

Audit Committee

Agenda

Members of the Audit Committee

Cllr G K Nurden
(Chairman)

Cllr P C Bulman
(Vice Chairman)

Cllr A D Crotch
Cllr S I Holland
Cllr K A Vincent

Substitutes
Conservatives
Cllr N J Brennan
Cllr D King
Cllr M L Murrell
Cllr N C Shaw

Liberal Democrat
Cllr S J Catchpole

Date

Thursday 22 October 2020

Time

10.00 am

Place

To be hosted remotely at
Thorpe Lodge
1 Yarmouth Road
Thorpe St Andrew
Norwich

Contact

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@BDCDemServices

If any member wishes to clarify details relating to any matter on the agenda they are requested to contact the relevant Officer.

Public Attendance

This meeting will be live streamed for public viewing via the following link:
<https://www.youtube.com/channel/UCZciRgwo84-iPyRImsTCIng>.

If a member of the public would like to attend to ask a question, or make a statement on an agenda item, please email your request to committee.services@broadland.gov.uk no later than 5.00pm on 19 October 2020.

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Trevor Holden
Managing Director

Glossary

General Terms	
AGS	<i>Annual Governance Statement</i> – This is a statement prepared by the Council each year to summarise the governance and assurance framework, and highlight any significant weaknesses in that framework
BAD DEBT PROVISION	To take account of the amount of debt which the Council estimates it will not be able to collect
CIPFA	<i>The Chartered Institute of Public Finance and Accountancy</i> – The accountancy body for public services
CREDITOR	A person or organisation which the Council owes money to for a service or goods
KPI	Key Performance Indicator
LDF	<i>Local Development Framework</i> – Outlines the management of planning in the Council
LEDGER	A module within the finance system e.g. Sales Ledger, Purchase Ledger, General Ledger
LGA	<i>Local Government Association</i> – a lobbying organisation for local councils
LGPS	<i>Local Government Pension Scheme</i> - Pension Scheme for all public sector employees
NFI	<i>National Fraud Initiative</i> – A national exercise to compare data across public sector organisation to aid identifying potential frauds
NHB	<i>New Homes Bonus</i> – Grant paid by central Government to local councils for increasing the number of homes and their use
NI	<i>National Indicator</i> – A measure used to identify how the Council is performing that is determined by central Government
NNDR/NDR	<i>(National) Non-Domestic Rates</i> – Commonly known as Business Rates
PI	<i>Performance Indicator</i> – Measure used to identify how the Council is performing
PSN	<i>Public Services Network</i> – Provides a secure private internet for organisations across central Government and the Wider Public Sector and standardised ICT infrastructure
RAD	Rent Assisted Deposit scheme
SLA	<i>Service Level Agreement</i> – An agreement that sets out the terms of reference for when one organisation provides a service to another
MTFP	<i>Medium Term Financial Plan</i> – Sets out the future forecast financial position of the Council
SUNDRY DEBTOR	A customer who owes the Council money for a service they have received prior to payment, this excludes Council Tax or NDR. The term can also refer to the system used to record money owed to the Council e.g. the Sundry Debtors system which is a module within the financial system.

Audit Terminology	
APB	<i>Auditing Practices Board</i> – The body that sets the standards for auditing in the UK
COUNT	<i>Count Once, Use Numerous Times</i> – A system used for data collection and analysing, which works to avoid duplication by assuming the principle that a piece of data should be recorded once but used several times in different ways
ISA	<i>International Auditing Standard</i> – Provides external auditors with a required framework that dictates work to be undertaken before awarding an opinion on the statement of accounts
VFM Conclusion	<i>Value for Money Conclusion</i> – The Audit Commission are required to give an annual conclusion on the Council's arrangements for providing value for money in addition to the opinion given on the statement of accounts
Accounting Terminology	
BRRS	<i>Business Rates Retention Scheme</i> – Provides a direct link between business rates growth and the amount of money councils have to spend on local people and local services (the Council retains a proportion of the income collected as well as growth generated in the area)
CFR	<i>Capital Financing Requirement</i> – A calculated figure that establishes the amount of money the Council needs to borrow
Collection Fund	A separate account statement that records the transactions relating to the collection and redistribution of Council Tax and Business Rates
GAAP	<i>Generally Accepted Accounting Practice</i> – This provides the overall framework for accounting principles prior to IFRS adoption in local government (also "UK GAAP" – specific to the United Kingdom)
IAS	<i>International Accounting Standards</i> – These were the precursors for international financial reporting standards (see below)
IFRS	<i>International Financial Reporting Standards</i> – The underlying standards for the Council's accounting policies and treatment of balances
IPSAS	<i>International Public Sector Accounting Standards</i> – These set out the accounting standards for public sector bodies, and are based on the international financial reporting standards
MRP	<i>Minimum Revenue Provision</i> – The amount of money the Council needs to set aside each year to fund activities from revenue balances
Non-current assets	Assets from which benefit can be derived by the Council for more than one year (formerly known as Fixed Assets)
RSG	<i>Revenue Support Grant</i> – One source of Council funding from central Government
SSAP	<i>Statement of Standard Accounting Practice</i> – Preceded the financial reporting standards in the UK
The Code	<i>Code of Practice on Local Authority Accounting in the UK</i> – Main guidance on accounting treatment required for the statement of accounts
Virement	The process of transferring a sum of money from one part of the Council's budget to another, subject to appropriate approval
WGA	<i>Whole of Government Accounts</i> – An exercise undertaken to consolidate all the accounting records of Government bodies

