Resilience Board uses to monitor BC across the council, with reports produced for the Board and an annual assurance statement produced for COG.

1.2. Key ongoing actions:

1. To maintain and further enhance the current approach to Business Continuity Management across the council.

2. To complete the transition from the formerly used BC plan software (LDRPS) to the new Microsoft Word-based BC Plan documentation.

3. Biennial review of Business Impact Analyses (BIAs), which underpin BC plan development to ensure preparedness as restructuring continues and evolves.

4. To further develop a BC testing and exercising programme.

5. To support the ICT Continuity Project.

6. To continue the development of a BC assurance process as agreed by the Business Continuity Management Board.

2.   Financial Implications

2.1.   NCC has a BC Management process in place. Lack of an adequate BC Management process, however, would clearly have potential significant financial implications if service disruptions could not be effectively managed following a disruption, from whatever cause. It is therefore essential to support and promote an effective BC Management system.

3.   Issues, risks and innovation

3.1.   As the Council restructures services, relies on external providers, concentrates staff in fewer premises and becomes ever more reliant on technology then it is as important as ever to ensure an effective Business Continuity Management system. BC plans, and the process of developing those plans, ensures managers and staff are as prepared as possible to manage service disruptions however they may be caused including shortage of staff, lack of access to premises, loss of or disruption to a critical supplier/provider, and loss of core infrastructure (e.g. ICT).

BC is more than being prepared for a service disruption. Through the BC process critical activities are identified to be prioritised following a disruptive incident. This same process identifies a ranking of activities which gives a guide to those services essential to maintain in the future.

NCC Business Continuity Management is a business-like collaborative approach based on data from all services requiring the building of trust across the Authority to be able to respond in an accountable, innovative and agile way to future disruptions.

4.   Background

4.1.   Intranet link to NCC Business Continuity Management: http://inet.norfolk.gov.uk/services/Community-and-Environmental-Services/Our-service/Resilience/Business-continuity-management/index.htm

4.2.   Appendix 1 – NCC Resilience Policy

4.3.   Appendix 2 – NCC Corporate BC Plan (redacted to remove personal contact information)

4.4.   Intranet link to the NCC Business Continuity Management Board: http://inet.norfolk.gov.uk/services/Community-and-Environmental-Services/Our-service/Resilience/Business-continuity-management-board/index.htm

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 :   Jan Davis   **Tel No. :   01603 222016**

Email address : jan.davis@norfolk.gov.uk

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

Norfolk County Council's Resilience policy

This is Norfolk County Council's (NCC) Resilience[1] Policy of which everyone working for the Council should be aware.

1.   Foreword

1.1   NCC is one of the largest employers in Norfolk, delivering a wide range of services across the County, from a number of sites. We are operating in a constantly changing environment and the role of the Resilience Team is to ensure NCC is as prepared as possible for any potential events (internal or external) that may disrupt our County or our service provision.

1.2   Under the Civil Contingencies Act (2004), NCC has a duty to provide key services to the general public, as well as to prepare for and respond to emergencies affecting the County of Norfolk. This is both as a single agency, but also in cooperation and collaboration on a multi-agency basis as part of the Norfolk Resilience Forum (NRF). NCC also has duties under the Control of Major Hazard Regulations 1999 as amended, the Military Major Accident Control Regulations[2] and the Pipeline Regulations.

1.3   Resilience work is focussed on identifying and planning against risks that could affect the smooth running of NCCs service delivery which includes: meeting its objectives, damage to its infrastructure and disruption or failure of service provision. This is in addition to its ability and responsiblity to operate as a Category One responder as part of the wider multi-agency response (NRF) to civil emergencies affecting the County.

1.4   Many of the services NCC provides are vital to Norfolk's communities, residents and businesses. From providing support to the vulnerable, looking after vulnerable children and ensuring the roads are gritted in bad weather, to the Fire and Rescue Service who prevent and respond to incidents and the integration of Public Health into NCC as of April 2013. Resilience is key in ensuring the Council delivers its core role to the people of Norfolk. NCC needs to ensure that its services are resilient, and can continue at least to a predetermined level during a disruption.

1.5   The short-term Resilience objective is to ensure that in the event of an incident or disruptive event, that at a minimum, all critical services may continue uninterrupted as far as possible and NCC is able to respond to the implications of any civil emergency.

1.6   The longer-term Resilience objective is to ensure that NCC can resume normal services as quickly as possible in the aftermath of any disruption and that the effects of any major incident are mitigated or minimised as far as is practicable. This is all with the aim of the County of Norfolk being able to return to a state of new normality[3] as effectively and efficiently as possible.

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[1] Resilience – to include both Business Continuity and Emergency Planning functions which are performed jointly by the NCC Resilience Team.
[2] For further information please refer to: http://www.hse.gov.uk/comah/
[3] 'new normality' is a term used nationally within resilience planning to refer to the state of being following a significant incident/disrupton on the basis that following such an event, the state of 'normality' will differ to how it was pre-event.

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2. Scope

2.1 This policy replaces any previous NCC policies relating to Business Continuity or Emergency Planning.

2.2 This document covers:
- Governance
- Resilience requirements
- Measures to achieve these requirements.

2.3 This document does not include:

- The full multi-agency planning and response to Civil Emergencies as this is achieved through the Norfolk Resilience Forum which has its own policies and procedures in place.
- Specific detailed areas of Resilience work within NCC; for example how ICT Continuity planning will be managed.
- Full details of NCC's Resilience arrangements. For further details this policy should be read in conjunction with the following;

  - Norfolk Emergency Response Guidance (NERG)
  - Norfolk Resilience Forum Recovery Guidance
  - NCC Business Continuity Management Framework (Incorporating the Corporate BC Management Plan)
  - NCC Emergency Operations Centre Activation Plan
  - ToR for the BC Management Board (BCMB) and Resilience Reps Groups
  - RTDO Guidance Notes[4]

3. Governance

3.1 Ownership of this Resilience policy is with the Chief Officer Group (COG).

3.2 The Resilience process, including implementing policies and procedures, plan production and day to day collaborative working with other agencies, is coordinated by the Resilience Team.[5]

3.3 The process will allow for scrutiny under:

- Civil Contingencies Act (2004) Indicators and Expectations
- Health & Safety Executive and Environment Agency – as civil Competent Authorities in relation to COMAH and Pipeline regulations.
- Military – as Competent Authority in relation to MACR
- Norfolk County Council's BCM framework
- Business Continuity Institute - Good Practice Guidelines[6]
- NCC COG or NRF Executive / Programme Board.
- Internal audit/review

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[4] Resilience Team Duty Officer notes are to accompany whoever is performing the role of RTDO and provides guidance on actions.
[5] Includes Public health Resilience manager.
[6] BCI2013 Good Practice Guidelines is based on the ISO 22301:2012 which replaced BC25999 in November 2012. ISO 22301:2012 is the International Standard for Business Continuity and the principles of which are reflected in NCC's corporately agreed BCM Framework.

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- Peer review (other agencies and Local Resilience Forums)[7]

3.4 This policy relates to NCC's Resilience arrangements and activities at all levels: Strategic, Tactical and Operational.

4. Resilience requirements

- Ensuring compliance with duties placed upon Local Authorities by the Civil Contingencies Act (2004)
- Ensuring cooperation with multi-agency resilience arrangements as part of the NRF.
- Ensuring that the requirements of the NCC BCM Framework are implemented
- Ensuring that all NCC departments adhere to the BCM Framework.
- All NCC employees must understand their involvement and responsibilities regarding Resilience arrangements and activities.

5. Resilience measures to achieve requirements

- Regular audits of Resilience arrangements must be completed.[8]
- Actions following audits, exercises and incident debriefs must be completed in a timely and competent manner.
- Resilience training and support for awareness events must be provided.
- Documentation (BIAs[9], plans, BC policies, strategies, training records, exercise action logs etc) must be updated and circulated within the specified timescales.
- Representatives from all departments must be involved in, support and contribute to the corporate Resilience programme.
- Production and management of a Resilience programme of activities including priorities/strategies.

6. Administration

6.1 This policy has been approved by the Chief Officer Group 24.10.2013

6.2 This document will be reviewed annually. This document was last reviewed and considered by the Business Continuity Management Board on the 31.03.2015

6.3 This document will be made available on the NCC Intranet via the Resilience pages.

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[7] NCC, as part of the NRF are developing closer working relationships with neighbouring LRF's with the aim of collaborating on some workstreams and peer review forms part of this process.
[8] This relates to both internal Business Continuity and external Emergency Planning work.
[9] BIA's refers to Business Impact Analysis which is a process of documenting a teams/service areas business activities and associated risks and mitigations.

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Norfolk County Council

Corporate
Business Continuity plan

REDACTED VERSION – NO PERSONAL CONTACT DATA INCLUDED
OFFICIAL - for Norfolk County Council use only.

Version: 2.0
Issued: April 2015 - TBC
Review date: 2 years from issue
Signed-off by: The Business Continuity Management Board & Chief Officer Group

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Date and time last amended: 09/06/15 17:22

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Amendment Record

Issue No	Date	Amended by
1	January 2011	Document created by Emma Tipple
1.1	April 2011	Minor amendments, not re-issued. ET
2.0	April 2014 August 2014 issued	Full document review and key changes. Amended by Lindsey Roue.

Distribution list

Copy No	Issued to
1	Managing Director
2	Executive Director – Community & Environmental Services
3	Executive Director - Children's Services
4	Executive Director – Adult Social Services
5	Executive Director - Resources
6	Executive Director - Finance
7	Managing Director NPS Property Consultants
8	Chief Fire Officer
9	Director of Public Health
10	Managing Director Norse
11	Head of Business Intelligence, Performance & Corporate Planning & Partnerships
12	Media and Public Relations Manager
13	Customer Access & Development Manager
14	Head of HR & OD
15	Head of ICT
16	Monitoring Officer / Practice Manager NPLaw
17	Resilience Manager
18	Principal Resilience Officers
19	Facilities Manager, NPS Property Consultants
20	Asset Management Director
21	Building Surveying Director
22	NCC Intranet – Resilience Pages (Redacted Version)
23	Business Continuity Management Board
24	Resilience Representatives

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Foreword

Should Norfolk County Council suffer an incident that could potentially disrupt service delivery it is important to ensure services can continue to function at an acceptable level. NCC must ensure it has Business Continuity (BC) arrangements in place not just because it is good management practice but also because it is a requirement of the Civil Contingencies Act (CCA) 2004.

NCC has service level Business Continuity plans and documents which contain comprehensive information to ensure that individual service teams can continue to operate regardless of any disruption.

The Corporate Business Continuity plan is the overarching BC plan for NCC. Departments should have their own specific BC plans and all teams should have operational BC plans in place.

It is the responsibility of all of us to ensure our BC plans and arrangements are created, communicated, validated and updated regularly so we can collectively ensure we are able to deal with any disruption that may come our way.

[requires MD sign off once agreed]

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1. Introduction

This plan sets out the overarching Norfolk County Council response mechanisms for business continuity incidents. Under the Civil Contingencies Act 2004, NCC is classed as a Category One responder meaning we have a statutory responsibility to be able to respond to and recover from major incidents and disruptions.

The scale of NCC and the diverse nature of services delivered means that we need to have robust arrangements in place to be able to respond to incidents that may affect us. Ensuring that we have our internal Business Continuity arrangements in place, will help ensure that our wider responsibilities as part of the Norfolk Resilience Forum are met effectively and efficiently.

It is also important to note that Business Continuity Management is not solely focused on continuity during an incident. Business Continuity arrangements should be considered at the critical planning stages of a project if it has the potential to cause disruption to services. Where appropriate the relevant Resilience Representatives and the Resilience Team should be involved to support the service area.

Other documents related to this plan:

- NCC Business Continuity Framework
- Norfolk Emergency Response Guidance (NERG)
- Norfolk Resilience Forum (NRF) Recovery Guidance
- Resilience Policy
- Corporate BC Risk Register
- Departmental business continuity plans
- Team business continuity plans

2. Intention

2.1   The purpose of this plan is to support the continuation of NCC activities in the event of a disruption. This plan will set out the following:

- NCC's incident management arrangements for a major incident
- Detail invocation and escalation procedures
- Detail the roles and responsibilities of key personnel during a major incident
- The corporately agreed critical activities for NCC (those essential to the Authority), which must be the priority.
- Supporting documents to assist in incident management e.g. meeting agendas / checklists etc

2.2   This plan does not provide detailed information on particular departments or team's business continuity arrangements – this information can be found through Departmental (Tactical) and Team level (Operational) plans.

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3. Risk Assessment

3.1　Business Continuity risks are recorded in the Corporate BC Risk Register along with agreed priority work streams in order to mitigate against those risks. This process is managed through the BC Management Board and facilitated by the Resilience Team.

3.2　Additionally BC is recorded on the full NCC risk register.

3.3　NCC has a list of corporately agreed Critical Activities – **Appendix B**. These activities have been recorded through the corporate Business Impact Analysis (BIA) process. The list should be used during any incident to help prioritise service areas for recovery.

4. Method – Incident Management

4.1 Types of Incident:

Incidents affecting NCC services will normally fall into one the following three categories:

Minor Incident **(Business as Usual Incident)** Involving disruption to services for a shorter period of time, intermittent ICT issues, loss of office space/premises for a short period of time.	→	Dealt with as part of normal day to day operations by those personnel involved	→	Team Plan(s) activated
Moderate Incident E.g.; Involving serious disruption to one service; the loss of one-two floors of building; significant IT related incident; disruption to critical systems or core infrastructure for up to 24 hours	→	Dealt with by teams using their BC plans or possibly initiating a departmental plan if affects more than one team	→	Team (s) / Departmental plan(s) activated
Major Incident **Severe Disruption** Any Moderate Incident involving more than 1 NCC department or NCC defined critical activity. E.g.; fire destroys or damages a key property; shortage of staff means serious disruption to critical activities; core infrastructure failure for longer than 1 day; predicted incident – shortage of fuel,	→	Requires the mobilisation of resources beyond those which would normally be used and/or activation of command and control arrangements. Incident impact causes significant financial loss, damage to NCC's reputation, environmental damage etc	→	Corporate BC plan activated alongside multiple Departmental & Team plans

Figure 1 – Types of incident

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4.2 It may not always be apparent at the outset of an incident as to which type it is, some incidents are progressive and may appear minor to start with but develop over time to become major.

4.3 The incident response will normally fall into three areas of management. These three areas can be referred as Strategic, Tactical and Operational responses (when multi-agency incident management is involved) and are called Gold, Silver and Bronze when dealing with a single agency.) – See 4.6.

4.4 It is important to note that incidents vary considerably. A significant emergency could occur within the community with minimal impact on the provision of NCC critical activities. In this case the Emergency Planning response will be implemented but there will be limited requirement for an internal Business Continuity response within NCC.

4.5 **The trigger for the full activation of the major incident management structure (as at 4.6)** will come via the decision of Chief Officers, once briefed on the situation by relevant senior members of staff or the resilience team.

4.6 **Major Incident Management Structure:**
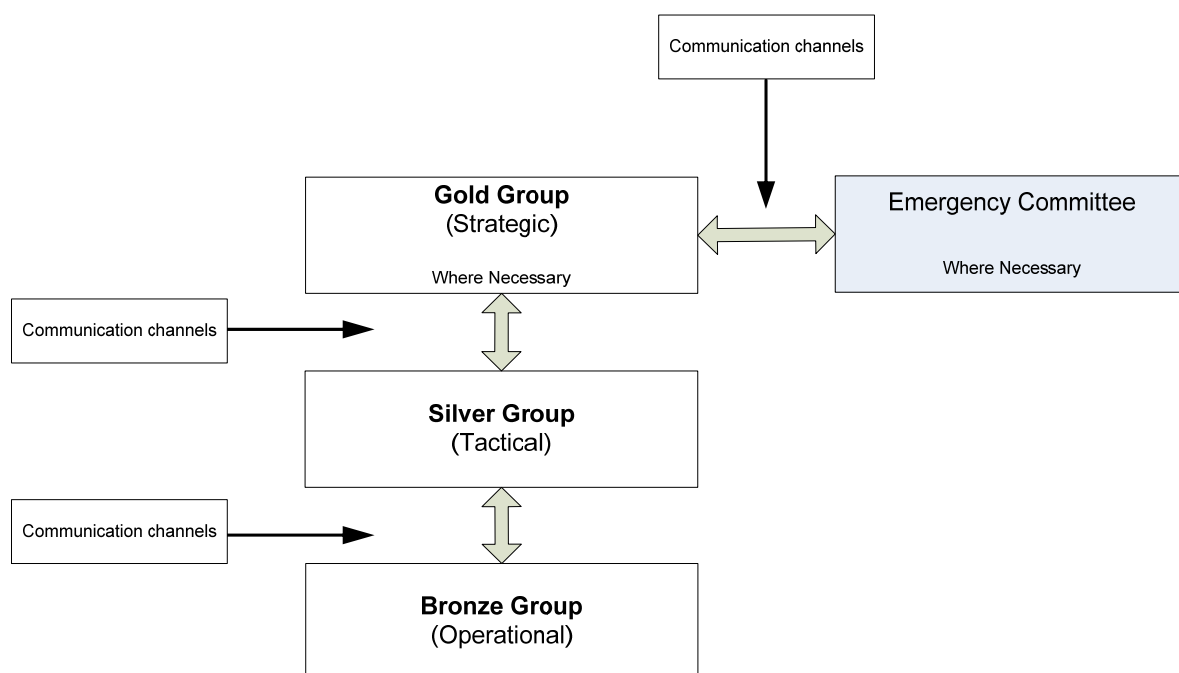
Figure 2 -NCC Incident Management structure

4.7 <u>Emergency Committee</u>

In a major incident the Emergency Committee may be formed. This is for long term vision and planning and comprises of elected members. Please refer to section 5.1 for the Emergency Committee responsibilities.

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4.8   Gold Group (Strategic Level)

This is comprised of COG, the Resilience Manager and a communications officer. It communicates with the Emergency Committee and Silver. Its meeting location will be confirmed at the time of the incident but is likely to be County Hall. Refer to section 5.2 for Gold Group responsibilities.

4.9   Silver Group (Tactical Level)

Depending upon the type of incident, Resilience Representatives may be called together. Either a joint meeting may occur or two separate meetings could take place. The Silver Group will focus on the continuity of Norfolk County Council's critical services.

The Silver Group also comprises of specialist staff and the Resilience team and it reports to the Gold Group.

The Silver Groups meeting location will be confirmed at the time of the incident but is likely to be County Hall (B38)
Refer to section 5.3 for Silver Group responsibilities.

4.10   Bronze Group (Operational Level)

This is comprised of members of the team(s) affected and other specialist operational personnel as required. It reports into the Silver Group.
Refer to section 5.4 for Bronze Group responsibilities.

4.11   Moderate Incident Management Structure

For moderate BC incidents, the Silver (tactical) Group will usually be formed, this group will report into the Gold Group. The Gold Group may not meet formally, but will need to be kept updated.

Depending upon the incident a full Silver Group may meet, or alternatively individuals representing specific departments or specialist areas will be invited.

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5 Roles and Responsibilities

5.1 Emergency Committee (EC)

- The Emergency Committee consists of the leader of the Council with four other Elected Members. (As of May 2014 the current make up of NCC's Emergency Committee is 1 Labour, 3 Conservative and 1 UKIP.
- It can be convened, as required, as part of the County Councils major incident and Emergency Planning process, during the recovery phase of an emergency.
- The decision to activate the Emergency Committee will be made by the Managing Director or Leader of the Council.
- The Committee will assume all the powers of the County Council, but excluding the issuing of the precept.
- The Committee will meet as required and consider the immediate strategic issues for the County Council arising from the particular incident, having received reports from the Managing Director or other Chief Officers.
- The Committee can authorise action affecting any of the County Councils functions if the urgency of the situation demands this, subject to the action being reported, together with the Committees reasons for acting, to the next meeting of the Council.
- The Committee will ensure that steps are being taken to provide regular information bulletins to members of the public and the press on the incident and the action being taken.
- Members of the Committee will be briefed and prepared to make appropriate statements to the media, if applicable.
- The Committee considers the longer-term implications arising from the incident and the impact these may have on the County Council.

Should the decision be taken not to form the Emergency Committee, the members may still need to undertake some of the responsibilities detailed at 5.5.

5.2 NCC Gold Group (Strategic)

The NCC Gold Group should be called together in any incident which could have (or is having) a major impact on service delivery.