International Accounting and Financial Reporting Standards Reference Numbers	
IAS1	<i>Presentation of Financial Statements</i> – Sets out the prescribed format for statements of accounts
IAS19	<i>Employee Benefits</i> – Essentially provides the basis for accounting for the pension fund
IAS20	<i>Accounting for Government Grants</i> – Establishes the accounting treatment for receiving Government grants
IAS40	<i>Investment Property</i> – How organisations should account for properties held as an investment
IPSAS16	<i>Investment Property</i> – How public sector organisations should account for properties held as an investment
IPSAS23	<i>Revenue from non-exchange transactions (taxes and transfers)</i> – This determines how monies from taxes should be treated in the accounts

DECLARATIONS OF INTEREST AT MEETINGS

When declaring an interest at a meeting Members are asked to indicate whether their interest in the matter is pecuniary, or if the matter relates to, or affects a pecuniary interest they have, or if it is another type of interest. Members are required to identify the nature of the interest and the agenda item to which it relates. In the case of other interests, the member may speak and vote. If it is a pecuniary interest, the member must withdraw from the meeting when it is discussed. If it affects or relates to a pecuniary interest the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting. Members are also requested when appropriate to make any declarations under the Code of Practice on Planning and Judicial matters.

Have you declared the interest in the register of interests as a pecuniary interest? If Yes, you will need to withdraw from the room when it is discussed.

Does the interest directly:

1. Affect yours, or your spouse / partner's financial position?
2. Relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner?
3. Relate to a contract you, or your spouse / partner have with the Council
4. Affect land you or your spouse / partner own
5. Affect a company that you or your partner own, or have a shareholding in

If the answer is "yes" to any of the above, it is likely to be pecuniary.

Please refer to the guidance given on declaring pecuniary interests in the register of interest forms. If you have a pecuniary interest, you will need to inform the meeting and then withdraw from the room when it is discussed. If it has not been previously declared, you will also need to notify the Monitoring Officer within 28 days.

Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?

If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.

Is the interest not related to any of the above? If so, it is likely to be another interest. You will need to declare the interest, but may participate in discussion and voting on the item.

Have you made any statements or undertaken any actions that would indicate that you have a closed mind on a matter under discussion? If so, you may be predetermined on the issue; you will need to inform the meeting, and when it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.

FOR GUIDANCE REFER TO THE FLOWCHART OVERLEAF

**PLEASE REFER ANY QUERIES TO THE MONITORING OFFICER
IN THE FIRST INSTANCE**

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

What matters are being discussed at the meeting?

Do any relate to an interest I have?

A Have I declared it as a pecuniary interest?

OR

B Does it directly affect me, my partner or spouse's financial position, in particular:

- employment, employers or businesses;
- companies in which they are a director or where they have a shareholding of more than £25,000 face value or more than 1% of nominal share holding
- land or leases they own or hold
- contracts, licenses, approvals or consents

NO

YES

The interest is pecuniary – disclose the interest, withdraw from the meeting by leaving the room. Do not try to improperly influence the decision

If you have not already done so, notify the Monitoring Officer to update your declaration of interests

YES

The interest is related to a pecuniary interest. Disclose the interest at the meeting. You may make representations as a member of the public, but then withdraw from the

Does the matter indirectly affects or relates to a pecuniary interest I have declared, or a matter noted at B above?

NO

YES

The Interest is not pecuniary nor affects your pecuniary interests. Disclose the interest at the meeting. You may participate in the meeting and vote

Have I declared the interest as an other interest on my declaration of interest form? OR

Does it relate to a matter highlighted at B that impacts upon my family or a close associate? OR

NO

You are unlikely to have an interest. You do not need to do anything further.

Does it affect an organisation I am involved with or a member of? OR

Is it a matter I have been, or have lobbied on?