The decision to call the Gold Group together will be taken by the Managing Director or nominated representative.

The NCC Gold Group may consist of the following members:

- The Managing Director (Chair)
- The Emergency Director
- Chief Officers/Deputies
- Media & Public Relations Manager
- Customer Access & Development Manager
- The Head of Law
- The Resilience Manager (staff officer to the Managing Director)
- Partner organisations (as applicable)
- Senior Communications Officer
- Business Support

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- Other officers and/or representatives of external organisations as required.

Responsibilities of the Gold Group

- To agree and provide the overall strategy.
- To assist the Silver Group by providing adequate resources to complete and maintain a comprehensive recovery plan, including authorising expenditure.
- To provide visible leadership, and to motivate and encourage staff to participate in the management effort as required.
- To communicate incident information to the Emergency Committee, the Silver Group, staff, customers and other central and local government organisations as appropriate.
- Oversee the management of media and communications, including to Elected Members.

5.3 NCC Silver Group (Tactical)

The NCC Silver Group will co-ordinate the response to the incident.

The NCC Silver Group may include the following members:

- Chair **–** Emergency Director (see 5.7)
- Resilience Manager
- Principal Resilience Officer
- Resilience Officer(s)
- Head of service(s) affected
- Senior Communications Officer
- Resilience Representatives which includes HR, ICT, NPS Facilities, Risk, Health & safety, Norse Ltd and Comms, staff representing area affected
- Business Support
- Other specialist staff required to maintain / restore services

Note: The liaison between the NCC Gold Group (if formed) and the Silver Group is usually the chair of the group.

Responsibilities of the Silver Group

- Overall co-ordination and management of the incident in line with the strategy set by the Gold Group if formed.
- To brief the Gold Group, if formed.
- Keep a detailed log of the incident.
- To ensure all Heads of Services have contact numbers for their staff.
- To supply relevant information regarding any changes made to their Department's resource requirements.
- To provide a situation report when required.
- To ensure their department is represented if they are unable to attend a meeting themselves.

5.4 Bronze Group (Operational)

This will usually comprise of staff from within the team or department affected and will be responsible for maintaining/recovering critical activities. They take direction from Silver Group and keep them updated.

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Responsibilities of the Bronze Group

- To assist with the recovery of services.
- To relocate to alternative premises (work area recovery), if required.
- To liaise with the Silver Group for requests for assistance / resources if required.
- To provide updates when requested by the Silver and Gold Groups

5.5 Elected Members

During an incident – limited role:

- Being aware of the latest situation by attending briefing sessions
- Supporting the response with local knowledge – particularly identifying vulnerable individuals/groups
- Supporting and providing reassurance to the affected community
- Supporting officers involved in the response to an emergency
- Acting as a community leader and channelling information to the public
- Acting as a voluntary helper (depending on individual skills)
- Providing coordinated information to the media, avoiding mixed messages

During the Recovery Phase – key role:

- Providing a political lead on the way in which decision are made
- Being a champion and supporter of the community
- Using local knowledge and community contacts to identify priorities
- Assisting with VIP visits
- Representing their community on any Community Recovery Scheme
- Supporting efforts to repair and reconstruct the affected community
- Promoting joint working between NCC, Districts and Town/Parish Authorities
- Liaising with other elected representatives including MPs and MEPs
- Seeking additional resources and financial assistance from Government
- Approving any regenerations issues
- Considering the need for longer term accommodation
- Involvement in the management of any appeal funds and memorials.

5.6 Managing Director

- Assume overall responsibility and Gold (strategic) co-ordination of all County Council measures to deal with a major incident.
- Attend NRF Strategic Co-ordination Group (if the situation is part of a county wide emergency)
- Appoint an "Emergency Director" to co-ordinate and manage the County Council's tactical response as required.
- Be responsible for authorising the commitment of resources and financial expenditure.
- Establish and chair County Council Gold Group meetings.
- Determine County Council media strategy in respect of the incident.
- Ensure Elected Members are kept informed, particularly on policy and financial matters, and establish County Council Emergency Committee as appropriate.

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5.7   Emergency Director (Appointed by Managing Director)

The role of the Emergency Director will be to:

- Co-ordinate and manage the NCC tactical response to the incident.
- Chair the NCC Silver Group, which will be established to coordinate the detailed County Council response.
- Be a member of the County Council Gold Group and provide briefings to meetings as appropriate.
- Be prepared to brief the County Council Emergency Committee meetings, when required.

Note: In the event of the Managing Director not being available the Emergency Director will be appointed to undertake all the responsibilities outlined in the "role and responsibilities" of the Managing Director.

5.8   Resilience Manager Responsibilities

- Provide initial assessment of the incident and ensure arrangements are in place if the incident should escalate considerably.
- Advise Managing Director (Emergency Director) of developing incidents.
- Staff Officer to the Managing Director/Emergency Director.
- Activate the County Emergency Operations Centre (EOC) and advise relevant managers.
- Ensure that adequate Emergency Centre communications and IT are provided and maintained.
- Alert appropriate Resilience Representatives to attend Silver Group meetings, when required.
- Ensure Resilience Representatives are made aware and kept up-to-date on developing incidents.
- Ensure detailed records of actions taken during and after the emergency, including expenditure are maintained Circulate a memorandum to all departments and personnel, reminding staff at all levels the importance of safeguarding all documents that relate to the incident/emergency.
- Attend the County Council Gold Group meetings. (as Staff Officer to the MD)
- Ensure that the lessons identified from any incident are widely disseminated to everyone concerned and that Business Continuity plans are updated accordingly.

5.9   Resilience team

- To provide the Silver Group with support to enable them to deal with the situation.
- To ensure that the Silver Group have training and briefing sessions where appropriate to keep knowledge up to date and inline with best practice.
- To ensure the Communications team keep staff aware of developments, key information etc.
- To organise help and assistance from other District / County Council teams if requested on a mutual aid basis.
- To ensure incidents are assessed inline with the incident escalation process, and that departments affected are aware and kept up to date.

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5.10   Customer Service and Communications

Customer Services;
- To ensure staff are available for main reception, wherever this may be located.
- To ensure access to corporate website and customer facing services, including updating the website at regular intervals.

Communications
- To engage with the media and to deal with all press enquiries as appropriate.
- To produce regular agreed press statements from the NCC Gold Group.

Shared
- To devise methods of keeping all users of NCC services including staff, public, Members and partner organisations informed and up to date on the developing situation.

5.11   Democratic Services

- To communicate with Elected Members on behalf of the Gold Group if requested by Communications.
- To deal with enquiries from Elected Members.
- To provide Elected Members updates to Silver Group as requested.
- To organise briefing sessions for Elected Members when required.
- To ensure all Members are briefed on the incident and its impact on services.

5.12   ICT Services

- To liaise with relevant parties regarding ICT requirements, provide updates on progress of system reinstatement (in the event an incident affects ICT)
- To organise the recovery of infrastructure and systems in line with critical activity requirements and business need.
- To identify and order replacement equipment as necessary.
- To organise additional support to reinstate infrastructure and systems if necessary.
- To join with, or nominate senior staff to join with, the team visiting alternative sites (if applicable) to advise on ICT requirements.
- To set up WAR if required

5.13   Corporate HR Manager

- To ensure processes are in place to deal with employment issues and advice.
- To employ a manual system of time recording (insurance purposes) or absence (influenza/strike action).
- To provide management information to support the decision making process (e.g. in instances of strike action, outbreaks of influenza).
- To advise on any matters relating to Employment Law.
- To support the continuity of services by examining the flexibility and deployment of the workforce and to discuss the potential for allocation of additional staff if necessary.
- To ensure the Silver Group are aware of, and work in line with, relevant HR policies and guidance.

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5.14 Health & Safety (H&S) Manager

- To provide relevant health and safety advice and guidance to the Silver/Bronze Group and other persons involved in the incident.
- To attend Silver Group meetings or ensure a nominated representative attends.

5.15 Insurance Manager

- To liaise with the Insurers, and loss assessors / adjusters and any appointed Salvage Master as appropriate.
- To advise Silver and Gold Groups on insurance matters.
- To attend Silver Group meetings or ensure a nominated representative attends.

5.16 Strategic Risk Manager

- To provide strategic risk management advice and guidance to the Silver and Gold Groups.
- To monitor, review and challenge risk management activity to insure that it aligns with corporate policy and that risks are captured in accordance with the risk framework.
- To attend Silver Group meetings or ensure a nominated representative attends.

5.17 NPS Facilities Management

- To brief Silver Group regarding the condition of any buildings affected.
- To liaise with the team seeking alternative accommodation to advise on suitability and technical matters to include security, car parking etc.
- To control or provide advice on the evacuation of premises
- Brief security personnel if necessary, to patrol the affected parts of the building after discussions with the Silver Group and NCC Insurers
- Provision of staff to assist with the relocation of services
- To equip work area recovery sites as necessary

5.18 NPS Property Consultants Ltd

- Provision of information on alternative NCC owned buildings where necessary.
- Where necessary, to identify and assess alternative accommodation.
- To organise technical experts in the event of a crisis affecting part of a building and to report progress back to Silver Group at frequent intervals
- Provision of contractors where necessary for building maintenance.

5.19 NORSE Commercial Services

- Provision of catering facilities to staff where required.
- Provision of cleaning facilities and staff where appropriate.
- Provision of security personnel where appropriate.
- To provide a manual labour workforce as necessary at an operational level to assist the recovery.
- Provision of equipment/resources where possible to assist the recovery process.
- Provision of transport for moving staff to alternative Work Area Recovery locations where necessary.

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5.20 Business Support

- Provision of administrative support/ meeting loggist function for all Gold and Silver meetings
- Provision of support staff to the Emergency Operations Centre (if established) or other NCC Incident Management locations as required.

5.21 All other NCC teams / service areas

- Provision of Resilience Reps to attend Silver Group meetings as needed.
- Provision of information as required to the Silver Group for inclusion in situational reports.

6. Communications

6.1 The first point of contact during office hours would be any member of the Communications unit and, after hours, the on-call duty Communications Officer.

6.2 A senior communications officer will sit on Gold and/or Silver Groups These officers would liaise directly with the Communications team. This would enable correct, agreed messages to go out to both the media/public and our own staff/partners.

6.3 Should any early messages have already gone out (through necessity) they would be fed in to the Gold and/or Silver Groups by the lead communications officer.

6.4 Messages will be communicated through various methods including:

- Media
- Internet/Intranet
- E-mail
- Through Resilience Representatives – who will pass messages to managers and staff.
- A telephone helpline to assist staff and/or the public. This will provide an update and offer advice and guidance.
- Use of Social Media in line with NCC's Social Media Policy.

6.5 For further information please see the Communication's team emergency guidance.

6.6 Democratic Services will support the communications process with Elected Members around the incident, who will take advice from the NCC Communications and Resilience Teams.

6.7 **Callout arrangements** – The Resilience Team hold an emergency contact list which is used as part of the resilience team duty officer system. Departments are expected to hold their own contact details within their Business Continuity plans.

6.8 Multi-Agency Incidents – Should the incident result in a multi-agency Strategic Coordinating Group (SCG) meeting to be convened, a multi-agency media cell will be established to coordinate communications around the incident. NCC will be provide a representative for this group which is normally led by the police.

6.9 If the incident is one which requires activation of this plan, internal communications will still need to be managed from within NCC.

7. Post Incident

7.1 Following any major or moderate incident, step will be taken to capture lessons identified that can enhance NCC's resilience in the future.

7.2 The methods used for debriefing may vary depending on the nature of the incident and those affected but will include one or a number of the following methods: physical debrief, online survey tools, debrief forms.

7.3 All levels of incident management activated will be debriefed e.g. Gold, Silver, Bronze.

7.4 Following on from any major or moderate incident debrief, a report will be compiled by the Resilience team in collaboration with specialists from the affected services. This report will include incident summary, details of feedback obtained from debriefing and recommendations/actions to take forward to implement lessons identified.

7.5 The action log will be maintained and update by the Resilience Team.

8. Administration

8.1 This plan will be reviewed bi-annually unless organisational change or lessons identified from incidents require it.

8.2 All internal resilience training within NCC will make reference to this plan and its contents and will be reflected within Departmental Business Continuity plans.

8.3 This plan will be exercised at least once per year with lessons identified and action plan recorded.

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NCC
Incident Procedure

Appendix A

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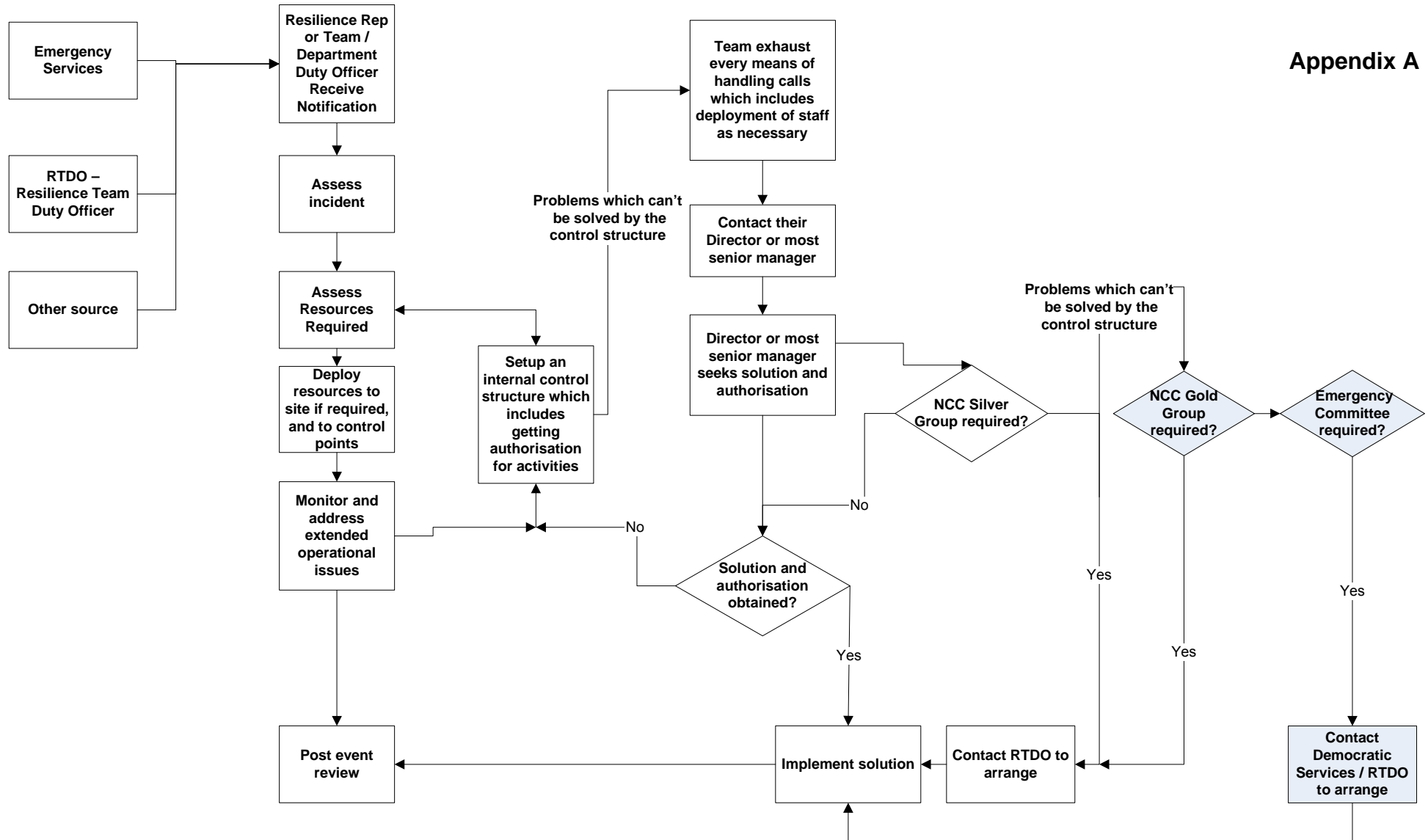
Norfolk County Council Critical Activities (last review 2013)

These are defined as all those activities which become critical within a week.

Please note: all activities highlighted in BOLD are those that become critical within 24 hours.

Children's Services

Youth Offending Team
- **Supervision of young people**
- **Court duties**
- **Safeguarding young people**
- **Prevention**
- **Use of ICT**

Operational Fieldwork
- **Manage duty & assessment functions**
- **Intervene under Children's Act 1989 (amended 2004) where legal intervention is required to protect children**
- **Assess cases under Children's Act 1989 S47 (amended 2004)**
- **Placement of Looked After Children**
- **Safeguarding unaccompanied, asylum seeking children**
- **Monitor/review of children subject to CP plans**
- **First Line Communications (business support/calls/emails etc)**
- Early Years / SEN Panel (inc. admin)
- SEN assessment

Safeguarding / MASH team
- **Response to safeguarding alerts / referrals**
- **Undertake strategy discussions**
- Respond to safeguarding queries from professionals / public / providers
- Completion of safeguarding assessments & investigations

Virtual School Sensory Support
- Rehabilitation & mobility
- Operation of CareFirst
- Operation of PSS / Tribal to monitor pupil progress
- Critical phone calls / administration
- First Line Communications (calls + emails)

Local Authority Designated Officer (LADO)
- New referrals
- Strategy meetings

Youth Offending Team
- Restorative justice for victims

Admissions
- Preparation & distribution of admission offers (critical March 1 – April 21)

Critical Incident Team (schools)
- Telephone support
- In-setting support

Independent Chairing service
- Chairing Child Protection conferences
- Independent reviewing of LAC
- Business Support

Looked After Children
- Referral
- Placement of children/young people
- Production and review of care plans and plan delivery
- Provision of foster homes

Customer Service & Communications

Customer Service Centre
- **Provision of telephone emergency response service to the public**
- **Call handling from the public – high impact**
- Handling alternative access channels – public contact (e.g. email, web forms, txt etc)

Social Care Centre of Expertise
- **Contact assessment of needs**
- **Commissioning services**
- **Mental Health impact assessments**
- **Rapid Response**
- **Social work advice in accordance with 2014 Care Act**
- **Children and Adult safeguarding**
- Provision of alternative sources of help / guidance in accordance with the 2014 Care Act

Corporate Website
- **Provision of online information and transactions**

Communications - Media
- **External communications with national, regional, local and trade media**
- **Provision of public information**

Single Post Service
- Processing incoming and outgoing mail

Corporate Comms
- Internal Communications

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Resources

Finance
- **Norfolk Pension Fund – pensions payroll**

Banking & treasury –
- management of NCC & stakeholder bank accounts
- Investment of surplus cash
- Making urgent CHAPS and foreign payments
- Monitoring returned investment and other major credits.

Norfolk Pension Fund –
- maintaining secure personal & financial data of members and application of latest legislation
- Exchequer services – payments to individuals and suppliers.

NpLAW
- **Legal advice for child and adult protection cases**
- **Legal representation for child and adult protection cases**
- **Court hearings for Emergency Care Orders- raising cheques for court applications**

ICT Shared Services
- **Core ICT server platform & hosting**
- **Core voice & data service**
- **Communication Services (email / internet/ intranet)**
- **Oracle platform & application support.**
- ICT service desk
- Desktop environment
- Application support

Registration Services
- **Death-bed marriages**
- Registering deaths
- Preliminaries to marriage and civil partnerships
- Ceremonies for marriage and civil partnerships

Procurement
- Purchasing for critical activities
- Managing critical purchases and maintaining payments to suppliers

HR Shared Services
- Payroll
- Health& safety - **Incident Investigation**
- HSW advice and support

ETD – Environment, Transport & development

Norwich Bus station
- **Provision of bus stops & layover facilities**
- **Provision of toilet facilities**
- **CCTV coverage**
- loss of PA system
- ticket desk

Highways
- **Delivery of winter maintenance services (mid-Oct to mid-April)**
- **Emergency works and repairs**
- **Out of hours service**
- Network management including utility works
- Bridge inspections
- Traffic signal repairs

Resilience
- **Resilience Team Duty Officer (RTDO)**
- **Emergency response – emergency operations centre**
- **Coordination of recovery**
- **Coordination of emergency response**

Trading Standards
- **Response to and formal investigation of serious illegal activities, food & safety alerts or disease outbreaks**
- **Communications response to illegal activities, food & safety alerts or disease outbreaks**
- **Formal action to support consumers and businesses (inc vulnerable people).**
- care and custody of evidence, standards and equipment
- legal processes commencement & court representation
- operational support
- Provision of public information, education & warning activities (inc. NCC websites)

Hethel engineering centre
- provision of offices / workshops for tenants

Strategic Waste
- main recycling centre service

Waste Management
- strategic waste
- residual waste services

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Community Services

Adult Safeguarding – MASH
- **Respond to safeguarding alerts / referrals**
- **Undertake strategy meetings**
- Response to safeguarding queries from professionals / providers / public
- Complete safeguarding assessments/ investigations

Assessment & Care Management (Hospital)
- **Assessment of needs**
- **Commissioning services**
- **Adult safeguarding**
- **Discharging**
- **Social work advice in accordance with the 2014 care Act**
- Provide other sources of information in accordance with 2014 Care Act.