Pecuniary Interest

Related pecuniary interest

Other Interest

Minutes of a meeting of the **Audit Committee** held by video link on **Thursday 16 July 2020** at 10.00am when there were present:

Cllr G K Nurden – Chairman

Cllr N J Brennan

Cllr A D Crotch

Cllr S I Holland

Cllr K A Vincent

Also in attendance were the Assistant Director Finance (Section 151 Officer), Assistant Director Governance and Business Support (Monitoring Officer), Corporate Accountant, Internal Audit Manager, ICT and Digital Manager, Democratic Services Officer (LA) and the Democratic Services Officer (JO).

39 DECLARATIONS OF INTEREST UNDER PROCEDURAL RULE NO 8

Member	Minute No & Heading	Nature of Interest
Cllr K Vincent	43 - Draft Statement of Accounts 2019/20	Non pecuniary interest, spouse of a Director of Broadland Growth Ltd.

40 APOLOGY FOR ABSENCE

An apology for absence was received from Cllr Bulman.

41 MINUTES

The Minutes of the meeting held on 12 March 2020 were confirmed as a correct record.

42 MATTERS ARISING

Minute No: 30 Matters Arising

It was confirmed that Risk Management and Cybercrime online training for Members would be arranged as soon practicable.

The Chairman requested that any feedback regarding the briefing on Broadland Growth Ltd be provided to the Committee.

In response to a query from the Chairman, the Assistant Director Finance confirmed that compliance with the Audit recommendation regarding Purchase Orders was being addressed as a priority. A ten point plan had been put in place and all staff had been made aware of the requirement to raise Purchase Orders prior to making purchases. Progress had been delayed due the impact of Covid-19, but was now back on track. He confirmed that there had been no financial impact from this issue.

Minute No: 35 Annual Report of the Audit Committee

The Chairman requested that he be sent the final amended version of the Annual Report of the Audit Committee, before it went to Council.

Minute No: 35 External Audit Plan Year Ended 31 March 2020

In response to a query about the cost of additional work by External Audit in relation to the new risk of incorrect apportionment of recharge expenditure overheads between the two Councils, the Assistant Director Finance confirmed that External Audit would probably wait until the end of the Audit before assessing the extent of the impact on their work. Any increase in the fee was likely to be quite small, however. In respect of fee levels generally; Norfolk local authorities had collectively written to Public Sector Audit Appointments to challenge EY's proposals to increase fees substantially.

Minute No: 36 Annual Fraud Update

The Chairman requested that a review of the Council's Counter Fraud and Bribery Policies be placed on the Committee's Work Programme for next year. The Assistant Director Finance confirmed that interviews for a new Fraud Officer had recently taken place and reviewing the policies would be one of the successful candidate's first tasks.

43 DRAFT STATEMENT OF ACCOUNTS 2019/20

The Assistant Director Finance advised the meeting that due to the Covid-19 pandemic publication dates for the Statement of Accounts had been deferred, which provided an opportunity for the Committee to review a draft version of the Accounts before they were brought back to the Committee in October for final approval and publication in November.

Key areas to note in the Accounts were:

- The Comprehensive Income and Expenditure Account, which covered all expenditure for all the services of the Council. At this draft stage the Accounts showed a surplus for the year of £183,000.
- The Movement in Reserves Statement showed a net addition to the General Fund of £1.47m.
- The Balance Sheet showed that the Council's Total Net Assets were £15,052,000. There was a significant increase in Assets Held for Sale, due to the properties developed by Broadland Growth Ltd at Rosebery Road. Cash held nearly doubled to £12.98m as a contingency measure during the lockdown. Short term Debtors and Creditors also increased significantly due to the large amount of Community Infrastructure Levy receipts being held by the Council.
- Additional information on financial aspects of the Covid-19 outbreak was included in the Statement of Accounts. It was anticipated that the full financial impact

would not be known until 2021/22. A detailed analysis of the Council as a going concern on 31 March 2020, was also included in the report.

- The note on officer remuneration was to be added later, as legal advice was being sought regarding aspects of this. The note would contain a list of senior staff with costs shared between each Council, as well as the costs of any exit packages.
- Details of the pension fund were in the Statement. The value of the assets in the pension fund reduced by £3m to £56m. However, the liability of the scheme had also decreased, down by £10m to £81m in 2019/20.
- The Collection Fund Statement provided details of all the transactions in relation to the collection of Council Tax and Business Rates and their distribution to Norfolk County Council, BDC, the Norfolk Police & Crime Commissioner and the Government.

The Chairman commended officers for their excellent work in putting together the draft Statement. He then raised a number of queries about the production of the Statement of Accounts.

In response the Assistant Director of Finance advised the meeting that Broadland had the Civica accounts system and South Norfolk used the Integra system, which were both standard accounting software. Both systems received regular upgrades and patches. Consideration of using the same software package would be looked at in the future. However it was noted that as the Councils were separate sovereign bodies there would need to be two sets of separate accounts produced.

The accounting software was used to compile the Statement of Accounts, but a lot of the work was also done on spreadsheets.

The allocation of staff costs between the local authorities was done by uploading information from the payroll department into the accounts packages.

A briefing on the accounts system could be organised virtually for Members who would like to understand more about how the Statement of Accounts were put together.

The Chairman requested an amendment to the Statement of Accounts to make clearer how the adjustment between Accounting Basis and Funding Basis of £1,348,000 had been reached.

The Chairman also brought to Members' attention a number of errors that required correcting these were:

- The collection fund on page 23 should refer to £84.2m, not £84.
- On page 38 NORSE should replace Norfolk (NEWS)

- Clarifying if the trading profit for 2019/20 of Broadland Growth Ltd was before or after tax.
- Provide information to the Committee on the reasons for the increases in short term creditors and debtors.
- Adding Cllr Hempsall to the list of Broadland Growth Ltd Directors.
- Clarification of how £650,000 of interest was achieved.
- Provide further information on Income and Expenditure service movements. For example, in Economic Growth.

In response to further questions, it was confirmed that the disposal of £81,000 in 2019/20 was for Microsoft Windows 7, which had fully depreciated and so could be removed from the Balance Sheet.

The Assistant Director Finance confirmed that since the Covid-19 outbreak the Council was paying creditors even more promptly than the 30 day terms that it usually did, in order to help businesses in these difficult times.

It was confirmed that costs had been reduced following the final payment on the lease of the Waste Collection Vehicles. These were referred to as embedded leases elsewhere in the Statement. The Council had reached an agreement with Veolia that they would be maintained and used for another two years.

Cllr Crotch left the meeting at 11.10am

In response to a question in respect of the pension fund the Assistant Director Finance advised the meeting that the figures reflected a recent update from Norfolk County Council, so he was reasonably confident that the pension fund figures would remain unchanged for the final statement.

It was also clarified that the additional £1m added to general reserves was a one off figure whereas the c£1m funding gap in the Medium Term Financial Plan was an annual figure. The additional money added to the general reserve this year would therefore not cover the full funding gap over the five year period.

In respect of Heritage Assets, the Committee was informed that these assets were included in the balance sheet at historical cost (nil), so were unlikely to change in value. Members would be advised when the basis of valuation had last been reviewed.

The Assistant Director Finance explained that the Council had been anticipating a £1.9m deficit in 2019/20, but had in fact shown a surplus of nearly £1m, which had led to a favourable variance of £2.8m.

In answer to a final question about grant income the meeting was advised that £8,000 in 2019/20 had been received from central Government to cover costs of publishing and promote openness in local government.

RESOLVED

To note the Draft Statement of Accounts.

44 INTERNAL AUDIT PROGRESS REPORT

The report reviewed the work performed by Internal Audit in delivering the Annual Internal Audit Plan during the period 27 February to 7 July 2020.

During the period one report had been finalised (Planning and Development) and one (Key Controls) had been finished in draft. Reasonable assurances had been given for each. The audits had led to 13 recommendations that had been raised for management attention.

In respect of a recommendation in respect of Planning Applications, it was confirmed that papers files would only be destroyed once digital copies had been filed.

In answer to a query, the Committee was advised that Broadland had a cut off point for planning applications to be 'called-in' to Committee, whereas South Norfolk did not. It had been suggested that in the interest of efficiency alignment of these processes should be considered.

RESOLVED

To note the progress in completing the Internal Audit Plan of work and the outcomes of the completed audits for the 2019/20 financial year.

45 INTERNAL AUDIT FOLLOW UP REPORT

The report informed the Committee of the progress made in relation to management's implementation of agreed Internal Audit recommendations falling due by 31 March 2020.

The Chairman expressed concern about the number of recommendations that had been given extensions to their due dates. He suggested that officers responsible for the recommendations should draft a plan of how they would implement them by their due date and then submit them to the Managing Director, so that the Committee could get a response from him if recommendations failed to be implemented.

The Internal Audit Manager confirmed that some work on this had already been done with outstanding recommendations being assigned to Assistant Directors in order to resolve them.

The Chairman emphasised that the recommendations should be taken seriously and he expected to see the outstanding recommendations implemented by the next meeting of the Committee in October.

In respect of Audit Recommendation BRD2011-Disaster Recovery, the ICT and Digital Manager informed the meeting that the Council was going through a period of

substantial change, with a significant amount of new ICT infrastructure being put in place and a new Disaster Recovery system being implemented by the end of the year. The existing Disaster Recovery infrastructure worked adequately, with the data at Thorpe Lodge being replicated at Carrowbreck, but this was a very manual process.