Support & Enablement Services
- **Supported living (residential)**
- **Respite care**
- **Residential care**
- Day centres
- Community support team

Personal & Community Support Services
- **Supported living**
- **Provision of specialist equipment**
- **Personal care assistance**
- **Support with drinking**
- Respite services
- Community support
- Staff support
- Transport provision
- Support with eating
- Administer medication

Norfolk First Response Service
- **Reablement – personal care, medication and drinking**
- **urgent unplanned response to social care needs**
- **assessment**
- Reablement - food

Libraries
- lend Books, CD's, DVD's etc (stock)
- Offer information service including Council @ your library.
- Offer ICT facilities
- Mobile library services

Community Hubs
- Personal care

Business Support
- Dealing with critical emails / CQC

Norfolk Industries for Disabled People
- Provision of information to corporate services
- Provision of drinking water & welfare facilities

Sensory Support
- Communicator guide support

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Fire & Rescue

Community Fire Protection
- **Provision of risk information to operational teams and emergency services**
- **Enforcement of Regulatory Reform (Fire Safety) Order 2005.**
- **Fire Investigation**
- **Investigation of fire safety complaints**
- **Health & Safety of staff**
- **Liaison and provision of advice to NCC functions.**
- inspection of premises holding/delivering Petroleum
- inspection of premises holding explosives

Emergency Planning
- **Public information / communications**

Operational Assurance
- **Cat1 response**
- **Rescue**
- **Fire fighting**
- Support to neighbouring County fire services
- Supporting County resilience

Resilience
- **USAR national capability**
- **Flood Rescue team**
- **Mass decontamination**
- **High volume pumping**

Public Health
- Provision of comprehensive infection prevention and control assurance to Norfolk & Waveney CCG's
- Monitoring of Health Care Associated Infection performance. Review of root cause analysis and post infection review of all cases of MRSA and Clostridium difficile
- Infection prevention and control service for Norfolk care homes (in collaboration with NCC Care Homes Quality Assurance team)

Norse

Facilities (County Hall)
- **Drains & waste**
- **Security**
- **Gritting / snow clearance (during winter period)**
- **Emergency systems**
- **Provision of 24/7 helpdesk co-ordination services.**

Facilities Management – County Hall
- general refuse collection
- confidential waste collection
- public areas/meeting room cleaning
- toilet cleaning
- car park management
- office cleaning
- general & civic catering

Transport
- emergency response

NPS

Building Surveying
- **M & E servicing and maintenance**
- **Critical incident management**

Facilities Management
- maintenance of heating/air-con and fresh water services
- lift maintenance & rescue

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NCC Gold Group – Standard Agenda

All key decisions should be recorded in the meeting minutes and all actions should be recorded on the action log

1. Attendees – (and confirm required attendees)

2. Apologies

3. Matters arising requiring urgent decisions / actions

4. Approval of previous minutes

5. Actions from previous meeting(s) – Action Log

6. Situation Report (including update from Silver Group)

7. Update from all departments (including impact on critical activities)

8. External updates (if applicable)

9. Review of options

10. Establishment / Review of strategy

11. Communications Strategy, Internal / Elected Members / External

12. Any other urgent business

13. Summary of actions allocated during this meeting

14. Date / time of next meeting

Ensure meeting minutes and action log are circulated to the Silver and Gold Groups.

Note:
*   Action Log Template can be located at Appendix F
*   NCC Situation Report Template can be located at Appendix G

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NCC Silver Group – Standard Agenda

All key decisions should be recorded in the meeting minutes and all actions should be recorded on the action log

1. Attendees – (and confirm required attendees).

2. Apologies

3. Matters arising requiring urgent decisions / actions

4. Updates from Gold Group

5. Approval of previous minutes

6. Actions from previous meeting(s) – Action Log

7. Situation Report including updates from Gold Group

8. Update from all departments (including impact on critical activities)

9. External updates (if applicable)

10. Review of options

11. Establishment of Bronze Groups for operational support

12. Establishment / Review of strategy

13. Communications Strategy, Internal / Elected Members / External

14. Any other urgent business

15. Summary of actions allocated during this meeting

16. Date / time of next meeting

Ensure meeting minutes and action log are circulated to the Silver and Gold Groups.

Note:
- Action Log Template can be located at Appendix F
- NCC Situation Report Template can be located at Appendix G

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Work Area Recovery

Corporate work area recovery

In the event of a key building being inaccessible, the Corporate WAR site will be invoked, (PDC Woodside Road) this has been agreed and is now being developed and tested.

The Corporate WAR is for key buildings such as County Hall, Carrow House and Vantage house.

The Silver Group / Gold Groups along with specialist teams will meet at this location for briefing / debriefing, command and control of the incident, and progress reporting purposes.

Hethersett Fire Headquarters and Carrow Fire Station are also available as Gold (strategic) or Silver (tactical) meeting sites.

In the event of a total loss of a key NCC premise, the Resilience Team along with the Silver Group will coordinate the WAR locations to be used by displaced teams.

The Communications team, in liaison with COG, or other nominated group such as the Business Continuity Management Board, the Customer Service Centre and the Silver Group will publish a helpline number for staff and, where possible, a location where staff can attend with any queries.

Formal corporate work area recovery arrangements have been agreed for some critical activities. For those activities which are not critical, arrangements need to be organised by services.

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Appendix F

Action Log Template

	Action / Issues	Owner	Update	Status
Incident:			**Version:**	
Last Updated:			**Attendees at last meeting:**	
Loggist:				
001				
002				
003				

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NCC Situation Report (SitRep)

Incident Details	
Background Information What has happened? Location of incident/s Time of incident/s Response to date? – by whom?	
Key Issues Reasons for these problems? Is the weather/loss of daylight etc impacting on recovery? Is there an issue with resources?	

Current Situation of NCC Departments

Include where possible information, action being taken, resources required by whom and when relating to the following:

Community & Environmental Services

Highways	
Environment & Waste	
Travel & transport	
Planning Services	
Trading Standards	
Resilience	
Libraries	
Adult Education	
Museums	
Economic Development & Strategy	
Community Safety	
Fire & Rescue	

Resources

HR (inc Health & Safety)	
Finance	

ICT	
Democratic Services	
Procurement	
NPLaw	
Planning, Policy & Performance	
Corporate Programme Office	
Public Health	

NPS / NORSE	
NPS facilities management	
NPS Property	
Norse facilities	
Norse Care	

Adult Social Care	

Children's Services	
Schools	
Youth Offending	
MASH	
Social Care	

Communications	
Customer Service Centre	
Internal Comms	
External Comms	
Members	

Business Support	

This is not an exhaustive list and other areas / teams should be added as necessary depending upon the nature of the incident

Shortage of Staff - Checklist

We may suffer from a shortage of staff through an influenza pandemic, fuel shortage, severe weather or from strike action.

In the event of a shortage of staff incident, representatives from the following areas will be critical at the Silver Group:

- Communications Team
- Resilience Team
- HR
- Affected team / departmental Resilience Reps.
- Union
- Internal Temporary Staff Register (if redeployment or gap filling is required)

The NCC Silver Group – Standard Agenda (**Appendix D**) should be used during any meetings.

The following checklist details specific considerations in the event of incident related to shortage of staff

Consideration / Task	Key area of responsibility	Completed
Impact on staff welfare	Silver Group	
Make a determination about long the absence is likely to last	Silver Group	
Levels of absences e.g. 10% / 20% and main service areas impacted	Silver Group	
Profile of absences across departments – implement process for collating figures	HR	
Source additional staff if required to cover key workers/skills where possible e.g. internally, mutual aid from another partner council, outsourcing?, temp agencies.	Silver Group	
Remind managers/staff on relevant guidance and policies	HR / Comms	
Provide reassurance to managers/staff where necessary regarding jobs, pay and authorised expenditure	HR / Comms	
Provide managers/staff with access to counselling if required.	HR /Comms	
Agree how any backlog of work is to be cleared.	Heads of Service/ Silver Group	

This is not an exhaustive list and there may be other considerations that apply

Note:
- **Action Log Template can be located at Appendix F**
- **NCC Situation Report Template can be located at Appendix G**

Loss of Building - Checklist

The loss of one of our buildings could cause significant disruption to services. Depending on the building and the services operating within it, this is likely to be classed as a Major Incident.

In the event of a loss of building incident representatives from the following areas will be critical at the Silver Group:

- Communications Team
- Insurance Team
- Strategic Risk Manager
- NPS
- Norse facilities
- ICT
- Resilience Team
- HR
- Affected Site representatives / site manager

The NCC Silver Group – Standard Agenda (**Appendix D**) should be used during any meetings.

The following checklist details specific considerations in the event of partial or full loss of an NCC building.

Consideration / Task	Key area of responsibility	Completed
Ensure liaise channels are established with emergency services.	NPS facilities/Premises Manager	
Site Liaison Officer appointed as necessary.	Gold / Silver Groups (depending on level of liaison required)	
Issue emergency security procedures to staff at standby sites, e.g. staff passes.	NPS facilities / Silver / Bronze Groups	
Assess damage to building / site and communicate this to Resilience Team / Silver Group	NPS facilities Manager/NPS	
Advise Strategic Risk Manager and Insurance Manager.	Resilience Manager/NPS facilities	
Provide security for damaged buildings. Security guards appointed and rota drawn up.	NPS facilities/Premises Manager	
Liaise with Police over control of access to damaged buildings.	NPS facilities / Insurance Team	
Advise Silver Group at the earliest opportunity of likely time within which building can be reoccupied/	NPS facilities / ICT Services/	

recovered.	Resilience Manager	
Silver Group to advise on whether standby accommodation arrangements should be invoked.	NPS facilities / NPS Estates /	
Staff / public helpline established.	Communications Team/HR	75
Consider work area recovery, working from home arrangements. Etc.	Silver Group, comms team	
Put contractors, providers of recovery services and assistance on standby.	NPS facilities / ICT Services	
Remove or secure valuable items such as cash, confidential material etc where permission has been given.	NPS facilities / Insurance Team	
Monitor and control the removal of assets from damaged buildings.	NPS facilities / Insurance Team	
Ensure signs are placed to inform members of the public of a change in the service location if appropriate.	Silver Group/ NPS facilities/Premises manager	
Consider whether a Bronze Business Unit Recovery Team need to be formed to maintain and restore services, concentrating on those which are critical.	Silver Group	
Redirect critical telephone numbers.	ICT Services	
Arrange redirection and distribution of incoming post.	Post Service Manager	
Proposed alternative WAR locations pass to Gold Group for approval where appropriate.	NPS/ Silver Group	
Check ability for displaced staff to log in from home for staff members that have the appropriate laptop/citrix/VPN token and the RAS service needs to be available.	ICT Services/ Silver Group	
Recover or replace computer systems.	ICT Services	
Place orders with contractors for building & electrical work.	NPS facilities / Silver / Bronze Groups	

This is not an exhaustive list and there may be other considerations that apply

Note:
- **Action Log Template can be located at Appendix F**
- **NCC Situation Report Template can be located at Appendix G**

Appendix J

Loss of / Disruption to Critical Supplier - Checklist

Disruption from the loss of a supplier could be created from a supplier or provider not being able to fulfil their duties through being affected by their own incident or given the current climate; financial challenges.

In the event of a disruption to critical supplier incident representatives from the following areas will be critical at the Silver Group.

- Head of Procurement / Procurement team manager
- Communications Team
- Strategic Risk Manager
- Resilience Team
- HR (if staff are affected)
- Resilience Representatives from any team / department affected

The NCC Silver Group – Standard Agenda (**Appendix D**) should be used during any meetings.

The following checklist details specific considerations in the event of partial or full loss of an NCC building.

Consideration / Task	Key area of responsibility	Complete
Check the intelligence received about the contractor/supplier - Assess the nature, scale and immediacy of failure.	Procurement / Silver Group	
Check if any other organisations are involved / affected and contact them as necessary. *(Partners, voluntary organisations, sub contractors, regulators, client representatives, government agencies).*	Procurement / Silver Group	
Consider immediate and longer term impact on critical activities and associated services.	Procurement / Silver Group	
Assess the wider financial, contractual, statutory, legal and political implications.	Procurement	
Consider support which could be provided by other contractors/suppliers including support from other authorities	H of Procurement / Silver Group	
Be prepared to escalate to Gold Group (financial loss, reputation, media attention).	Communications / Silver Group	
Agree and communicate longer term solution.	H of Procurement / Silver Group	
Issues to consider: • Whether the failing contractor is in administration. • Level of vulnerability of clients affected. • Statutory response/recovery times. • Statutory minimum levels of service to maintain. • Outstanding orders, payments and invoices, financial reconciliation. • HR restrictions and guidelines (e.g. pay, contracts, TUPE). • Insurance.	Head of Procurement / Silver Group	

This is not an exhaustive list and there may be other considerations that apply

Note:
- **Action Log Template can be located at Appendix F**
- **NCC Situation Report Template can be located at Appendix G**

Loss of Core Infrastructure and / or Critical Systems - Checklist

Failure of the data centre in part or full would have impact on most services. Any incident over 24hours duration would revert to Major Incident status.

In the event of a loss of core infrastructure and/or critical system incident representatives from the following areas will be critical at the Silver Group:

- ICT Infrastructure Manager
- Communications Team
- Strategic Risk Manager
- Resilience Team
- Resilience Representatives

The NCC Silver Group – Standard Agenda (**Appendix D**) should be used during any meetings.

The following checklist details specific considerations in the event of partial or full loss of an NCC building.

Consideration / Task	Key area of responsibility	Completed
Ensure business is made aware of the issue and timescales of disruption.	ICT Service desk/ Resilience Team / Communications	
Put contractors, providers and suppliers of recovery services on standby.	Head of ICT / ICT Services /	
Silver Group members to keep departmental managers and departments informed of progress and recovery timescales.	Silver Group	
Departments to invoke business continuity arrangements including manual procedures required to maintain services.	Silver Group	
Assessment of work required to restore ICT to minimal service level inline with business recovery requirements.	ICT Services	
Testing and operation of interim ICT solutions.	ICT Services	
Development of plans for full ICT service restoration.	ICT Services	

This is not an exhaustive list and there may be other considerations that apply

Note:
- **Action Log Template can be located at Appendix F**
- **NCC Situation Report Template can be located at Appendix G**

Contact Details

Gold Group Contacts

	Work Ext	Home / Mobile No.	Contacted?
Managing Director Dr Wendy Thomson			
Executive Director – Resources Anne Gibson			
Executive Director Adult Social Services – Harold Bodmer			
Executive Director Community & Environmental Services – Tom McCabe			
Interim Director Public Health Lucy Macleod			
Managing Director NPS & Norse Group – Mike Britch			
Interim Executive Director of Children's Services – Shiela Lock			
Managing Director Norse Commercial Services - Peter Hawes			
Head of ICT Services Steve Leggetter			
Acting Head of HR Audrey Sharp			
Interim Executive Director of Finance Peter Timmins			
Chief Fire Officer Nigel Williams			
Head of Business Intelligence and Performance Service & Corporate Planning & Partnerships Service Debbie Bartlett			
Monitoring Officer/Practice Director Nplaw Victoria McNeil			

24 / 7 Duty Contacts

	Mobile/Pager No	Contacted?
Resilience Team Duty Officer (RTDO)		
Norfolk Fire Rescue Service Control Room		
Children's Services Critical Incident Team		
Children's Services Duty Director		
Children's Services Emergency Duty Team		
Adult Care Duty Director		
Adult Care Emergency Duty Team		
Duty Officer - Highways		
Duty Officer – Customer Service Centre		
Duty Officer - Communications		
Norse Helpdesk		

Audit Committee

Report title:	Norfolk Pension Fund - External Auditor's Audit Plan 2014-15
Date of meeting:	18 June 2015
Responsible Chief Officer:	Executive Director of Finance

Strategic impact

The attached Audit Plan sets out how the Norfolk Pension Fund's external auditors intend to carry out their responsibilities. This summarises the proposed external audit approach and scope for the 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 2014-15, which is attached as **Appendix A**. This plan is one of certain communications that EY must provide to the Audit Committee of the audited client (at page 13 of their plan). The Pensions Committee will receive this plan for their approval on 8 July 2015.

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

Members are recommended to:

- **consider the External Auditor's Audit Plan and whether there are other matters which may influence their audit**
- **note that this plan will be reviewed by the Pensions Committee for their approval on 8 July 2015.**

1. Introduction

The Norfolk Pension Fund 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 Pension Fund'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 Pension Fund, and outlines their proposed audit strategy in response to those risks.

2. Evidence

The External Auditor's proposed Audit Plan for 2014-15 is attached as **Appendix A** to this report.

3. Financial Implications

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

- Financial Statement Risks, at part 3 –summarised in paragraph 4 below.
- An indicative fee scale for the Fund's audit, which remains unchanged from 2013-14 at £27,099, shown at Appendix A to their plan.

EY assessment of overall materiality for the Fund's 2014-15 financial statements is £26.5m based on 1% of estimated net assets. EY will report to the Audit Committee uncorrected audit misstatements greater than £1.3m (Section 4.3) in the plan.

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:

- Change of Custodian – In December 2014 the custodian of the pension fund changed from Northern Trust to HSBC. This presents a risk that information may be incorrectly transferred or reported in the 2014-15 financial statements. Related changes to the audit approach are set out on page 4 of the plan.

4.2   Officers have considered the risk areas highlighted in the Audit Plan. They have been taken them into account in financial statements planning, and are subject to discussions with the external auditors.

4.3   Apart from those listed in the report, there are no other implications to take into account.

4.4   A representative from EY will attend the meeting and answer members' questions.

4.5   EY will provide a formal report to the Audit Committee in September 2015.

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

5.2   EY will issue an opinion on whether the Fund's financial statements give a true and fair view of the financial position as at 31 March 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   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.

5.4   The plan also sets out EY's assessment of the key strategic or operational risks and the financial statement risks facing the Fund, respective responsibilities, and the audit strategy and process.

Officer Contact

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

Name	Telephone Number	Email address
Simon George	01603 222400	simon.george@norfolk.gov.uk
Adrian Thompson	01603 222784	adrian.thompson@norfolk.gov.uk

Appendix A

Norfolk Pension Fund - External Auditor's Audit Plan 2014-15

Norfolk Pension Fund

Year ending 31 March 2015

Audit Plan

14 May 2015
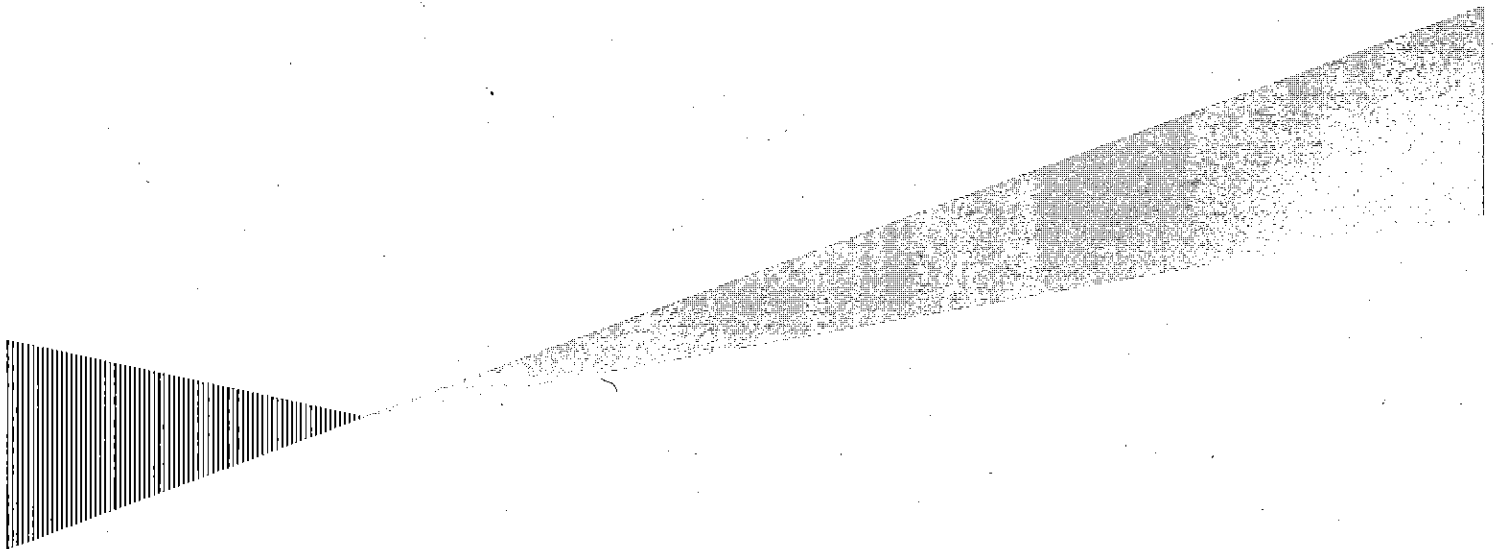
EY
Building a better
working world

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EY

Building a better
working world

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RG1 1YE

INVESTOR IN PEOPLE

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

14 May 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 twofold, firstly to provide the Audit & Pension Fund Committees with a basis to review our proposed audit approach and scope for the 2015 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; and secondly, to ensure that our audit is aligned with the Committee's service expectations.