The new infrastructure would mirror the information at Thorpe Lodge and South Norfolk House and one could switch over to the other automatically if there was an incident. This would negate the need to recover the system, as it would continue to operate as normal.

The ICT and Digital Manager confirmed that the Council was no less vulnerable currently that it had been for a number of years and the system was still tested regularly and worked well.

The Internal Audit Manager confirmed that there was just one Disaster Recovery ICT issue outstanding in relation to defining a formal testing strategy and testing the ability to source install and run a backup generator.

RESOLVED

To note the position in relation to the completion of agreed Internal Audit recommendations.

46 ANNUAL REPORT AND OPINION

The report concluded the Internal Audit Activity undertaken during 2019/20. It provided an Annual Opinion concerning the Council's framework of governance, risk management and control and concluded on the Effectiveness of Internal Audit and provides key information for the Annual Governance Statement.

The overall opinion in relation to the framework of governance, risk management and controls at Broadland District Council was **reasonable**, with nine of 10 assurance audits completed within the year concluded in a positive assurance grading.

One report concluded in a limited assurance grading in the area of Homelessness, Housing Options and Private Sector Leasing. One of the areas of weakness identified in this audit was rent accounts for temporary accommodation failing to be monitored, leading to a loss of income for the Council.

In response to a query from the Chairman, it was confirmed that the Transformation Team were working on a high level Risk Register. The Council had a Risk Management Strategy, but it was outdated so a new Risk Management Policy was to be brought to the Committee for consideration later in this meeting.

RESOLVED

To

- Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit.

- Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2020.
- Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Council's Annual Governance Statement for 2019/20.
- Note the conclusions of the Review of the Effectiveness of Internal Audit.

47 REVISED INTERNAL AUDIT PLANS 2020/21

The Internal Audit Manager introduced her report which provided an overview of the rationale for the revision of the Strategic Internal Audit Plan for 2020/21 to 2022/23 and the Annual Internal Audit Plan for 2020/21.

The Coronavirus has had a significant impact on the Council, with staff being re-deployed to front line services, the pausing of key Council projects, the issuing of business grants at short notice, pressure put upon the technological capabilities of the Council to allow staff to work from home during the pandemic and requirements from Government to temporarily house rough sleepers.

In addition, the Internal Audit contractors TIAA took the decision to furlough most of their workforce until 1 July 2020.

It had, therefore, been determined that the most effective way to provide assurance for the risk and control framework for the Council in 2020/21 was to cover five key themes in a revised plan.

The themes were:

Assurance Mapping: A questionnaire style enquiry to gather information and determine any changes to the control environment and document any available assurance that these controls were working effectively.

Key Controls: An enhanced annual testing regime using assurance mapping to develop testing for new controls.

Response and Recovery: A review to be carried out across the Audit Consortium comparing the approaches taken by each Council in areas such as: supporting the local economy, staff reintegration, financial modelling, business plan revision and preparedness for ongoing disruptions.

Partnerships: A position statement to evaluate the impact of the pandemic on the Council's ability to deliver key projects and services through third party contracts during and in the recovery phase of the coronavirus.

Essential Assurance: To ensure that areas integral to forming an opinion on the governance, risk management and control framework for 2020/21 were still carried out.

The report included an appendix setting out the audit reviews that had been deferred from the original Audit Plan to 2021/22.

The revised plan was seen as a pragmatic approach to providing an opinion on the governance, risk and control framework of the Council in the face of the disruption caused by the Covid-19 pandemic.

The Chairman expressed some concern that the Internal Audit Contractor had furloughed staff for three months and that this might have an effect on the quality of audits.

In response the Internal Audit Manager confirmed that it had soon become apparent that it would not be possible to continue with audits as normal, due to staff being redeployed or having reduced access to information, which changed the whole operational outlook during the period of lockdown. Quarter 2 would, therefore, be a very light coverage, whilst it was intended that Quarter 3 and 4 would be much the same as in previous years.

The Internal Audit Manager confirmed that the Internal Audit contractors were very experienced and that working from home would not reduce the quality of the audit work they were carrying out. The plan has been reduced by 15 days to respond to the challenges of the Coronavirus pandemic representing the minimum amount of assurance coverage required to give an opinion on the governance, risk management and control framework for 2019/20.

Members were also advised that ICT staff were under enormous pressure to maintain services, whilst also introducing new systems across both Councils so it was not considered appropriate to place an additional burden on them by conducting a service desk audit prior to Quarter 4. However, bringing forward the audit to provide assurance that the systems were in place to maintain Council services in the event of a second spike in the pandemic could be looked at. This would also be included in the assurance mapping information to be incorporated in Quarter 2, so Members would receive some information regarding the status of the joint IT platform.