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

We welcome the opportunity to discuss this report with you at the Pension Committee and the Audit Committee meetings in June 2015 as well as understanding whether there are other matters which you consider may influence our audit.

Yours faithfully
Baldeep Singh
Partner
For and behalf of Ernst & Young LLP

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Contents

1. Overview

Context for the audit

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

▶ Our audit opinion on whether the financial statements of Norfolk Pension Fund ('the Pension Fund') give a true and fair view of the financial position as at 31 March 2015 and of the income and expenditure for the year then ended; and

▶ Our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the pension fund financial statements

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

▶ strategic, operational and financial risks relevant to the financial statements;

▶ developments in financial reporting and auditing standards;

▶ the quality of systems and processes;

▶ changes in the business and regulatory environment; and

▶ management's views on all of the above.

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

Our assessment of risk includes the consideration of changes to financial regulations, national changes to local government pension scheme administration and local changes to the control environment and administration of the Norfolk Pension Fund. During 2014/15 the main change which impacted at Norfolk Pension Fund was the in-year change of custodian. In December 2014 the custodian of the pension fund changed from Northern Trust to HSBC. This presents a risk that information may be incorrectly transferred or reported in the 2014/15 financial statements.

In parts three and four of this plan we provide more detail on the above areas and we outline our plans to address them.

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. This must be 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 financial statement risks facing Norfolk Pension Fund, identified through our knowledge of the entity's operations and discussion with members of both the Pension and Audit Committees and with officers.

During discussions at the Pension and Audit Committees, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
Management override	
As identified in ISA (UK & Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records 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 risks	Our audit approach
Change of custodian	
In December 2014 the custodian of the pension fund changed from Northern Trust to HSBC. This presents a risk that information may be incorrectly transferred or reported in the 2014/15 financial statements.	Our approach will focus on: ► Updating our understanding of the new custodian as a service organisation to the pension fund; ► Evaluating the scope of the work performed by the internal audit team, reviewing and re-performing a sample of the work of internal audit relating to the change in custodian; ► Reviewing the transfer of information to the new custodian; ► Reviewing the reconciliation of balances between the former and new custodian; and ► Reviewing the reporting of investment balances provided by the new custodian.

In addition, our areas of audit emphasis have been identified as:

► Completeness, existence, ownership and valuation of year end investments.

► Completeness, occurrence and measurement of investment income and change in market value.

►· Completeness, existence, ownership and valuation of cash balances.

► Completeness, measurement and timeliness of contributions.

► Occurrence and measurement of pensions.

► Presentation of and disclosures in the financial statements are compliant with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

We will provide an update to the Audit and Pension Fund Committees on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2015.

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.

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Audit Commission's Code of Audit Practice ('the Code'), dated March 2010, our principle objectives are to review and report on, to the extent required by the relevant legislation and the requirements of the Code, the Pension Fund's financial statements.

Our objectives are to:

► form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

► form an opinion on the consistency of the financial statements within the pension fund annual report with the published financial statements.

4.2 Audit process overview

Our approach is to assess the Pension Fund's level of internal controls and to place reliance upon those controls where appropriate and efficient to do so. In doing so, we will look to rely on the work of Internal Audit as much as possible whilst complying with the requirements of auditing standards.

Processes

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

We will also undertake work in accordance with the Audit Commission's IAS 19 protocol in order to provide information to the auditors of the relevant admitted bodies of the Norfolk Pension Fund, on which reliance can be placed when auditing the admitted bodies' financial statements.

Analytics

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

• help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and

• give greater likelihood of identifying errors than random sampling techniques.

Internal audit

As in prior years, we will review internal audit plans and the results of work undertaken at Norfolk Pension Fund. We will reflect on the findings from these reports during our planning processes and where issues are raised that could impact the year-end financial statements, comment further in our Audit Results Report,

Use of experts

In producing the financial statements, management will place reliance on the work undertaken by a small number of experts. We anticipate being able to undertake sufficient procedures such that we will be able to place reliance on the work undertaken by management's experts.

We also anticipate relying on the work of the experts commissioned by the Audit Commission (before its abolition) in respect of the work undertaken by the pension scheme actuary appointed by Norfolk Pension Fund.

Where appropriate, we may utilise the specialist EY pensions resource to help us to form a view on judgments made in the pension fund financial statements.

Mandatory procedures required by auditing standards

In addition to the financial statement risks outlined in section 2, we have to 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.

► Addressing the risk of fraud and error.

► Significant disclosures included in the financial statements, in particular disclosures relating to financial instruments.

► Entity-wide controls.

► Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements.

► Auditor independence.

Procedures required by the Code

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

4.3 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 the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition.

We have determined that overall materiality for the financial statements of Norfolk Pension Fund is £26.5 million based on 1% of estimated net assets. We will communicate uncorrected audit misstatements greater than £1.3 million 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 of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

4.4 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 audit of the Pension Fund is £27,099. Further information is provided in Appendix A.

4.5 Your audit team

The engagement team is led by Baldeep Singh who leads EY's pension's assurance team. Baldeep 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 your finance and pension teams.

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

4.6 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the Audit and Pension Fund Committee cycles in 2014/15. 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 and Pension Fund 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 for Norfolk County Council and Norfolk Pension Fund in order to communicate to the Council, Fund 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:	**April 2014**		Audit Fee letter
Risk assessment and setting of scopes	**January to April 2015**	Audit Committee & Pension Fund Committee	Audit Plan
Testing of routine processes and controls	**March/April 2015**		
Year-end audit	**June to July 2015**		
Reporting	**September 2015**	Audit Committee & Pension Fund Committee	Report to those charged with governance Audit report (including our opinion on the financial statements). Audit completion certificate
	October 2015		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.

5. Independence

5.1 Introduction

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

Required communications	
Planning stage	**Final stage**
► 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.	► 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.

5.2 Relationships, services and related threats and safeguards

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

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receives significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees. We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have 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 you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard 4.

We have considered the relevant guidance and confirm 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.

We have considered the relevant guidance and confirm there are no 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 in relation to which management is required to make judgements or decision based on that work.

We have considered the relevant guidance and confirm there are no management threats at the date of this report.

Other threats

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

We have considered the relevant guidance and confirm 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 Baldeep Singh, your audit engagement partner and the audit engagement team have not been compromised.

5.3 Other required communications

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

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended 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
	£'000	£'000
Total Audit Fee – Code work	27,099	27,099

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

▶ Officers meeting the agreed timetable of deliverables;

▶ We are able to place reliance, as planned, on the work of internal audit;

▶ The level of risk in relation to the audit of accounts in consistent with that in the prior year;

▶ Our accounts opinion being unqualified

▶ Appropriate quality of documentation is provided by the audited body

▶ Effective control environment and system controls.

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

Appendix B   UK required communications with those charged with governance

There are certain communications that we must provide to the audit committee of audited clients. These are detailed here:

Required communication	Reference
Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.	► Audit Plan
Significant findings from the audit ► 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
Misstatements ► 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
Fraud ► 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
Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ► 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
External confirmations ► 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
Consideration of laws and regulations ▸ 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	▸ Report to those charged with governance
Independence Communication of all significant facts and matters that bear on EY's objectivity and independence Communication of key elements of the audit engagement director's consideration of independence and objectivity such as: ▸ 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	▸ Audit Plan ▸ Report to those charged with governance
Going concern Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▸ 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	▸ Report to those charged with governance
Significant deficiencies in internal controls identified during the audit	▸ Report to those charged with governance
Fee Information ▸ breakdown of fee information at the agreement of the initial audit plan ▸ breakdown of fee information at the completion of the audit	▸ Audit Plan ▸ Report to those charged with governance ▸ Annual Audit Letter if considered necessary

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Monitoring Officer's Annual Report 2014/15

Report by the Head of Law and Monitoring Officer

The Monitoring Officer's Annual Report summarises the internal governance work carried out by the Monitoring Officer in 2014/15 and provides assurance that the organisation's control environment, in the areas which are the responsibility of the Monitoring Officer, is adequate and effective. This annual report supports the assurance statements included in the draft Annual Governance Statement for 2014/15, a draft of which is also before the Audit Committee today (the "Annual Governance Statement").

The Audit Committee is requested to note the contents of the report.

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1   Introduction and background

1.1   The Practice Director for nplaw is also the Council's Head of Law and statutory Monitoring Officer.

1.2   The Monitoring Officer's Annual Report for 2014/15 supports assurance statements included in the draft Annual Governance Statement. It provides a review of the Monitoring Officer's work as part of the Council's governance arrangements and system of internal control.

1.3   The chief responsibilities of the Monitoring Officer, contained in the Monitoring Officer Protocol at Part 6.5 to the Constitution can be summarised as follows:-

(a) a duty to report to the Council in any case where the Monitoring Officer is of the opinion that any proposal or decision is or is likely to be illegal or to constitute maladministration. These matters are referred to in the Protocol as "reportable incidents";

(b) a range of functions relating to Member conduct; and

(c) specific functions under the Council's Constitution.

1.4   The ability of the Monitoring Officer to undertake this role effectively depends on excellent working relations with colleagues and Members and on the flow of information and access to debate particularly at early stages. The scope of the work also extends to joint arrangements.

2   Monitoring Officer Annual Report 2014/15

2.1   The key messages in the attached report include:

- that there have been no 'reportable incidents' during the period 2014/15;

- that the systems of internal control administered by the Monitoring Officer were adequate and effective during 2014/15 for the purposes of the latest regulations; and

- that the Monitoring Officer meets twice yearly with the Standards Committee to update on any Code of Conduct Complaints and matters relevant to standards of conduct in public life and will be reported on as part of the Monitoring Officer's Annual Report 2015/16.

- that the Council changed from an Executive (Leader and Cabinet) system of governance to a Committee system of governance with effect from May 2014 and a full review of the effectiveness of the new system was conducted between November 2014 and May 2015.

3   Section 17 Crime and Disorder Act

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

3.2   The Monitoring Officer's work helps to deter crime, and/or make crime difficult, increasing the likelihood of detection and prosecution and thereby disincentivising crime.

4   Any other implications

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

5   Recommendation

5.1   It is recommended that the Audit Committee should consider the Monitoring Officer's Annual Report for 2014/15 and in particular the key messages at paragraph 2.1.

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**Monitoring Officer's
Annual Report
2014/15**

Section Numbers	**Contents**
1	Introduction
2	Key messages
3	Results of the Monitoring Officer's work in 2014/15
4	Review of effectiveness of systems of Internal Audit
5	Governance Statement
6	Section 17 Crime and Disorder Act
7	Overall opinion on the adequacy and effectiveness of the Governance framework

1. Introduction

1.1 The Monitoring Officer's Annual Report summarises the more significant activities of the Monitoring Officer in 2014/15 and comments on other current issues relevant to the Monitoring Officer's work for the County Council.

1.2 Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the fundamental principles of openness, integrity and accountability together with the overarching concept of leadership. In this respect, Norfolk County Council recognises the need for sound corporate governance arrangements and over the years has put in place policies, systems and procedures designed to achieve this. The County Council adopted a Code of Corporate Governance based on the CIPFA model which is reviewed annually by the Director of Finance as a means of drawing together all the positive elements of corporate governance which it already has in place. The Code is updated annually. No changes have been made since 2013 but a full review will be carried out to reflect the adoption by the Council in May 2014 of the new committee system of governance and the review of that new system of governance completed in May 2015.

1.3 The Monitoring Officer is appointed under Section 5 of the Local Government and Housing Act 1989 and has a number of statutory functions in addition to those more recently conferred under the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007 and subsequent regulations governing local investigations into member conduct. The Localism Act came into force in 2011, with subsequent implementing regulations coming into force during 2012/13, and included a number of changes to rules relating to the standards regime including the establishment of Standards Committees, the assessment of complaints and the abolition of Standards for England.

1.4 In November 2013 the Council decided to change from an Executive (Leader and Cabinet) system of governance to a committee system of governance. From the Council's AGM in May 2014 the Council began to operate a Committee system whereby the major decisions are made by 5 politically proportionate Service Committees (Children's, Adult Social Services, Environment Development and Transport, Communities and Policy and Resources). Once the new system had been running for 6 months a review was conducted and some improvements to the system adopted at the May 2015 AGM.

2. Key messages

2.1 The key messages to note from the year are:

- There have been no 'reportable incidents' during the period 2014/15.

- That the systems of internal control administered by the Monitoring Officer including compliance with the Code of Corporate Governance and the Council's Constitution were adequate and effective during 2014/15 for the purposes of the latest regulations.

- The Council has arrangements in place to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

- The County Council publishes on its website a summary of Members' declared interests, all the authority's expenditure over £500 and the expenses of Chief Officers.

- The Council is proactive in raising the standards of ethical conduct among members and staff, including the provision of ethics training and has put in place arrangements for monitoring compliance with standards of conduct across the Council including:

  - Standards of conduct and behaviour for officers

  - Code of Conduct for Members

  - Register of Discloseable Pecuniary Interests

  - Register of gifts and hospitality

  - Complaints procedure

- Following the May 2013 elections all Members completed a declaration of Discloseable Pecuniary Interests. These declarations were updated by Members in July 2014 and are published on the Council's website.

- Following the May 2013 elections training on the Code of Conduct and registration and declaration of interests was held for all Members. (There was no specific Code of Conduct training in 2014 but it is scheduled for 2015).

- The Council can demonstrate that generally Members and staff exhibit high standards of personal conduct. During 2014/15 the number of standards complaints was low and no hearings of the Standards Committee were required.

- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and pecuniary interests. There is evidence that members and staff are making appropriate disclosures in the registers and that they are regularly reviewed.

- The Audit Committee receives an annual update on the Council's counter fraud and corruption policy applying to all aspects of the Council's business. This policy has been communicated throughout the Council. There are effective arrangements for receiving and acting upon fraud and corruption concerns and disclosures from members of the public.

- The Council has arrangements in place to receive and investigate allegations of breaches of proper standards of financial conduct and fraud and corruption.

- The County Council's Anti-Fraud and Corruption Strategy updated to reflect changes in law and practice, and was approved by the Audit Committee in January 2014.

- There is a whistleblowing policy which is publicised and demonstrates the Council's commitment to providing support to whistleblowers and has been communicated to staff and those parties contracting with the council. The Council can demonstrate its staff, and staff within contracting organisations,

have confidence in the whistleblowing arrangements and feel safe to make a disclosure. The policy was last reviewed against best practice guidance from the Audit Commission during 2011, as reported to Audit Committee and is currently undergoing a review.

- nplaw achieved the Law Society's Lexcel quality standard and has arrangements in place to ensure the quality of the service provided.

- During the year regular reports are provided to the Standards Committee and ad hoc reports on major legislative and governance issues are provided to the Chief Officer Group.

- Money laundering requirements as stipulated in the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002 have been fully met.

3. Results of the Monitoring Officer's work in 2014/15

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

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

DUTIES	EXAMPLES
The Monitoring Officer or her senior staff is consulted at an early stage on new policy proposals and on matters, which have potentially significant legal implications.	The Monitoring Officer and her staff are regularly consulted by Chief Officers on new policy proposals. Following a restructuring by the Managing Director in 2014/15 the Monitoring Officer is no longer a member of the Chief Officer Group. There is therefore an increased onus on the Chief Officers to inform her of policy proposals. She receives copies that go to the Chief Officer Group.
All draft reports to the Service Committees are as a matter of routine cleared with the Monitoring Officer or her senior staff.	Significant reports for decision were routinely forwarded to the Monitoring Officer and her staff by service departments and were reviewed for their legal and ethical implications. This area is currently under review.
The Monitoring Officer has been informed of all emerging issues of concern of a legal, ethical or constitutional nature.

Similarly, Members have ensured that the Monitoring Officer is routinely informed and consulted in respect of new policy proposals. | Chief Officers are aware that they should consult the Monitoring Officer on legal, ethical or constitutional matters and they regularly do so.

Members can rely on the fact that significant reports for decision are routinely reviewed by the Monitoring Officer or her senior staff, prior to their presentation at Committees. |
The Monitoring Officer has sought to resolve any potential illegality by identifying alternative and legitimate means of achieving the objective of the proposal.	The Monitoring Officer, in her capacity as Head of Law, and her senior staff regularly advise on the legality and/or appropriateness of administrative procedures.
In cases where external lawyers are acting for the County Council, it will be necessary for the relevant Chief Officer and the Monitoring Officer to agree arrangements for ensuring that vires and constitutional issues are satisfactorily addressed.	No exceptions were raised during the period.
In appropriate cases, and to secure the rapid resolution of a potential reportable incident or avoid a separate statutory report, the Monitoring Officer will be entitled to add her written advice to the report of any other County Council Officer.	There have been no such incidents during 2014/15.

DUTIES	EXAMPLES
Where the Monitoring Officer receives a complaint of a potential reportable incident, she must in appropriate cases seek to resolve the matter amicably, by securing that any illegality or failure of process is rectified. However, it is recognised that the Monitoring Officer may decide that the matter is of such importance that a statutory report is the only appropriate response.	There have been no incidents requiring a statutory report during 2014/15.

4. Review of effectiveness of systems of internal audit

4.1 The Accounts and Audit (England) Regulations 2011 require the Council to review annually the effectiveness of its system of internal audit. There is currently no guidance or good practice available for meeting this requirement. Informal advice from CIPFA and discussions with other local authorities provided various options for reviewing the effectiveness of the system of internal audit.

4.2 The elements of the Council's systems of internal audit and the assurance on their effectiveness include corporate control functions such as legal services. As endorsed by the Audit Committee on 24 April 2007, the option chosen is for the Audit Committee to review information on the effectiveness of the management processes and corporate control functions (legal, financial, health and safety and human resources services performed) as provided by self assessment, customer feedback and any existing external performance reviews.

4.3 nplaw's work was accredited by Lexcel, the Law Society's quality standard for all legal practices, in March 2015 and was commended for many good practice areas. There were no areas requiring improvement and the Monitoring Officer received positive feedback from the Lexcel assessor in relation to a number of good practice areas.

5. Governance Statement

5.1 In addition to the Council's own governance the Monitoring Officer provides legal advice to the following joint committees:

- Norfolk Records Committee
- Norfolk Joint Museums and Archaeology Committee
- Eastern Shires Purchasing Organisation (ESPO)
- Norwich Highways Agency Committee
- Eastern Inshore Fisheries and Conservation Authority; and
- Norfolk Parking Partnership Joint Committee.

5.2 The Council and each Joint Committee (save for the Norwich Highways Agency Committee) publishes its own Annual Governance Statement.

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

6.   Equalities Impact Assessment

6.1   There are no impacts arising from this report.

7.   Section 17 Crime and Disorder Act

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

7.2   The Monitoring Officer's work helps deter crime, or increase the likelihood of detection through making crime difficult, increasing the risks of detection and prosecution and reducing rewards from crime.

8.   Overall opinion on the adequacy and effectiveness of the Governance framework

8.1   That the systems of internal control administered by the Monitoring Officer including the Code of Corporate Governance and the Council's Constitution, were adequate and effective during 2014/15 for the purposes of the latest regulations.