In response to a query from the Chairman the Internal Audit Manager confirmed that the joint audit of Economic Development would be carried out over ten days at Broadland and ten days at South Norfolk.

RESOLVED

To note and approve:

- The approach to providing assurance for 2020/21 due to the Coronavirus Pandemic;
- The Revised Strategic Internal Audit Plans 2020/21 to 2022/23; and

- The Revised Annual Internal Audit Plan 2020/21.

48 RISK MANAGEMENT POLICY

The report presented a draft Risk Management Policy for consideration and review by the Committee.

It was suggested that the Policy incorporated features of a Strategy as well and would be better drafted as two separate documents one strategic and generic and the other how this was being applied to the corporate priorities of the Council.

It was also noted that in the draft Policy at paragraph 3.1 it stated that Cabinet had responsibility for approving the Policy, but the recommendation in the report stated that Audit Committee was being asked to recommend the Policy to Council for approval.

It was also suggested that the Risk Registers listed under paragraph 4.3 should be reflected again in paragraph 8 (Risk Ownership) and that a discussion is held at Cabinet level regarding the joint risk appetite of Broadland and South Norfolk. The Assistant Director Governance and Business Support (Monitoring Officer) confirmed that the Audit Committee could only recommend to Council, but it would be ensured that the Policy would go to Cabinet for approval prior to that.

It was agreed that the Risk Management Policy needed further work and the Committee:

RESOLVED

That an informal meeting of the Committee would be convened on a date to be agreed to consider the development of the Risk Management Policy further and to clarify the route that it would take for final approval.

49 ANNUAL GOVERNANCE STATEMENT 2019/20

The Assistant Director Governance and Business Support (Monitoring Officer) introduced her report, which presented the Annual Governance Statement 2019/20.

She advised the meeting that accountability and responsibility had now been allocated far more widely across the Senior Management Team, with Assurance Statements for all Assistant Directors that looked at all the key areas that they were responsible for and confirmed if they had the right controls in place for them.

This would provide a common framework across the Council and allow any issues or trends to be identified, which was a major improvement over the previous governance structure.

Key areas in the Statement were: the closer relationship with South Norfolk Council and the development of management assurance statements, which had been signed off for each specific area. It was notable that business continuity was one of these

areas and that the Covid-19 pandemic had been a live learning opportunity to assess how effective the measures had been.

A section in the Statement set out how the control environment had changed during the Covid-19 disruption and the steps taken by the Council. The main one had been 90 percent of staff working from home, with secure ICT systems allowing officers the same level of access to Council files as when in the office. There had also been changes to the Constitution to allow for remote meetings.

The impact of COVID-19 had also enabled the teams to review processes and practices when working from home, which had realised positive impacts, such as improved times to process benefit claims.

In response to a suggestion regarding Government legislation the Assistant Director Governance Business Support (Monitoring Officer) confirmed that she would add reference to the Health Protection (Coronavirus) Regulations 2020 to the Statement.

Members confirmed that they would endorse the draft Annual Governance Statement, but would wait until it was finalised and presented with the Final Accounts and had been looked at by External Audit before they approved it

It was also requested that Risk Management should reference training for Members was well as staff and that more details of commercial initiatives be included.

RESOLVED

To endorse the Annual Governance Statement for 2019/20, subject to the proposed amendments.

50 AUDIT SCALE FEE 2020/21

The Assistant Director Finance drew Members' attention to the letter from Public Sector Audit Appointments which set out an Audit scale fee of £32,022 for 2020/21, the same as for 2019/20. However, the letter went on to explain that although the scale fee had been set at the same level as last year, they did not expect the final audit fee to remain at that level for a variety of change factors.

EY had confirmed that they would want to increase their fee significantly which would result in a charge in the region of £50,000. Stricter auditing guidance was one of the key reasons for the increase. Negotiations were ongoing with EY over the exact fee. Members were asked to note that Audit fees had been significantly cheaper in recent years; for example, in 2012/13 the Audit Fees were £54,000.

The increase of the fee was composed of three elements: increase audit risk the requirement for more detailed testing and client readiness and support the latter was the smallest element but the only one that the Council had any control over.

The Committee was advised that Norfolk S151 officers had written collectively to Public Sector Audit Appointments expressing their concern about the increase in audit fees and were awaiting a response.

RESOLVED

To note the contents of the Audit Scale Fee letter.

51 WORK PROGRAMME

The Committee was advised that Fiona Dodimead (Director of Audit TIAA) would be attending the 22 October 2020 meeting of the Committee, whilst the Internal Audit Manager was on maternity leave.