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Audit Committee

Item No 11

Report title:	Anti-Fraud and Corruption Update
Date of meeting:	18 June 2015
Responsible Chief Officer:	Practice Director Norfolk Public Law (NPLaw)

Strategic impact

The Committee takes a lead on the Council's Anti-Fraud and Corruption responsibilities and the implementation of that policy and strategy.

Executive summary

This report provides an update for the Committee on the Council's Anti-Fraud and Corruption activity for the period from January to May 2015.

Key Messages:

- There are 84 completions for the Fraud Awareness eLearning and 21 completions for the Fraud Prevention eLearning from April 2014 to present. Promotion to Budget Holders is planned next. Chief Officers are considering the Corporate eLearning priorities and these courses will be fed into that review (2.3)

- We are fully participating in the latest TEICCAF and CIPFA Anti-Fraud Surveys to inform the Anti-Fraud Agenda (2.4 and 2.5)

- The 2014-15 transparency data will be published by the end of June 2015 (2.6)

- The Whistleblowing Policy is being updated (2.9)

- Investigation of NFI matches is in progress (2.12)

- The increase in the frequency of the preliminary assessments may be likely to the impact of austerity and changes in controls in establishments (2.14)

Recommendation:

The Audit Committee should consider:

- Actions that:

    - a Statement regarding the adherence to the Code has been included in the Council's Annual Governance Statement, as required by the CIPFA Code of Practice on Managing the Risk of Fraud (2.8)

- There are no actions arising from:

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o The Government's UK Anti-Corruption Plan which has no direct actions for Local Councils and direction is awaited from DCLG in due course.

o the NFI progress report, (2.12).

- The Anti-Fraud and Corruption Strategy 2014 remains fit for purpose

- the work to date by Norfolk Audit Services, that there has been adequate progress and the plan for future work as set out in **Appendix D**.

1. Proposal (or options)

1.1   The proposals are set out in the Executive summary above.

2. Evidence

2.1   The Audit Committee approved the January 2014 edition of the Anti-Fraud and Corruption Strategy, its Policies and Guidance at the January 2014 meeting of the Committee. No significant amendments are considered necessary at this time.

2.2   This report provides an update for the Committee on Anti-Fraud and Corruption activity for the period from January to May 2015. The last update was presented to the Committee in January 2015.

2.3   The Executive Director of Finance fully supports mandatory eLearning for the Anti-Fraud courses. A pilot exercise was undertaken by the Finance Management Team (FMT) who completed both the 'Fraud Awareness' and the 'Fraud Prevention and Detection' e-learning courses.   The pilot identified technical issues with the learning hub which have now been fixed.

2.4   Following the abolition of the Audit Commission the former Counter Fraud Team of the Commission are now working with 'The European Institute for Combatting Corruption and Fraud' (TEICCAF), to deliver the Protecting the Public Purse (PPP) fraud and corruption survey 2015. TEICCAF is an umbrella body for local government, counter fraud professionals and professional bodies; including the Institute of Revenues Rating and Valuation (IRRV) and the Local Authority Investigating Officers Group (LAIOG). Council's have submitted the 2014/15 detected fraud and corruption survey (The deadline for submission was Friday 29 May 2015.)   TEICCAF will publish the survey results in a 2015 'Protecting the Public Purse' report. In addition to the PPP report Council's will also receive an individually tailored benchmarking analysis of their council's fraud detection performance.

2.5   CIPFA also have a similar Counter Fraud Benchmarking survey which we are also taking part in. The deadline is now 12 June 2015.

2.6   In the last update we reported that the DCLG had issued a [Code on Local Government Transparency](#) for 2014 (at pages 9 and 33). The mandatory information required by the code was published on the Councils Web pages by the DCLG deadline and can be found at: http://www.norfolk.gov.uk/Council_and_democracy/Your_information/Open_Data/Counter_Fraud/index.htm   This information will be updated to reflect 2014-15 data by the end of June 2015. (Appendix A details the mandatory information)

2.7   Work is in progress to investigate the further information that is recommended for publication in the Transparency Code. The outcome will be reported to a future meeting

2.8   A Statement has been approved by the governing body and will be signed by the persons responsible for signing the Annual Governance Statement to confirm adherence to the CIPFA **Code of Practice on Managing the Risk of Fraud**.

2.9   A separate report will be made in September 2015 regarding the National Audit Office Whistleblowing Report - November 2014 and their earlier report 'Making a Whistleblowing Policy Work dated 8 March 2014.

2.10   At the time of this report the DCLG had not provided direction for Local Councils on the [UK Anti-Corruption Plan](#)**.**

2.11   The **National Fraud Initiative (NFI)** is a national exercise undertaken every two years and requires data to be extracted for matching with other authorities data to identify possible fraudulent activities. From 1st April 2015 the Cabinet Office took over the administration of the NFI from the Audit Commission.

2.12   We are currently participating in the 2014-15 NFI exercise and matching results were received on 29 January 2015. NAS are liaising with nominated "investigators" within the relevant service areas to ensure that matches are investigated timely and effectively. Progress is satisfactory.

2.13   Match results for NORSE Group were received in early April and satisfactory investigative work is in progress.

2.14   During the reporting period the Internal Audit Team have attended Disciplinary Action Review Group meetings, which resulted in preliminary assessment work but no formal investigations by the internal audit team.

2.15   Norfolk Audit Services plan for future work on Anti-Fraud and Corruption Activity is presented at **Appendix B.** Progress is considered satisfactory.

2.16   Technical details appear in **Appendix C**, for information.

3. Financial Implications

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

4. Issues, risks and innovation

4.1. **Risk implications**

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

4.2. **Resource Implications**

Our resources for Anti Fraud Activity are set out in the Audit Plan agreed in January 2015. It includes 20 days for the "provision of advice and assistance", which is largely aimed at raising awareness and prevention. There is also provision of 40 days to provide specific audits that seek to detect Fraud, which are yet to be decided. We have made no provision for investigations, although we may become involved in some during the course of the year and where we do we will in the first instance charge the relevant service, but there may be a charge on the contingency. Should there be a major investigation additional resource may be sought.

4.3. There are no implications with respect to:

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

5. Background

5.1. It is considered that with the proposed changes to Local Public Audit by the Government the scope of Internal Audit's work for public interest matters, such as fraud or corruption, may well become more significant as the External Auditor's role is limited through cost considerations to the mandatory and regulatory requirements.

5.2. Under section 17 of the Crime and Disorder Act 1998, the Council has a statutory general duty to take into account the crime and disorder implications of all of its work, and to do all that it reasonably can to prevent crime and disorder in Norfolk. The Anti-Fraud and Corruption activity is directly aimed at fulfilling this statutory duty and this report

sets out the activity for June to December 2014 and future plans with respect to this work.

5.3. **Background papers**

There were no background papers relevant to this report.

Officer Contact

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

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

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DCLG Transparency 2014 Requirements

Table 1: 'Must' be published annually (by February 2016)

Information which 'must' be published relating to Fraud	*Information for 2014-15*
Number of occasions we use powers under the Prevention of Social Housing Fraud (Power to Require Information)	**Nil, the Council has no Social Housing Function**
Total number (absolute and full time equivalent - FTE) of employees undertaking investigations and prosecutions of fraud	**One (One FTE)**
Total number (absolute and full time equivalent) of professional accredited counter fraud specialists	**One (Chief Internal Auditor) – CIPFA Certificate in Investigative Practice**
Total amount spent by the authority on the investigation and prosecution of fraud	**Nil**
Total number of fraud cases investigated	**Nil**

Anti-Fraud Action Plan

For each element of the Strategy there are various actions planned and these are set out below, new ones are underlined. Resources have been allocated to this plan from within the existing audit team and are considered adequate. Progress has been delayed in the reporting period due to managing vacancies within the team.

Prevention Actions are:

> • Development and implementation of a plan to fulfil the mandatory training for all staff the 'Fraud Awareness' e-learning course and the "Fraud Prevention and Detection" e-learning package for all managers (2.3 and 2.4)

- To explore the opportunities and benefits of introducing positive vetting

- To undertake testing on the validity of references and qualifications

- To explore the development of and strengthen Gifts and Hospitality recording referencing best practice

- development & preparation of work to raise fraud awareness across the authority, which include posters, attending team meetings and items in key publications such as Norfolk Manager and Horizon

- publication of the 'Fraud Awareness' e-learning course the "Fraud Prevention and Detection" e-learning package for managers on the schools peoplenet

- continued promotion of the Anti-Fraud and Corruption Strategy and associated policies

- investigation of the 2014-15 NFI matching results (see 2.13)

- To continue to seek to improve our use of data, information and intelligence to further focus our counter-fraud work, in partnership with other teams within NCC, including the Strategic Risk team. An anti-fraud analysis audit is included in the 2015-16 audit plan.

- Provision for two specific anti-fraud audits (yet to be decided) have been included in our 2015-16 audit plan

- Consider increasing the number of qualified Investigators in the Internal Audit team

- Add Text and On-line referral to the 'How to Contact Us section of the Anti-Fraud Strategy and facilitate these options

- Be alert to the risks of fraud, particularly in growing risk areas, such as Social care and Direct Payments

- Be alert to the risks of organised crime, particularly for procurement

- Apply the lessons from the approach encouraged by the Audit Commission's Protecting the Public Purse to tackle housing tenancy fraud, to other types of fraud

- continue to follow good practice and match the successes of others via networks and technical updates. Engage fully with the new CIPFA Counter Fraud Centre

- investigate encouraging the introduction of Anti-Fraud and Corruption champions within departments

- complete a member survey of anti-fraud and corruption arrangements during 2015

- continue to work with the wholly owned companies, including NorseCare Ltd, to maintain consistent prevention measures

- further sessions are planned for ,The Anti-Fraud Briefing to a departmental management teams 'Red Flags and Rolled up Sleeves'

Detection Actions include ongoing resolution, with other departments of NCC, of "matches" from the 2015-16 NFI exercise.

Investigations Actions include

- a review of our investigation methodology and our reports, and

- a review the Fraud Response plans.

Sanctions Actions include to continue to progress, and where possible, complete loss recovery plans.

Anti-Fraud Technical Details

Section 1 - Prevention

1.1   Anti-Fraud best practice continues to be sought. Norfolk Audit Services has membership of the London Audit Counter Fraud Group, Essex Counter Fraud Hub and the South East Counter Fraud Hub and regularly reviews fraud updates, best practice advice from others parties such as CIPFA and Anti-fraud networks, including now the CIPFA Counter Fraud service.

1.2   For cost savings we no longer subscribe to National Audit Fraud network (NAFN)

1.3   The County Council has clear procedures for the checks that need to be performed on new members of staff including identity, right to work, references and qualifications. The opportunities and benefits of introducing positive vetting will be explored.

1.4   An Anti-Fraud leaflet is available.

1.5   The 'Key Financial Controls' course continues to be offered by the Schools Finance Team designed in conjunction with NAS. This course is for operational finance staff and contains guidance on anti-fraud and corruption for schools. A 'Protecting Public Money' course is also offered to School Governors and Headteachers which contains guidance on the Anti-fraud Strategy and Whistleblowing Policy. Further courses of these are planned. There are no charges for these courses if the school has purchased a Finance Support Package.

1.6   The Strategic Risk, Insurance and Internal Audit teams continually assist Chief Officers to assess the risks from fraud and corruption. The Strategic Risk Manager will, when reviewing risk registers ensure that the risks from fraud and corruption have been consider by the risk owners. No specific additional fraud or corruption risks have been identified due to the impact of the recession and the economic climate in Norfolk. As part of the process to prevent and stop fraudulent claims, insurance claims are reviewed for potential fraud at key points during the claims handling process.

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Section 2 – Detection

2.1   Norfolk Audit Services' primary objective is for the delivery of the Internal Audit plan as agreed by the Audit Committee. Some of the audits included in the 2014-15 Internal Audit Plan have specifically included reviewing controls with respect to anti-fraud and corruption and as such may help to detect fraud or corruption. .

2.2   The promotion of the responsibilities of Chief Officer's and their managers in relation to detecting fraud and corruption is a key part of the prevention Strategy explained above and is clearly stated in internal

audit reporting, and this role is now further supported with the availability of the 'Fraud Prevention and Detection' e-learning course.

2.3 The Cabinet Office has taken over the administration of the 2014/15 National Fraud Initiative exercise (NFI) from the Audit Commission to help detect fraud, overpayments and errors.

We are currently participating in the 2014-15 NFI exercise. For the first time this year NCC Personal Budget (direct payments only) and NORSE group payroll, creditors and insurance data has been included.

The 2012-13 NFIS exercise is now complete and indicates a positive outcome for NCC.

2.4 Internal Audit work does identify and specifically report control weaknesses in processes or systems that may increase the risk of fraud or corruption, however it provides only a very limited level of detection as sample sizes are generally small. Our Internal Audit planning is informed by best practice including the Fighting Fraud Locally Strategy. High Priority Findings are reported to Chief Officers Group and to this Committee to track their completion to deadlines that have been agreed.

Section 3 – Investigation

3.1 When allegations are made, Norfolk Audit Services (NAS) undertake a preliminary assessment, in accordance with the NAS Fraud Response Plan, of the situation to assess what further action is required.

3.2 Where requested by Chief Officers (or the Audit Committee Chairman if required) the team may use their experience and skills to support relevant ad-hoc disciplinary investigations or corporate complaints with a significant financial element, fulfilling an 'Investigating Officer' role. Lessons learned help inform the Council's audit needs assessment planning. There were no such requests during the reporting period.

3.3 Preliminary assessments and investigations are managed by staff that are suitably trained or supervised. Investigations are subject to internal review by the Chief Internal Auditor who holds the CIPFA Certificate in Investigatory Practice. Training for Senior Auditors on specific aspects, such as investigative interview techniques, preparing statements and investigative reporting will be considered during 2015-16.

Section 4 – Anti-Fraud Benchmarking

4.1 The TEICCAF 2014/15 detected fraud survey has been completed. There was one detected fraud which related to Recruitment Fraud.

4.2 The CIPFA Survey is being completed with a deadline of 12 June 2015.

Section 5 – Impact of the Audit Committee's work and Adding Value

The Audit Committee plays a central role in providing good governance and ensuring that the Anti-Fraud and Corruption Strategy is effectively implemented.

Section 6 – Conclusions

- The approach is consistent with best practice, it meets both internal measures and external inspection requirements and has demonstrated effectiveness.

- The Committee continues to develop its role and impact on Anti-Fraud and Corruption governance through ongoing member training and the development of the Committee's work programme.

- The risk of fraud and corruption is specifically considered in the Council's overall risk management process.

- The Council has put in place controls to detect fraud and corruption and this is reported to the Committee.

- The Council has put in place arrangements for Codes of Conduct, Register of Interests and a Gifts and Hospitality Register. Members and staff are aware of the disclosures that need to be made.

- Weaknesses revealed by fraud are looked at and fed back to Departments to fraud proof systems.

Audit Committee

Report title:	Norfolk Audit Services Quarterly Report for the Quarter ended 31 March 2015
Date of meeting:	**18 June 2015**
Responsible Chief Officer:	**Executive Director of Finance**

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:

- The audit opinion is 'Acceptable'

- There is satisfactory progress with the High Priority Findings action plans

- Changes have been required to the agreed Internal Audit Plan 2015-16 shown at **Appendix C.** The plan still meets its purpose.

The Audit Committee is recommended to:

Consider and comment on:

- the overall opinion on the effectiveness of risk management and internal control being 'Acceptable' and therefore considered 'Sound'

- the changes to the approved 2015-16 Norfolk Audit Services audit plan, described in **Appendix C**

- Satisfactory progress with the traded schools audits and the preparations for an Audit Authority for the France Channel England Interreg Programme

1. Proposal (or options)

1.1   The proposal is covered in the Executive Summary above.

1.2   The 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)
- Other relevant information (2.20)

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 and B**
- The results of any follow up audits,
- The results of other work carried out by Norfolk Audit Services; and
- The corporate significance of the reports

2.4   Norfolk Audit Services have set a target of 100% of reports being draft or final by the end of 2014/15. While delivery of draft and final reported audits for the quarter ended 31 March 2015 did not cumulatively meet that target the work is considered satisfactory and sufficient to support the opinion, as shown in **Table 1** below. A list of final reports for the last quarter is attached as **Appendix A**.

Table 1: Draft and Final Audit Reports

Report type	To year end	% of agreed plan
Final audit reports (non-schools)	36	72
Final audit reports (schools)	12	100
Certified grant claims	22	92
Follow-up report	0	0

2.5   There are 48 High Priority Findings and all are rated green – on target.
       High Priority Findings are followed up and the results per Department are
       shown below in **Table 2**.

Table 2,
High Priority Findings Summary as at 31 March 2015

Department	Green rated High Priority Findings
Adult Care	2
Children's Services	13
Communities and Environment	1
Finance	24
Resources	3
Total NCC	**43**
Schools	5
Total High Priority Findings	**48**

2.6   Two audits of particular note for the quarter are described in detail at
       Appendix B. Actions have been agreed and High Priority findings are
       being followed up for:

       - EU (European Union) Regulations
       - Pensions Reform

2.7   Since the last quarter the team has been managing vacancies. The
       resources are reduced by 8% and this will be reflected in the revised
       Internal Audit Plan to be presented to the Committee's September 2015
       meeting.

2.8   Changes have been made to the Internal Audit Plan for 2015-16, there
       were:

       - 15 days in the original plan for 2015-16 are subject to change, as set out
         in **Appendix C**.

2.9   The Internal Audit team has a Balanced Scorecard shown at **Appendix D**.
       Most topics in the Internal Audit Balance Scorecard (at May 2015) are rated
       Green, on target. Progress with the nine Amber rated topics in the
       Scorecard, reported in April have been completed except for topic 2.2
       Developing Capacity for Auditing Critical Strategic Business Risks. This
       topic is expected to be Green (on target) by the end of July 2015. The
       remaining 39 topics are rated green and one is completed.

2.10   There has been a slow take up of the Traded Schools Audits. Work took
       place to prepare 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 also 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 2015-2016 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 E**, 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 Audit Committee has strongly recommended these courses to be made **mandatory** for all staff. Action plans are in place to develop this as reported in the separate Anti-Fraud Update report.

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 forensic investigations, which have just been requested from Internal Audit. Terms of reference have been agreed for these investigations. Six Preliminary Assessments are in progress.

2.16   Satisfaction Questionnaires are issued with draft reports and we have received overall positive feedback for the quarter ended 31 March 2015.

2.17   The cumulative proportion of time supporting the audit opinion for quarters 1, 2, 3 and 4 was 54.04% and, while this is less than the target of 65%, this is considered satisfactory due to the significant temporary staff turnover, profile changes and the increased training needs within NAS. See **Appendix E, 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 E**, for reference only.

2.20   **Other relevant information**

2.21   A [Re-imagining Norfolk Update](#) was presented to Policy and Resources on 1 June 2015. Our audit work considers and supports that work.

2.22   The Financial Implications and risks associated with organisational change have the potential to be significant where they may impact on available reserves. [Delivering Financial Savings 2015-16](#) was presented to Policy and Resources Committee (page 75) on 1 June 2015.

2.23   The next Performance Report will be presented to the Policy and Resources Committee in July 2015.

2.24   Internal Audit meet periodically with Corporate Programme Office contacts to consider developments, risks and the audit approach.

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 underway. [Delivering DNA](#) was presented to Policy and Resources Committee (page 25) on 1 June 2015.

2.27   External Matters of Note

2.28   There are no external matters to note this quarter.

3. Financial Implications

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

3.2.   Norfolk Audit Services has delivered approved savings in 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 Executive Director of Finance.

4. Issues, risks and innovation

4.1. There are no implications with respect to:

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

5. Background

5.1. The Council has to undertake sufficient audit coverage to comply with the Accounts and Audit Regulations 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

- Annual Audit Plan 2015-16 – See page 61 to 92

Officer Contact

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

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

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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 Audit Services
Final Reports Issued in the Quarter Ended 31 March 2015

There were 9 final reports and 5 grant claims certified during the quarter.

Final Reports

Community Services

1. Better Care Fund Review

Contracts and Procurement

2. EU (European Union) Regulations

Corporate Resources

3. Pensions Reform
4. Unannounced Visit of Departmental Cash Floats

Schools (Compliance)

5. Firside Junior School
6. Kinsale Infant School
7. Scarning VC Primary School
8. Sheringham Community Primary School & Nursery

Schools (Traded)

9. Redcastle Family School (Primary)

Grants claims certified

1. RINSE
2. RINSE LP
3. SE FINS (Phase 1)
4. SE FINS LP (Phase 1)
5. SE FINS (On the Spot)

Audits of Note

EU (European Union) Regulations

The purpose of the audit was to ensure arrangements in place effectively comply with European Union (EU) Regulations Public Works, Supply and Services.

Overall, controls were in place and no specific strengthening was required. The processes were considered fully adequate and effective.

Pensions Reform

The purpose of the HR & Payroll Pensions Reform 2014-15 was to ensure the significant changes in the Local Government Pension Scheme (LGPS) regulations have been effectively acted upon and adequately integrated into existing processes.

Overall, controls were in place and no specific strengthening was required. The processes were considered fully adequate and effective.

Changes to the Norfolk Audit Services Audit Plan 2015-16

Audit From Original Approved 2015-16 Plan	Department	Days Out	Reason For Change	New Audit Now in Plan	Days Re-applied	Reduction in the Approved Plan (days)
Performance Management	Corporate Governance (Resources)	15	Work currently being undertaken in department, so too early to assess.	Not applicable - delay only until Q3	15	0
Totals		**15**			**15**	**0**

Appendix D - Norfolk Audit Services - Internal Audit Scorecard Summary - MAY 2015

Summary:		Complete	Red	Amber	Green
1 Delivering excellent audit services and supporting the Council's priorities		0	0	0	14
2 Providing an Audit Vision		1	0	1	10
3 Building networks and improving decision making		0	0	0	9
4 Developing skills and capabilities across NAS		0	0	0	6
Total		1	0	1	39
%		2%	0%	2%	71%

1	Delivering excellent audit services	Resp	Date	Rated
1.1	Maintain the three year strategic planning approach as part of the annual planning process for all clients	CB	Dec-15	G
1.2	Service Level Agreement for Norfolk Pension Fund IA work	CB	Jun-15	G
1.3	Service Level Agreement (NCC Depts)	AT	Sep-15	G
1.4	UK Audit Standards Compliance	KL	Sep-15	G
1.5	Audit Report Design and Content - Annual Review	AT	Jun-15	G
1.6	High Priority Findings	AT	Jun-15	G
1.7	Annual Internal Auditor Report for 2014-15	CB	Jun-15	G
1.8	Annual Governance Statement 2014-15	KL	Jun-15	G
1.9	Management Information Design - including reporting on costs	KL	Sep-15	G
1.10	Management Information Reporting	GL	Sep-15	G
1.11	Maintainance of Client Assurance Statements	CB	Sep-15	G
1.12	(NEW) To deliver risk based, traded and thematic audits in schools to support the Excellence in Eduction corporate priority.	AD	Mar-16	G
1.13	(NEW) To deliver risk based audits of Adult and Children's Care Services and providers to support the Quality of Life corporate priority	Cbu and JW	Mar-16	G
1.14	(NEW) To provide the BDUK Better Broadband for Norfolk certification to secure inward investment for the Council and County and thus supporting the "Good Infrastructure" corporate objective	HL	Mar-16	G
1.15	(NEW) To deliver the Audit Authority for the France Channel England Interreg Programme (leading to inward Economic Development investment) as per relevant regulations, supporting the creation of "Real Jobs" in Norfolk.	KL	Mar-15	G

2	Developing the tools to deliver our Audit Vision	Resp	Date	Rated
2.1	Implement revised 'fit for purpose' NAS staffing structure (people)	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	Excellent Internal Auditor review and implementation (people)	CB	Sep-15	G
2.4	Migration of the audit team to the DNA platform, including major upgrade of the audit software and migration onto cloud platform	KL	Jun-15	C
2.5	Audit Authority Project Delivery (systems)	KL	Sep-15	G
2.6	Continue development of Anti Fraud and Corruption work to agreed plan (systems)	AH	Sep-15	G
2.7	Annual refresh of ToRs and Codes for NAS	AT	Sep-15	G
2.8	Evaluate financial savings/income generation opportunities see 2.1, 2.2 and 2.3 (budget)	AT	Sep-15	G
2.9	Charging Policy - Develop charging for Investigations (budget)	AT	Sep-15	G
2.10	(NEW) Promote external income creation through the traded schools audit offering and Academies traded schools offering	AD	Sep-15	G

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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 stronger relations with Departmental Managers (Increasing our circle of influence)	CB	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	Membership of Counter Fraud, Contracting and ICT Audit Groups	AH	Sep-15	G
3.9	Establish dialogue with relevant regulatory and inspection agencies	AH	Sep-15	G

4	**Developing Skills and Capabilities across NAS**	**Resp**	**Date**	**Rated**
4.1	Implement the Ways of Working performance framework	CB	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	Developing feedback	EJ	Sep-15	G
4.5	Develop Intranet and Internet Web pages	CB	Sep-15	G
4.6	Review and maintain the Quality Evaluation Assessment for Service	CB	Sep-15	G

		C	R	A	G
1 Delivering excellent audit services		0	0	0	14
2 Providing an Audit Vision		1	0	1	10
3 Building networks and improving decision making		0	0	0	9
4 Developing skills and capabilities across Norfolk CC		0	0	0	6
		1	0	1	39
		2%	0%	2%	71%

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 work supporting the audit opinion has been set at 65% for the 2014-15 year. This takes into account time required for general management, training, team development and induction of new or temporary staff.

2.2   Investigations Procedure

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

Notes for section 4

4.1   Crime and Disorder Act 1998

      4.1.1   Under Section 17 of the Crime and Disorder Act (1998), the Council has a statutory general duty to take account of the crime and disorder implications of all its work, and do all that it reasonably can to prevent crime and disorder in Norfolk. Norfolk Audit Services work helps with the aim of prevention of crime in Norfolk in that its work results in the likelihood of detection and prosecution increasing.   The profile of Anti- Fraud and Corruption arrangements remains high and we are responding to the challenges that arise.

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

4.2   Sustainability

4.2.1   Norfolk Audit Services makes every effort to reduce its carbon footprint. Distance travelled is taken into account when booking audits outside of the County Hall, booking auditors living closest to the venues. Our team uses all recycling facilities available to us working at County Hall in order to reduce consignment to landfill. We monitor our printing/photocopying usage half yearly and encourage people to reduce where they can.

4.2.2   Norfolk Audit Services continually review our performance and costs. We participate in an Audit Benchmarking Club which compares us to similar County Council Internal Audit teams. No significant exceptions have been noted.

Notes for Section 5

5.1   Audit Opinions

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

5.2   The difference we are making

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

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

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

5.2.5   Feedback received was as follows:

Type of work	Questionnaires issued	Questionnaires received
Standard audit	9	6
Grants	5	0
Analysis of results:		
	Expectations Met*	**Disappointed or Very Disappointed**
	6	0

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

Audit Committee

Report title:	Norfolk Audit Services Annual Internal Audit Report 2014-15
Date of meeting:	18 June 2015
Responsible Chief Officer:	Executive Director of Finance
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 its Terms of Reference (page 210) , its Strategy (page 226) agreed at the January 2014 Committee and the relevant regulations (please click underlined text for links). Internal Audit's work has made a significant contribution to the Council's priorities, being:

Excellence in Education

- Auditing Children's Services Sustainable Improvements planning during quarters 3 and 4 reporting to the Interim Executive Director of Children's Services

- While value for money in schools is judged by educational attainment, good financial management and governance of schools is a foundation to ensuring children and young people's right to an excellent education. We have used our experience and skills to drive up the standards of financial and risk management in 15 Norfolk schools and early years' settings through a mix of risk based and traded audits throughout the year.

- thematic audits which have informed best practice across all Norfolk schools, particularly for managing the risks surrounding Data Protection in quarter 4 (2013-14) and quarter 1 (2014-15) and the evidence supporting the Schools Financial Value Statement returns in quarter 1.

Real Jobs

- fully supporting the 338m Euro France Channel England Interreg VA Programme and we are the first English Authority to ever have been awarded the Audit Authority role of this programme. The Technical Assistance funding for this role will bring in significant external funding into the Council over the next ten years

- auditing the 16-19 Funding for learning during quarter 1

Good Infrastructure

- providing the audit certification for the Council's Better Broadband for Norfolk (BBfN) which is bringing faster Broadband to far more people. Our certification work and suggestions to make it more efficient have been commended by the

Government's BDUK unit.

- auditing the Norwich Highways Agency Agreement and Civil parking Enforcement during quarter 4 2015

- auditing the Recycling Centre Management during quarter 3

Supporting Vulnerable People

- auditing the Looked after children's security of their funds during quarter 1

- auditing NORSE Care's billing controls during quarter 3

- certifying the Council's Troubled Families Programme returns throughout the year

Effective support services

- contributing to raising £72,374 of external income through grant certifications, FCE Audit Authority, traded schools audits and external clients.

- Delivering the audit plan for 2014-15 sufficiently to support the annual opinion, although the agreed plan was reduced during the year from 1368 days to 1162 days (15% reduction) as resources were significantly impacted by the management of vacancies in the team. For this reason audits deferred or cancelled due to operational changes in the Council services arising during the year were not all replaced.

- A Significant governance weakness was reported during the year for Information Security – Caldicott. This will be referenced in the 2014-15 Annual Governance Statement that is presented to this Committee in September:

- The Internal Audit Service continues to be developed to support the Council's priorities (page A6) and New Ways of Working with more transparent charging and costing, critical thinking methods and a business approach more akin to a commercial audit practice. The Internal Audit team have been issued the new DNA resources and cloud based technology to enhance agile working practices during the year and new ways of working are being developed to fully exploit this.

The Audit Committee is recommended to:

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

- The overall opinion on the effectiveness of risk management and internal control for 2014-15 is 'Acceptable' and therefore considered 'Sound' (part 2 of the report)

- The internal audit function has fulfilled its Terms of Reference, Strategy and provided assurance and added value through its substantial (90%) delivery of the Committee's approved Internal Audit Plan for 2014-15, including traded schools audits and grant certifications (part 4 of the report)

- Work is continuing to manage performance and the cost of audit assignments (part 6 of the report)

- The work of Norfolk Audit Services for the year (part 7 of the report) and the

assurance provided assists the Committee to reasonably assess the risk that the Financial Statements are not materially mis-stated due to fraud

- The Annual Governance Statement for 2014-15 will make reference to this report and will be reported to this Committee in September 2015 for its approval (part 8 of the report)

- The Internal Audit Function continues to comply with the Accounts and Audit Regulations and recognised standards including the United Kingdom Public Sector Internal Audit Standard (UKPSIAS) (part 8 of the report)

1. Proposal (or options)

1.1   The recommendation is covered in the Executive Summary above.

2. Evidence

2.1   The Chief Internal Auditor's Annual Internal Audit report 2014-15 is presented at **Appendix A**.

2.2   The key messages are reported in the Executive Summary above.

2.3   The internal Audit Team has fulfilled its Terms of Reference, Strategy and fully supported the Council's Audit Committee and has had positive feedback reported from the External Auditor.

3. Financial Implications

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

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

Norfolk Audit Services has delivered approved savings in 2014-15 by adhering to the planned budget and preparing for ongoing savings as required.

All standard audits were expected to be 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 the agreed cash budget. Further work to develop understanding of the costs is a target for 2015-16.

4. Issues, risks and innovation

There are no implications with respect to:

- Other resource implications (staff, property)
- Legal implications
- Risks

- Equality
- Human rights implications
- Environmental implications
- Health and safety issues.

5. Background

The Council has to undertake sufficient audit coverage to comply with the Accounts and Audit Regulations 2011. The allocation of audit time was based upon a risk assessment and this is continuously reviewed throughout the year. Resources were considered adequate to inform the annual audit opinion.

Background papers

- 2014-15 Annual Internal Audit Plan pages 226-264, Item 13 (Appendix E, Page 252)

- Changes to 2014-15 IA plan are reported as part of the quarterly reports:

  - Quarterly report for the period ending 30 June 2014 - Item 11, Appendix F, Page 317-318
  - Quarterly report for the period ending 30 September 2014 – Item 5, Appndix G, Page 30-31
  - Quarterly report for the period ending 31 December 2014 - Item 5, Appendix D, Page 22
  - Quarterly report for the period ending 31 March 2015 (on this agenda).

4   Officer Contact

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

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

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Annual Internal Audit Report
2014 – 2015

Chief Internal Auditor
Norfolk Audit Services

Norfolk Audit Services

Contents

1   The Council's Priorities

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

Excellence in Education

- auditing Children's Services Sustainable Improvements planning during quarters 3 and 4 reporting to the Interim Executive Director of Children's Services

- While value for money in schools is judged by educational attainment, good financial management and governance of schools is a foundation to ensuring children and young people's right to an excellent education. We have used our experience and skills to drive up the standards of financial and risk management in 15 Norfolk schools and early years' settings through a mix of risk based and traded audits throughout the year

- thematic audits which have informed best practice across all Norfolk schools, particularly for managing the risks surrounding Data Protection during quarter 4 (2013-14) and quarter 1 2014-15 and the evidence supporting the Schools Financial Value Statement returns during quarter 1.

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Effective support services

- contributing to raising £72,374 of external income through grant certifications, FCE Audit Authority, traded schools audits and external clients.

- Delivering the audit plan for 2014-15 sufficiently to support the annual opinion, although the agreed plan was reduced during the year by 206 days as resources were significantly impacted by the management of vacancies in the team. For this reason, audits deferred or cancelled due to operational changes in the Council services arising during the year were not all replaced

- A Significant governance weakness was reported during the year for Information Security – Caldicott. This will be referenced in the 2014-15 Annual Governance Statement that is presented to this Committee in September:

- The Internal Audit Service continues to be developed to support the Council's priorities and New Ways of Working with more transparent charging and costing, critical thinking methods and a business approach more akin to a commercial audit practice. The Internal Audit team are fully utilising the new DNA resources and cloud based technology to enhance agile working practices

- Supporting the Finance department priorities to:

  o Enhance financial performance, understanding and accountability within the organisation

  o Enabler the organisation to act swiftly, innovatively and effectively to be confident the Council's resources are utilised efficiently; and

  o Reduce the cost of our service while improving its effectiveness.

2   Introduction and Audit Opinion

This annual internal audit report helps the Audit Committee to assess the performance of Norfolk Audit Services (NAS) and informs Chief Officers, clients and staff of how we delivered our Terms of Reference, Strategy and our work and how we add value. This report also supports the Council's Annual Governance Statement 2014-15 with an assurance on the Council's system of internal control, which includes the arrangements for the management of risk. The report brings together and adds to , the results reported quarterly to the Audit Committee and includes:

- An acceptable opinion - (see part 2.1)

- Key Messages (see part 3)

- Our outputs - the work we carried out, taking the service forward, performance and the difference we made in 2014-15 (see part 4)

- The External Auditor's value for Money Assessment (part 5)

- Developments in the Service (see part 6)

- Responsibilities in relation to fraud and corruption (see part 7)

- Other relevant information (see part 8 onwards).

Audit Opinion

2.1 The Executive Director of Finance and the Audit Committee can be assured that the adequacy and effectiveness of the system of internal control including risk management for the Council is 'Acceptable' and is therefore considered 'sound'. The Terms of Reference, Strategy were fulfilled and sufficient audits were performed and reported during 2014-15 to support this opinion. Details of our performance appear in part 4 and Appendicies 1 and 2.

2.2 The Council's system of internal audit during 2014-15 was sound, adequate and effective in accordance with the requirements of the Accounts and Audit (England) Regulations 2011. Details of the regulations and the approach taken are provided in Appendix 2 (at TN6)

2.3 Our work considers the Council's Risk Management arrangements which are reported to the Audit Committee by the Strategic Risk officer. The Council's Risk Management arrangements are considered acceptable.

3   Key Messages

3.1 The key messages from the internal audit work in 2014-15 are:

- although resources were significantly impacted by the management of vacancies and operational changes in the Council services arising during the year, the Medium Term Internal Audit Strategy (page 226) is being managed and can be fulfilled over its duration. That strategy will be reported to the Audit Committee in September 2015.

- The internal Audit Team has fulfilled its Terms of Reference (page 210), Strategy (page 226) and fully supported the Council's Audit Committee and has had positive feedback reported from the External Auditor.

- The team has met the required savings during the year by operating within the approved budget, team structure, organisational developments and put in place further efficiencies. Cost control is operating through cash budgets for audits during the year.

- Our self-assessments have confirmed the Internal Audit function is compliant with the 2013 UKPSIAS. Our CIPFA benchmarking confirms that we provide a value for money service compared with other Counties.

- The role of the Chief Internal Auditor is compliant with CIPFA's published, 'role of the head of internal audit - in public service organisations'.

- There are adequate Anti-Fraud and Corruption controls in place and the Audit Committee have recommended mandatory training for all staff during the year.

- Our work assists the Committee to reasonably assess the risk that the financial statements are not materially mis-stated due to fraud.

4   Our Outputs - Internal Audit Work

4.1 The Internal Audit Terms of Reference and Strategy (see 3.1), agreed at the Audit Committee in January 2014 have been fulfilled. **Appendix 1** shows how each of the targets have been met suffcently.

4.2 The internal audit work was performed through the delivery of the Annual Internal Audit Plan 2014-15. The Audit Committee approved the first half at the start of the audit year on 29 January 2015 and the second half at its September 2014 meeting. A summary of the work for 2014-15 is attached as **Appendix 2**. During the year it was appropriate to add some topics to the plan and to remove others on a risk assessed basis. The details of these changes were reported to the Audit Committee as part of the quarterly updates. The net result was a reduction of 12 audits as shown in **Table 1** below.

Table 1 Changes to the original Internal Audit Plan

Original Planned Audits – Non Schools	Revised Plan – Non Schools	Net Reduction
63	51	12

4.3 The majority (75%) of the reports were final at the end of the audit year. The proportion of reports that were either final, draft or work in progress is shown in the pie chart at **Figure 1** below.

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Figure 1: Outputs in 2014-15 by share; Finals, Drafts and Work in Progress (WIP)
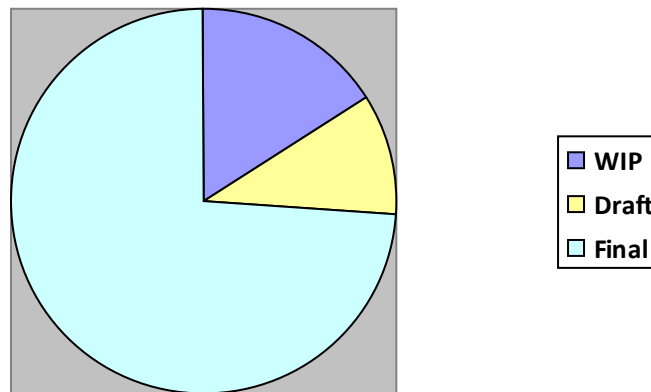
4.4 For the Non-school audits 84% of expected draft and final reports were complete at year end. The remaining audits were 'work in progress' at year end. Of those work in progress audits nearly all of them were started late in the year as planned. The eight work in progress audits were carried forward into the current audit year and at the start of May 2015, one of those reports had reached draft stage and three had been issued as final. The remaining four audits are expected to be completed by the end of July 2015.

4.5 We completed and reported on 100% of the planned schools audits.

4.6 We delivered 175% of the traded audits planned, delivering three more than the four that had been initially planned. Now that the service has been developed it will be more positively promoted and followed up in 2015-16.

4.7 All of the grant certifications were completed during the year, with the exception of one grant that was not received for audit until April 2015. That grant was finalised in April 2015.