The Final Annual Governance Statement 2019/20 was added to the Agenda for October and a review of Fraud Policies was added to the Work Programme with a date to be confirmed.

The meeting closed at 1.13pm.

DRAFT

PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Report Authors:	Faye Haywood, Internal Audit Manager fhaywood@s-norfolk.gov.uk 01508 533873 Fiona Dodimead, Internal Audit Director TIAA Fiona.dodimead@tiaa.co.uk
Portfolio Holder:	Finance
Wards Affected:	All
Purpose of the Report:	This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2019/20 during the period 7 July 2020 to 12 October 2020..

Recommendations:

1. That Members note the progress in delivering the Internal Audit Plan of work for the 2020/21 financial year.

1 SUMMARY

- 1.1 This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2020/21 during the period 7 July 2020 to 12 October 2020.

2 BACKGROUND

- 2.1 The Audit Committee receive updates on progress made against the annual internal audit plan. This report forms part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.
- 2.2 The Public Sector Internal Audit Standards require the Chief Audit Executive to report to the Audit Committee the performance of internal audit relative to its agreed plan, including any significant risk exposures and control issues. To comply with the above the report identifies:
- Any significant changes to the approved Audit Plan;
 - Progress made in delivering the agreed audits for the year;
 - Any significant outcomes arising from those audits; and
 - Performance Measures.

3 CURRENT POSITION

- 3.1 The position in relation to the delivery of the Annual Internal Audit Plan 2020/21 is shown in the report attached.

4 PROPOSED ACTION

- 4.1 For the Audit Committee to review the progress made in the completion of the Annual Internal Audit Plan for 2020/21.

5 OTHER OPTIONS

- 5.1 n/a

6 ISSUES AND RISKS

- 6.1 **Risks** - Failure to undertake the Annual Internal Audit Plan could result in the Head of Internal Audit not being able to provide an annual opinion. Reductions in Internal Audit coverage could permit on-going weaknesses in the internal control environment at the Council not being detected and reported upon.
- 6.2 **Resource implications** – none

- 6.3 **Legal implications** – none
- 6.4 **Equality implications** – none
- 6.5 **Environmental impact** – none
- 6.6 **Crime and disorder** – none

7 RECOMMENDATIONS

- 7.1 That Members note the progress in delivering the Internal Audit Plan of work for the 2020/21 financial year.

Background Papers

None

Appendices

Progress Report on Internal Audit Activity

Eastern Internal Audit Services



Broadland District Council

Progress Report on Internal Audit Activity

Period Covered: 7 July 2020 to 12 October 2020

Responsible Officer: Faye Haywood –Internal Audit Manager for Broadland District Council

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1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
- Any significant changes to the approved Audit Plan;
 - Progress made in delivering the agreed audits for the year;
 - Any significant outcomes arising from those audits; and
 - Performance Indicator outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 At the meeting on 16 July 2020 the revised Annual Internal Audit Plan for the year ahead was presented to the Committee, to respond to the unprecedented circumstances surrounding the Coronavirus Pandemic. The Audit Committee approved the revised plan which identified the specific audits to be delivered. At the request of the Committee we have made a further amendment to the plan in response to risks raised.

Audit	Revision to the plan
BRD2111 Service Desk	At the request of the Committee, this review has been moved to Quarter 3 of 2020/21 to ensure that risks in relation to responding to the needs of the business can be met if the Pandemic continues to disrupt operations.
BRD2112 Remote Access	The Committee requested the remote access review be moved into Quarter 3 of the 2020/21 plan to provide assurance over arrangements in response to risks regarding ongoing disruption. Following discussions with management they are not able to support this work until Quarter 4, as any earlier would significantly impact upon planned work to upgrade the infrastructure.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1** and progress to date is in line with expectations. There are no executive summaries to present to the Committee at this time.
- 3.2 In summary four days of programmed work has now been completed, equating to 3% of the revised Internal Audit Plan for 2020/21.

4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

Substantial Assurance: Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Reasonable Assurance: Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Limited Assurance: Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance: Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

- 4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

Urgent (priority one): Fundamental control issue on which action to implement should be taken within 1 month.

Important (priority two): Control issue on which action to implement should be taken within 3 months.

Needs attention (priority three): Control issue on which action to implement should be taken within 6 months.

- 4.3 In addition, on completion of audit work "Operational Effectiveness Matters" are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.
- 4.4 Due to the late start of the Internal Audit Plan for the 2020/21 financial year, no reports have been finalised to date, however the plan of work is on track to the revised timetable.

5. PERFORMANCE MEASURES

- 5.1 The Internal Audit Services contract includes a suite of key performance measures against which TIAA will be reviewed on a quarterly basis. There is a total of 11 indicators, over 4 areas.
- 5.2 There are individual requirements for performance in relation to each measure; however, performance will be assessed on an overall basis as follows:

- 9-11 KPIs have met target = Green Status.