4.8 The overall share of completed work between all the categories is shown in **Figure 2** below.

Figure 2: Completion of work by category 2014-15
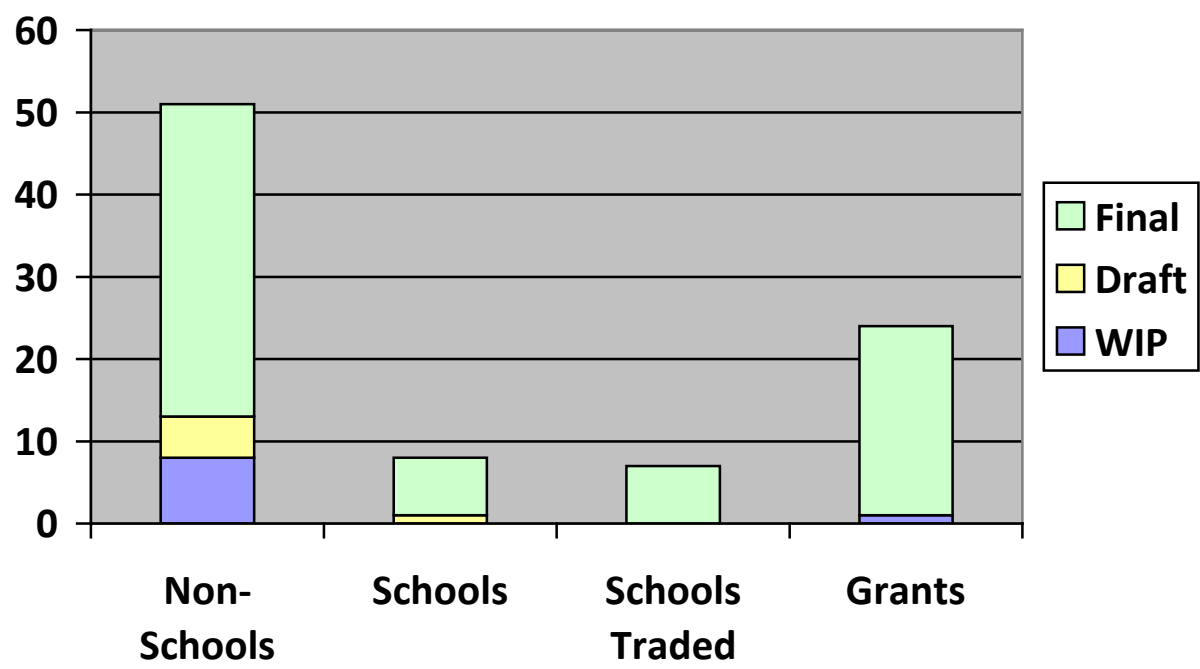
4.6   To compare the performance between the two years the indicator of the number of reports per full time equivalent auditor in the team was calculated. The results, shown at **Figure 3** below, demonstrate that the performance was comparable between the two years.

Figure 3:Reports per FTE 2013-14 and 2014-15
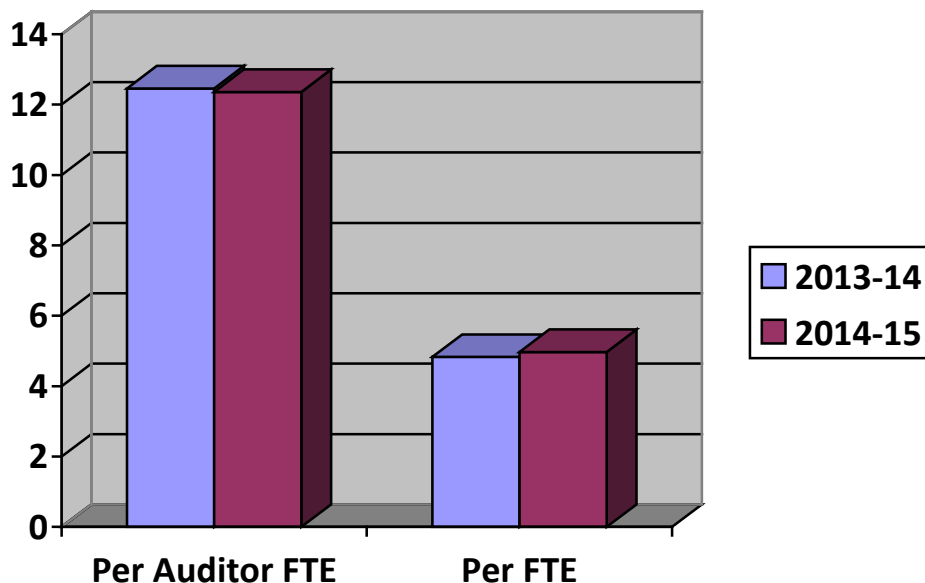
4.7   In addition to the work set out in **Appendix 2** the team completed other adhoc work as follows:

- Advice reports for Chief Officers

- Closer monitoring and reporting of progress on actions taken to address High Priority Findings identified by detailed audit work

- Further development of the new Anti-Fraud and Corruption Strategy and promoting two e-learning courses in line with Fighting Fraud Locally recommendations

- The development and delivery of training for Audit Committee Members

- Preliminary assessments for potential investigations of allegations regarding potential financial or internal control matters.

4.8   For 2014-15 benchmarking we will be participating in the Home Counties Chief internal Auditors CCAN benchmarking toolkit, which will provide benchmarking over key data sets, but with the benefit of more Authorities undertaking the benchmarking allowing for fuller comparison of results. It is anticipated that the benchmarking will take place in September 2015, the results of which will be reported to the Audit Committee during our quarterly reporting. Previous

benchmarking of the internal audit function has shown that we perform well and that we provide value for money. The 2014 CIPFA Internal Audit Benchmarking concluded that for 2013-14 (actuals), compared to other County Internal Audit Teams we have:

- an audit cost per £'m turnover which remains below the average cost at £474 per £'m gross turnover; and
- an average cost per chargeable day at £285, which is at the average level for the population.

4.9   During the year we have continued to work with colleagues in the Corporate Programme Office (CPO) and provide advice, support and challenge in order to seek assurance on the continued good governance, internal controls and risk management of services that are subject to organisational change. If any exceptions are reported or we are requested by Chief Officers we will consider if more detailed audit work is required. None was required in 2014-15. The key projects are supported and closely monitored by the relevant Finance Business Partners reporting to the Executive Director of Finance.

4.10   The above approach has also been taken over Digital Norfolk Ambition.

4.11   Moreover, 12 specific audits have provided assurance throughout the year against risks associated to specific change projects, thus providing assurance on the adequacy of internal controls during and after significant changes have been introduced in processes or team structures. Key learning points have been brought to the attention of the Sponsoring departments, through our audit reporting, and NAS continues to work with the CPO to ensure learning is disseminated across the organisation and is incorporated in future service designs. Additionally, during the year we have provided advice and guidance in relation to changes proposed by Sponsoring departments at the initiation stages, thereby offering timely advice and guidance on proposed changes to internal controls and processes.

4.12   Throughout the year, Norfolk Audit Services has provided continued and robust support to Project Managers of European grants and ensured compliance to the rules for all our grants work (first level control audit).

4.13   Our Quarterly Reporting to the Audit Committee has included updates on the France Channel England Interreg Programme - Audit Authority preparations being satisfactory. As of May 2015, team members roles and portfolio allocations are redefined within the audit team, in order to free up resources, to be redeployed on the delivery of the FCE Audit Authority. In 2014-15 the redeployment of current resources supported a reduced net budget, through the increase of external income partially matched by existing resources and costs. Technical Assistance funding of £20,000 was claimed in respect of work completed up between 1 January 2014 and 31 March 2015.

5   Value for Money Assessment

5.1　New Value for Money criteria were established by the Audit Commission. Value for money is now measured through:

- Efficiency
- Financial Resilience.

5.2　The Council received an unqualified value for money assessment (including for the work of internal audit) for 2013-14. The next assessment, for 2014-15, is due in September 2015.

6　Developments in the Service

Key development areas for the team in 2014-15 (set out in the last Annual report) are set out in **Table 2** below. Half of the areas (rated Amber) need further work which is being managed. Details are shown in **Appendix 3**, along with new development areas for 2015-16.

Table 2: Planned Developments 2014-15 - Results Rating

Planned Development in 2014-15	Result for 2014-15
1 Managing Costs	Amber
2 Performance	Amber
3 Critical Thinking	Amber
4 Impact	Green
5 Trading	Green
6 External Funding	Green
7 Collaboration	Green
8 Anti-Fraud	Green
9 Customer Service	Amber

7 Responsibilities in relation to Fraud and Corruption

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

Internal Audit work helps to deter crime, or increase the likelihood of detection by making crime difficult, increasing the risks of detection and prosecution and reducing rewards from crime. Internal audit's work is planned in order to cover the higher risk areas including where weaknesses in controls might increase the risk of theft, fraud or corruption. An action plan is agreed for any weaknesses that are identified during audits.

The Anti Fraud and Corruption Strategy (page 75) was updated and revised in January 2014 and remains fit for purpose. Two e-learning courses are available and promoted to all Members and staff of the Council. The latest Anti-Fraud and Corruption Update (page 106) details the communications plan which has been put in place to intensify the promotion and uptake of these courses. With the publication in October 2014 of protecting the Public Purse published by the Audit Commission, expectations continue to rise and further strengthening of controls continues. There were two formal investigations requested during the year. Six preliminary assessments are in progress. An action plan has been agreed to continue the ongoing development of a strong anti-fraud culture within the Council. The Council meets the requirements of the International Standard on Auditing (ISA 240) as described in the notes in Appendix 2 (TN 7).

The Council had one case of detected fraud during 2014-15 relating to Recruitment Fraud. Detected fraud is defined as where an investigation of an allegation has assessed that, on the balance of probability, there was misconduct that led to an action by management, possibly including recovery of loss, disciplinary action or a prosecution. This case was reported in the Tiecaff survey 2014-15 replacing the Audit Commission's Annual Fraud and Corruption Survey.

8 Other relevant information

Chargeable work

8.1 Our chargeable work continues to make a positive contribution to the Council generating £72,374 in 2014-15 which is 11.7% of the Gross Expenditure of the function.

8.2 Internal Audit carried out chargeable work for the Norfolk Pension Fund and Eastern Inshore Fisheries and Conservation Authority (EIFCA). This work helps overall to reduce the net cost of internal audit to the Council and allows internal audit staff to continue to develop valuable skills and build on experience.

8.3   Internal Audit also undertakes work on the Certification of Grant Claims including many that are EC sponsored.

8.4   Preparation work continued during 2014-15 for the setting up of the new Audit Authority to support the management of the FCE EU funded programme by Norfolk County Council. This work is funded through the aforementioned programme, and is expected to support future savings and efficiencies in the Internal Audit budget.

8.5   Schools have been engaged with to develop our offering of traded audits and we delivered seven traded audits during 2014-15, three more than initially planned, bookings have been made for 15-16. We will be promoting our traded audit services to Academies during the Summer term 2015.

Quality Assurance

8.6   A Quality Strategy for Internal Audit is in place, which includes a Quality Assurance Improvement Programme. This was used to review a sample of completed audit projects during the year to ensure they met quality standards. Internal Audit procedures are subject to continuous review and are updated during the year. No significant exceptions were noted from that work.

8.7   Internal Audit reports progress on the audit plan and feedback from customer satisfaction questionnaires to the Chief Officer Group and the Audit Committee quarterly. NAS has received overall positive feedback during the year ended 31 March 2015. An electronic Customer Satisfaction Questionnaire using Smart Survey is used for this purpose.

Engaging Specialists

8.8   During 2014-15, we have continued to engage specialists from external sources to deliver audits for ICT and Health & Safety audits that require expertise that did not exist in the team. This ensured that these areas received high quality assurance whilst ensuring value for money.

Working with the External Auditors

8.9   The external auditors, Ernst and Young, are auditing the Council's Statement of Accounts for 2014-15. Internal Audit maintains a very good working relationship with the audit team at Ernst and Young and NAS work is planned and co-ordinated to ensure that there is:

- no duplication of work
- not an undue "audit burden" on clients at any one time during the year, and

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- an efficient "joint" assurance service to the Council.

8.10 A specific piece of work is being delivered by Norfolk Audit Services in quarter 1 of 2015-16. This work supports our opinion on controls but also supports the additional work needed to support the external auditors' audit methodology. Similar work was delivered by NAS in 2014-15 which supported the external audit of the 2013-14 Financial Statements.

Annual Governance Statements

8.11 In addition to the Council's own Annual Governance Statement for 2014-15, to be reported to this Committee in September 2015, NAS internal audits provided assurances on the adequacy and effectiveness of internal controls and risk management for the following committees

- NCC Pensions Committee; and
- Norfolk Joint Museums and Archaeology Committee.

8.12 Each Joint Committee will receive and approve its own Annual Governance Statement for 2014-15, to be published with its own annual Statement of Accounts.

8.13 The Norfolk Records Committee and the Eastern Inshore Fisheries and Conservation Authority (EIFCA) are designated a "smaller relevant body" under the Accounts and Audit (England) Regulations 2011 and as such are subject to a simpler process and the governance arrangements and internal audit are included in a composite Annual Return by way of a questionnaire.

9 Acknowledgements

9.1 I would like to thank Chief Officers, managers and staff for their co-operation and assistance during the year.

9.2 The Internal Audit team has worked with the Council's managers and staff to deliver assurance on the adequacy of the Council's internal controls and risk management. The team's work has been acknowledged as meeting required standards and savings at a time when expectations of quality both internally and externally are rising. I would like once again to acknowledge the commitment, efforts and achievements of the team over the year.

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

Fulfilling the Internal Audit Terms of Reference and Strategy 2014-15

Reference	Requirement	Result	Notes
Part 2.2 (Page 228 and 229) of Strategy Report January 2014	The Internal Audit Strategy for 2014-15 set out that the audit days in the plan would be 1,368.	1,162 days	There was an agreed reduction during the year from 1368 days to 1162 days (15% reduction) as resources were significantly impacted by the management of vacancies in the team A number of audits were agreed to be cancelled due to risk and service changes. These were not always replaced as vacancies were being managed in the team.
Part 4.2 (Page 231) of Strategy Report January 2014	50 days of advisory work were planned for 2014-15	98 days	This days cover the provision of advice and assistance to Chief Officers for ad hoc queries on internal controls with regards to new systems or planned changes. It also covers general liaison with key stakeholders for the planning and monitoring of the delivery of departmental audit plans. Engagement in change processes lead to more days being spent in this area.

| Part 4.3 (Page 231) of [Strategy Report January 2014] | External work income was planned at 24% of the budget. | External income covered 12% of gross expenditure | The planned FCE Audit Authority work was less than anticipated as the Programme approval by the EC is pending.

The Pensions audit plan was reduced during the year, as discussed and approved by the Pensions Committee.

Seven schools traded were delivered in the year, against 4 planned. |
|---|---|---|---|
| Part 4.4 (Page 232) of [Strategy Report January 2014] | The Audit days to support the plan, across the risk types were described in the chart. | Out of the 1,162 days delivered in 2014-15 proposed days, 954 days[1] were spent on audit work that supports the annual opinion. These were apportioned as follows:

Core Financial systems: 131 days (14%)
Corporate Governance and Resources: 112 days (18 days on Corporate Governance specifically) (12%)
Community Services: 52 days (5%)
Children's Services: 230 days, including 114 days on schools (24%)
ETD: 81 days (8%)
Procurement and Contracts: 76 days | As above a number of audits were agreed to be cancelled due to risk and service changes. These were not always replaced as vacancies were being managed in the team.

The result information is from actual days spent in 2014-15. |

[1] The difference between total days and audit opinion days covers Committee reporting, general assistance and advice to Chief Officers, Anti-Fraud work and Investigations.

		(8%) **Miscellaneous:** 272 days (29%) **Contingency:** 0 days (0%)	
Part 4.5 (Page 232) of Strategy Report January 2014	The audit days to support the plan by theme were described in the chart.	**Other:** 42 days (11%) **Grants:** 202 days (48%) **Managing Resource**: 56 days (13%) **Governing the Business**: 27 days (6%) **Managing Finance:** 90 day (22%)	The information is not available as this information is not recorded throughout the year, however this information will be captured going forward. The information is from Actual days spent on 2014-15 Audits whose final reports were issued in that financial year. Therefore this is a comparison figure not a like for like. It does not include days spent on ongoing audits.
Appendix A of Strategy Report January 2014	The audit work was expected to deliver Assurance, Objectivity and Insight.	Client feedback has demonstrated a high level of satisfaction with the audit work delivered.	
Page 237 of Strategy Report January 2014	To support and promote the Council's vision, ambitions, value and objectives in all we do, whilst considering changes resulting from the Organisational Review To plan, organise and control the delivery of all our services to professional standards (UKPSIAS)	These have been achieved, see part 1 of this report.	

Page 238 of Strategy Report January 2014	To fulfil our terms of reference To comply at all times with our code of ethics. To raise the profile of internal audit.	These have been achieved, see part 1 of this report.	
Page 239 of Strategy Report January 2014	To add value in our work and to contribute to ensuring value for money in the Council	This has been achieved, see part 1 of this report.	
Page 239 of Strategy Report January 2014	To manage the internal audit resource	This has been achieved, see part 1 of this report. The service was delivered on budget.	

Internal Audit Work Summary 2014-15 (2013-14)

	Approved Plan	Net Additions/ Cancelled/ Postponed In Year	Revised plan	Final Reports Issued	% Final	Draft Reports Issued	Total Reports Issued	Percentage Delivery of the revised 2014-15 (and 2013-14)
Audits in Approved Plan – Non Schools	63 (66)	-12 (-8)	51 (58)	38 (39)	75% (67)	5 (10)	43 (49)	**84% (84 %)**
Audits in Approved Plan – Schools Funded	8(22)	(-)	8 (22)	7 (22)	88% (100)	1 (0)	8 (22)	**100% (100 %)**
Audits in Approved Plan - Schools Traded	4(0)	3(NA)	7(NA)	7(NA)	175% (NA)	**0(0)**	**7(NA)**	**175% (NA)**
Total excl. Grants	**75 (88)**	**-9(-8)**	**66 (80)**	**52 (61)**	**79% (76)**	**6 (10)**	**58 (71)**	**88% (89 %)**
Grants	24 (30)	(-)	24 (30)	23 (30)	96% (100)	0 (0)	23 (30)	**96 % (100 %)**
Overall Total	**99 (118)**	**-9 (-8)**	**90 (110)**	**75 (91)**	**83% (77)**	**6 (10)**	**81 (101)**	**90% (92 %)**

Notes for Table 1:

1   Follow up audit work has been significantly reduced and is carried out as part of our agreed High Priority Findings monitoring and reporting regime.   This regime has been in place for over a year now and we are currently reviewing the process and criteria in place to ensure effective monitoring and reporting.

2   Preliminary Assessments of six allegations were carried out during the year. Such work is reactive and cannot be forecast at the start of year when the plan is prepared. Investigations are reported to the Audit Committee in the quarterly reports when they are completed as reporting prior to then could prejudice the investigation and/or any criminal prosecutions that might ensue from such work.

3   Uptake on the new traded audit school offering was 75% higher than planned, delivering traded audits to 7 schools.

Planned Developments Results – Detailed (supports part 6, Table 2)

Planned Development in 2014-15	Result for 2014-15	Further Development in 2015-16
1 Managing Costs A Costed Internal Audit Plan will be produced, Resource Planning will be based on cost, Terms of Reference including the cash budget, cash cost monitoring during and after audit. Cash costs reported in the report and committee reporting, also strengthening commercial behaviours and performance	Many terms of reference for audit assignments included a cash budget and those have been monitored.	Key Performance Indicators are: Standard costs refreshed for 2015-16 100% of jobs with an agreed cash budget 100% of jobs within +/-5% of the agreed cash budget
2 Performance Achieving 100% of draft and final reports from the Annual Internal Audit Plan issued within the relevant financial year	84% of non-school audits were completed to draft or final stage. 100% of risk based schools audits were final 175% of traded schools audits were final	Key Performance Indicator is: Achieving 100% of draft or final reports in the agreed plan

3 Critical Thinking Further developing the Critical Thinking approach to audits so that our work provides an understanding of how the Council processes risk, controls and its underlying systems are related. Through our local government experience and by engaging specialist audit providers where appropriate, we can relate current developments, leading practices and opportunities for improvement. We aim to further develop our approach and skill sets to provide new perspectives on how we approach audits to add value, be independent but also a partner to the business and take an active role in transformational change through critical thinking and value creation.	The scope of audits has been directed towards critical thinking where possible, initially on a sample basis. Training has been identified as a key requirement to develop this further.	Key Performance Indicators are: Implement training in Critical Thinking in first half of the audit year 100% of Terms of Reference will engage with critical thinking principles
4 Impact Develop High Priority Findings reporting further to maximise impact and efficiency	High Priority Findings processes have been developed over the year and reporting to Chief Officers has been enhanced.	Key Performance Indicator is: Quarterly reports to Chief Officers Group per agreed schedule

5 Trading Continuing to engage with Norfolk schools on a traded basis, completing a number of traded school audits to support the Council's income generation objectives. Promote our internal audit services to Academies during the Summer term 2015.	175% of planned delivery achieved.	Key Performance Indicator is: Contact all target 74 schools during the Summer and Autumn terms Deliver greater than 35 traded school audits
6 External Funding Continue setting up the Audit Authority to oversee the adequacy of the management and control systems for the management of the FCE European funding programme by the ETD based Management Authority. The Audit Authority will also consider the adequacy of systems of internal controls around the certification of return made to the EU and the work of the Certifying Authority, hosted by the Finance Shared Services;	The FCE Audit Authority Designation is expected to be confirmed this Summer. Preparations over 2014-15 are considered satisfactory.	Key Performance Indicator is: Ensure Technical Assistance claims are valid and recorded per the regulations Publish the Audit Strategy and supporting products as per the required timetable and regulations
7 Collaboration Exploring stronger collaborative arrangements with the internal audit team of Suffolk County Council, in line with the corporate drive for collaboration at county level on support services functions;	Opportunities, such as a joint bid for external work wee undertaken.	Key Performance Indicator is: Continue to pursue opportunities positively Meet with Suffolk Head of Audit three times during the year.

8 Anti-Fraud Delivering on national developments, such as the 'Fighting Fraud Locally', developing leaner investigation processes and approaches.	The Anti-Fraud Plan was moved forward during the year.	Key Performance Indicator is: Continue to develop and implement the Anti-Fraud Strategy
9 Customer Service Deliver to our Service Level Agreements and continue to evaluate our Customer Satisfaction Questionnaires responses from our electronic customer satisfaction survey using 'Smart Survey'.	A Service Level Agreement for the Norfolk Pension Fund was established during the year.	Key Performance Indicator is: Continue to develop and implement Service Level Agreement for Council Departments. Issue 100% of requests for feedback Receive over 80% of responses Responses to show 100% positive satisfaction

Technical Notes:

TN1   Our service

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

The Internal Audit team has provided an effective, efficient and economic service during the year, supporting the Audit Committee, the Chief Officers Group and their Services. The team has championed the strengthening of internal control and anti-fraud arrangements and provided advice and assurance.

TN 2   Opinion Definitions

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

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

TN 3 High Priority Findings reporting

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

It should be noted that due to managing vacancies, reporting of high priority findings to COG and Audit Committee during 2014-15 has not been undertaken as routinely as planned. Where formal reporting has not taken place, verbal reporting to the then Interim Executive Director of Finance and the Chair of the Audit Committee has taken place. A Business Support Officer has recently been appointed to NAS and this monitoring and reporting will now take place as previously agreed.

TN 4   Internal Audit Work

The work of NAS covers all areas of the Council's activities and continues to evolve and improve. Audits are generally carried out based on the perceived risk to the Council as assessed using the NAS risk model, the corporate and departmental risk registers or, they may be requested by Chief Officers or the Audit Committee. Internal Audit uses every opportunity to promote best practice as identified through professional networks and from our audit findings. Internal Audit produce and publish a termly Newsletter for Schools which covers topics such as changes to financial procedures, trends in audit findings and fraud risk alerts.

TN 5   Review of the Effectiveness of Systems of Internal Control

The Accounts and Audit (England) Regulations 2011 SI2011 No. 817 came into force on 31st March 2011 and apply to the year ending 31st March 2012 onwards. They require that:

- An adequate and effective internal audit of accounting records and of its system of internal control, in accordance with proper practices in relation to internal control, must be undertaken

- the effectiveness of the Council's systems of internal audit be reviewed annually.

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

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

  For 2014-15 it was continued with the same approach of self-assessment, customer feedback and external performance reviews. For that purpose the Chief Internal Auditor has reviewed compliance against the 2013 UKPSIAS and our internal quality assurance improvement programme. The self-review has concluded that the Council has an adequate and effective internal audit function and adequate and effective systems of internal control.

As part of the overall Good Governance Framework, the Executive Director of Finance provides an annual opinion on the adequacy and effectiveness of the system of internal control including risk management. This informs the Council's reporting of the draft Annual Governance Statement 2014-15, which is published with the draft Annual Statement of Accounts in June each year.

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

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

*The annual internal audit plan includes the Council's main systems, and different elements of each system on a rotational basis and our opinion on these is "Acceptable" (see Section 3 above). The results of internal audit work for 2014-15 have been summarised in Appendix 2 of this report.

The Chief Internal Auditor's overall audit opinion is based on work undertaken during the year. Opinion definitions are explained in the notes at Appendix 2 (at TN 2). During the 2014-15 year internal audit reported as follows:

- detailed reports to the relevant Chief Officers
- reporting to the Chief Officers' Group on high priority findings from audits (Appendix 2 - TN3)
- quarterly summary reports to the Chief Officers' Group ,
- quarterly reports to the Audit Committee and
- relevant topical reports to the Audit Committee as requested.

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

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

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

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

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

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

[End.]

Audit Committee

Report title:	Annual Update of the Audit Committee 2014-15
Date of meeting:	18 June 2015
Responsible Chief Officer:	Audit Committee Chairman

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

This report, which covers the work of the Audit Committee in the year ended 31 March 2015 (reports up to the April 2015 Committee), confirms that the Committee's Terms of Reference, purpose and core functions are consistent with best practice, demonstrates the impact of its work and how it adds value.

Key messages are that the Committee has demonstrated its effectiveness through considering and approving the Annual Statement of Accounts and Annual Governance Statement 2013-14 and over the 2014-15 year has added value through challenging;

- o the External Auditor's reports (2.4)
- o internal audit (2.5) and strategic risk management (2.7) reports, performance and effectiveness during the year
- o the corporate risk register activity (2.7)
- o the Council's progress with managing high priority findings (2.5)
- o plans and action to prevent, detect and investigate fraud (2.5)

Recommendation:

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

- is independent of the executive function, reports directly to full Council and has terms of reference that are consistent with CIPFA's guidance and best practice as set out in the CIPFA Position Statement 2013,
- provides effective challenge across the Council and independent assurance on the system of internal control, including the management of risk, to members and the public,
- can demonstrate the impact and value of its work; and
- is monitoring the Secretary of State's plans for the Future of Local Public Audit.

1. Proposal (or options)

1.1   The proposal is shown at the Executive summary above.

2. Evidence

2.1   The last Audit Committee Chairman Report was a half yearly report which was presented at the meeting in January 2015, (page 53). This report covers the period to 31st March 2015 but also provides the annual opinion.

2.2   The Committee fully meets the criteria recommended in CIPFA's checklist for measuring the effectiveness of an Audit Committee, including the CIPFA Audit Committees position statement 2013 (**Appendix A**).

2.3   The Committee's work adds value by:

- Supporting the Council's objectives in achieving a reputation for good governance, sound internal control and good value for money; and
- Reducing the potential cost burden and operational disruption when risks, internal control weaknesses, frauds or corruption are avoided or mitigated.

2.4   The Committee has received and considered the reports of the External Auditor. These include their plans and reporting on their audit of the annual accounts. There have been no additional (public interest) reports during the year.

2.5   The Committee has received and considered the reports of the Internal Audit Team (Norfolk Audit Services) from the Executive Director of Finance. These include the plans and reporting on their audits/work and opinions during the year, progress with High Priority Findings and Anti Fraud Activity.

2.6   The Committee promotes the principles of good governance and their application to decision making. It has challenged, scrutinised, championed its functions and provided oversight in accordance with its Terms of Reference.

2.7   The Committee has continued to champion and encourage sound risk management in the Council, including how it is reported to members, and to provide member challenge and review for the Corporate Risk Register. The Committee has encouraged discussion of risk at the service committees and Policy and Resources. At the January and April 2015 Audit Committees the additions and changes to risks and removal of risks were discussed. The Committee asked that officers attend to provide further information on certain risks including Business Continuity and Adult care.

2.8   The Committee helps the Council to implement the values of good governance, including effective arrangements for countering fraud and corruption risks. The Committee has received updates on work to counter fraud and corruption and supports the promotion of the Council's zero tolerance to fraud and corruption.

2.9   The Committee considered a report, in June 2014, on the governance of the Norfolk Pension Fund to inform its consideration where they are included in the Council's Annual Statement of Accounts.

2.10   The Committee considered the effectiveness of the governance, control and risk management for Treasury Management when it received a report on this in September 2014.

2.11   In the light of the Committee's response to the Government's consultation proposals, the Committee will continue to track the Government's response to changes in external audit arrangements and the future constitution of this Committee.

2.12   The Committee continues to develop its role and impact through on-going member training and the development of the Committee's work programme.

2.13   Further technical details of the Committee's work appear in **Appendix B** for information.

2.14   Reports have been received from Chief Officers, the External Auditors or were commissioned by the Committee covering a wide range of topics, listed at **Appendix C**. The list comprises all reports from January and April 2015, for information. Earlier reports were reported in .(Please click on underlined text to go to that report)

2.15   The Chairman of the Audit Committee completes a Self-Assessment of Good Practice checklist every twelve months as at **Appendix D**. This indicates the Audit Committee's performance against the good practice principles set out in 'CIPFA's Position Statement: Audit Committees in Local Authorities and Police'. The assessment of the Audit Committee as at June 2015 is that arrangements in place are considered to be 'sound'.

3. Financial Implications

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

4. Issues, risks and innovation

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

4.2. **Risk implications**

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

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

4.4. **Resource Implications**

The Audit Committee provides assurance on the good stewardship of the Council.

4.5. There are no implications with respect to:

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

5. Background

5.1. The Council is required under the Accounts and Audit Regulations (England) 2011 to make provision for internal audit in accordance with "proper practices in relation to internal control". CIPFA, in collaboration with the Chartered Institute of Internal Auditors (CIIA) have produced the UK Public Sector Internal Audit Standards (the Standards) which came into force on 1 April 2013 and replaced the CIPFA Code of Practice. CIPFA, in collaboration with the CIIA, also published in April 2013 the Local Authority Guidance Note (LAGN) for the Standards.

5.2. The Audit Committee was established in 2005; it

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

5.3. As part of good practice and in accordance with its Terms of Reference (part I3), this report from the Chairman summarises the work of the Committee for the year ended 31 March 2015. This report also confirms that the Committee's function is consistent with best practice, demonstrates the impact of its work and how it adds value.

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

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

5.6.   **Background papers**

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

Officer Contact

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

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communication for all</td><td>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.</td></tr>
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Appendix A

CIPFA Audit Committee Position Statement – 2013

(see attached)

Appendix B

Technical Details

Section 1 details

1.1   The Audit Committee membership is set out in the Council's Constitution, agreed at the May 18 2015 Annual General Meeting:

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

1.2 The Committee is contributing to the development of an effective control environment. As an on-going project, the Committee has sought assurance that continued good governance, internal controls and risk management are present in services that are the subject of organisational change as a result of the Council's Transformation Programme.

1.3 The Committee supports the quality of the internal audit activity and underpins its independence when it considers the Annual Internal Audit Report. That annual report demonstrates how the Committee, through the functions of internal audit and risk management contributes to the Council's goals and objectives by helping ensure appropriate governance, risk, control and other assurance arrangements. It also supports the development of robust controls for ensuring value for money.

1.4 Monitoring of compliance with the Council's rules concerning Member and Chief Officer expenses claims continues. No significant exceptions have been reported. Ongoing reminders on procedures to those claiming expenses are being issued.

1.5 The Committee understands the Council's framework for risk assessment, management and the assignment of responsibilities and as well as championing best practice it critically challenges and reviews the corporate risk register to provide assurance that the arrangements are actively working in the Council.

1.6 The Committee benefits from some members with an audit and finance background. The Committee is also able to draw on expert advice when required. Members received a full induction in their role in particular that relating to risk management and reviewed ongoing training needs at their June 2011 meeting. Training has taken place as follows:

- January 2015 – Training on Anti-Fraud and Corruption

1.7 The Finance function (including Internal Audit, Strategic Risk and Insurance), the Monitoring Officer, External Audit and the Audit Committee work in partnership to provide a sound base for good governance. The Chairman meets periodically with the Executive Director of Finance, the Chief Internal Auditor and the Strategic Risk Manager.

1.8 The Committee has also established links with other County Council Audit Committees in the Region to promote good ways of working.

1.9 The Committee's work adds value by:

- Supporting the Council's objectives in achieving a reputation for good governance, sound internal control and good value for money; and
- Reducing the potential cost burden and operational disruption when risks, internal control weaknesses, frauds or corruption are avoided or mitigated.

1.10 In accordance with regulations covering the reporting of the Statement of Accounts, the September 2014 meeting received and approved the Council's Annual Statement of Accounts and Annual Governance Statement 2013-14 (Page 37), the Letter of Representation (Page 251) and the External Auditor Norfolk County Council and Norfolk Pension Fund Audit Results Reports – Audit Committee Summary for the year ended 31 March 2014 (Page 11). The Committee has noted with satisfaction the contents of the Annual Governance Report of the External Auditor concerning the external audit of the Council's Annual Financial Statements 2013/14, and in particular reference to the unqualified audit opinions on the 2013/14 Statement of Accounts, available at the link below:
September 2014 Audit Committee Report

1.11 The Chairman regularly appraises details of any High Priority Findings raised by Internal Audit, whilst assessing the action being taken by management to address them and providing challenge where appropriate.

1.12 In response to the Government's consultation proposals, the Committee continued to track the Government's proposed changes in external audit arrangements and the future constitution of this Committee. There is awareness with regards to the Audit Committee's responsibility to appoint External Auditors after 2015, rather than them being appointed nationally as per the current processes.

1.13 The Committee fully meets best practice (from CIPFA) for good governance and the Council can demonstrate that it is effectively delivering the core functions of an audit committee, as identified in the CIPFA guidance and its Terms of Reference.

1.14 This yearly report has summarised the work of the Committee over the last twelve months, confirmed that its function is consistent with best practice and has demonstrated the impact and value of the Committee's work. It has regularly reported its work to the full Council.

An Annual Update of the Audit Committee
A report from the Chairman

Reports received by the Audit Committee since January 2015.

Report Title	Report Title By	Meeting date
NAS Quarterly Report Quarter ended 30 September 2014	Interim Head of Finance	January 2015
Risk Management Report	Interim Head of Finance	January 2015
NAS: Review of NAS Terms of Reference, Code of Ethics and Strategy	Interim Head of Finance	January 2015
A Half yearly update of the Audit Committee	Chairman	January 2015
NAS Audit Plan for the first half of 2015-16	Interim Head of Finance	January 2015
Anti-Fraud and Corruption Update	Head of Law	January 2015
External Audit Update Report	Interim Head of Finance/External Audit	January 2015
NAS Quarterly Report Quarter ended 31 December 2014	Interim Head of Finance	April 2015
Risk Management Report	Interim Head of Finance	April 2015
External Audit Plan 2014-15 Audit	Interim Head of Finance	April 2015
Work Programme	Interim Head of Finance	April 2015

Chairman's Self-Assessment of Good Practice

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

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

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

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

Self Assessment Checklist:-

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

7. Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement? These should include:	✓			Regular reporting of these (see Appendix B).
• good governance	✓			
• assurance framework	✓			
• internal audit	✓			The Committee receives and considers the plans, quarterly and annual reports from Internal Audit.
• external audit	✓			The Committee receives and considers the plan and annual reports from the External Auditors.
• financial reporting	✓			The Committee receives and approves the Annual Statement of Accounts.
• risk management	✓			Corporate Risk Register reviewed every meeting with discussion taking place.
• value for money or best value	✓			
• counter-fraud and corruption.	✓			The Committee receives and considers the Anti-Fraud and Corruption Strategy and updates on its application.
8. Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓			Annual update reports provided by the Chairman including completion of this checklist.
9. Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓			For example, Treasury Management and the work of the Pensions Committee relevant to the accounts is discussed on a regular basis.
10. Where coverage of core areas has been found to be limited, are plans in place to address this?	N/A			No limited coverage at present.
11. Has the committee maintained its non-advisory role by not taking on any decision-making powers that	✓			All decisions made are within core purpose.

are not in line with its core purpose?				
Membership and Support				
12. Has an effective audit committee structure and composition of the committee been selected? This should include:	✓			
• separation from the executive	✓			<mark>Not applicable</mark>
• an appropriate mix of knowledge and skills among the membership	✓			
• a size of committee that is not unwieldy	✓			7 Councillors as appropriate.
• where independent members are used, that they have been appointed using an appropriate process.	N/A			Not applicable.
13. Does the chair of the committee have appropriate knowledge and skills?	✓			
14. Are arrangements in place to support the committee with briefings and training?	✓			Training offered to Councillors on a regular basis and carried out as per 1.7 of Appendix A. Chair can have regular meetings with the Executive Director of Finance (Interim) and/or Chief Internal Auditor.
15. Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	✓			The Chairman has been consulted regarding Appendix C of the 2013 Edition of the Guidance for Audit Committees.
16. Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	✓			Regular conversations outside of the quarterly formal meetings.
17. Is adequate secretariat and administrative support to the committee provided?	✓			Agendas and minutes produced via Democratic Services.
Effectiveness of the Audit Committee				

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

CIPFA's Position Statement: Audit Committees in Local Authorities and Police[5]

1 **Audit committees are a key component of an authority's governance framework.** Their function is to provide an independent and high-level resource to support good governance and strong public financial management.

2 **The purpose of an audit committee is to provide to those charged with governance[6] independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.** By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

3 **The core functions of an audit committee are to:**

- Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the authority's objectives.

- In relation to the authority's internal audit functions:
  - oversee its independence, objectivity, performance and professionalism
  - support the effectiveness of the internal audit process
  - promote the effective use of internal audit within the assurance framework.

- Consider the effectiveness of the authority's risk management arrangements and the control environment. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations.

- Monitor the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risks of fraud and corruption.

- Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.

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5. The scope of this statement includes all local authorities in the UK and the audit committees for police and crime commissioners and chief constables.

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

- Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.

- Review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

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

- Considering governance, risk or control matters at the request of other committees or statutory officers.

- Working with local standards committees to support ethical values and reviewing the arrangements to achieve those values.

- Reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.[7]

- Providing oversight of other public reports, such as the annual report.

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

- Act as the principal non-executive, advisory function supporting those charged with governance.[8]

- In local authorities, be independent of both the executive and the scrutiny functions; in police bodies, be independent of the executive or operational responsibilities of the police and crime commissioner or chief constable.

- Have clear rights of access to other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups.

- Be properly accountable to the authority's board or equivalent bodies

- Meet regularly – at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public.

- Be able to meet privately and separately with the external auditor and with the head of internal audit.

- Include, as regular attendees, the chief financial officer(s) or appropriate senior and qualified substitute, the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the monitoring officer (for standards issues) and the head of resources (where such a post exists). These officers should also be able to access the committee, or the chair, as required. The committee should have the right to call any other officers or agencies of the authority as required.[9]

- Report regularly on their work, and at least annually report an assessment of their performance.

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

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

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

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

- A membership that is balanced,[10] objective, independent of mind, knowledgeable and properly trained to fulfil their role.

- A membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives.

- A strong independently minded chair – displaying a depth of knowledge, skills and interest.[11]

- Unbiased attitudes – treating auditors, the executive and management fairly.

- The ability to challenge the executive and senior managers when required.

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10.   The political balance of a formal committee of an authority will reflect the political balance of the council. However, it is important to achieve the right mix of apolitical expertise.

11.   There are many personal qualities needed to be an effective chair, but key to these are promoting apolitical open discussion, managing meetings to cover all business and encouraging a candid approach from all participants. An interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime are also essential. A specialism in one of these areas would be an advantage.

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Please note that Item 15 on this agena (Financial Regulations Update) has been withdrawn

Audit Committee

Report title:	Work Programme
Date of meeting:	18 June 2015
Responsible Chief Officer:	Executive Director of Finance

Strategic impact

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.

In accordance with its Terms of Reference the Committee should consider the programme of work set out below.

NB:- The September 2015 meeting will be preceded with Member Training on approving the Annual Statement of Accounts

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, Audit Results Report 2014-15 and Draft Annual Audit Letter	Executive Director of Finance/External Auditors
Internal Audit Plan for the second half of 2015-16	Executive Director of Finance
Risk Management Report	Executive Director of Finance
Whistleblowing Policy	Head of Law
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
April 2016	
NAS Quarterly Report Quarter ended 31 December 2015	Executive Director of Finance (Interim)
Risk Management Report	Executive Director of Finance (Interim)
External Audit - Audit Plan	Executive Director of Finance (Interim)
Chairman's Annual Report	Chairman
Audit Committee Work Programme	Chairman

Officer Contact

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