- 5-8 KPIs have met target = Amber Status.
- 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by TIAA and agreed with the Internal Audit Consortium Manager to ensure that appropriate action is taken.

- 5.3 The Due to the late start of the Internal Audit Plan of work for 2020/21, these measures have not been applicable to date. The Internal Audit Manager, on return from maternity leave in January 2021, will review the position with the performance measures.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee	Comments
							Urgent	Important	Needs Attention	Op		
Quarter 1												
TOTAL		0	0	0								
Quarter 2												
Assurance Mapping	BRD2101	8	8	4								
TOTAL		8	8	4								
Quarter 3												
Corporate Governance	BRD2102	4	4	0								
Accounts Payable	BRD2103	12	12	0								
Payroll and Human Resources	BRD2104	10	10	0								
Council Tax and NNDR	BRD2105	15	15	0								
Housing Benefit and Council Tax Support	BRD2106	15	15	0								
TOTAL		56	56	0								
Quarter 4												
Economic Development	BRK2107	10	10	0								
Key Controls and Assurance	BRD2108	10	10	0								
Coronavirus Pandemic Response and Recovery	BRD2109	15	15	0								
Procurement Contract Management	BRD2110	10	10	0								
TOTAL		45	45	0								
IT Audits												
Service Desk	BRD2111	7.5	7.5	0								

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee	Comments
							Urgent	Important	Needs Attention	Op		
Remote Access	BRD2112	7.5	7.5	0								
TOTAL		15	15	0								
Follow Up												
Follow Up	NA	5	5	0								
TOTAL		5	5	0								
TOTAL		129	129	4			0	0	0	0		
Percentage of plan completed				3%								

FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

Report Authors:	Faye Haywood, Internal Audit Manager, fhaywood@s-norfolk.gov.uk 01508 533873 Fiona Dodimead Internal Audit Director TIAA fiona.dodimead@tiaa.co.uk
Portfolio Holder:	Finance
Wards Affected:	All
Purpose of the Report:	This report seeks to inform members as to the progress made in relation to management's implementation of agreed internal audit recommendations falling due by 12 October 2020.

Recommendations:

1. That Members note the position in relation to the completion of agreed Internal Audit recommendations.

1 SUMMARY

- 1.1 This report seeks to inform members as to the progress made in relation to management's implementation of agreed internal audit recommendations falling due by 12 October 2020.

2 BACKGROUND

- 2.1 This report forms part of the overall reporting requirements to assist the Council in discharging the responsibilities in relation to its Internal Audit Service.
- 2.2 The Public Sector Internal Audit Standards require the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action. The frequency of reporting at Broadland District Council is twice yearly.
- 2.3 To comply with the above this report includes the status of agreed actions.

3 CURRENT POSITION

- 3.1 The report attached shows the progress in relation to implementing agreed internal audit recommendations.

4 PROPOSED ACTION

- 4.1 For the Audit Committee to review the progress made by the Council in implementing agreed Internal Audit recommendations.

5 OTHER OPTIONS

- 5.1 The Audit Committee has the following option:

That members note the position in relation to the completion of agreed Internal Audit recommendations.

6 ISSUES AND RISKS

- 6.1 Failure to implement recommendations or improve internal controls may lead to the risks associated materialising.
- 6.2 **Resource implications** – none
- 6.3 **Legal implications** – none

6.4 **Equality implications** – none

6.5 **Environmental impact** – none

6.6 **Crime and disorder** – none

7 RECOMMENDATIONS

7.1 That members note the position in relation to the completion of agreed Internal Audit recommendations.

Background Papers

None

Eastern Internal Audit Services



BROADLAND DISTRICT COUNCIL

Follow Up Report on Internal Audit Recommendations

Period Covered: 31 March 2020 to 12 October 2020

Responsible Officer: Faye Haywood – Internal Audit Manager for Broadland DC

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1. INTRODUCTION

- 1.1 This report is being issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
- The status of agreed actions.

2. STATUS OF AGREED ACTIONS

- 2.1 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to this Committee. Verification work is also undertaken for those recommendations that are reported as closed.
- 2.2 **Appendix 1** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken to enable the Committee to easily identify old outstanding recommendations. The table also identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round.
- 2.3 In 2017/18 internal audit raised 36 recommendations, with 35 now being closed. One important recommendation remains outstanding. The management responses in relation to the outstanding important recommendation can be seen at **Appendix 2** of the report.

Due to the management response and the action taken, management are proposing that this recommendation is closed. It is recognised that the Audit Committee has debated this recommendation at length at previous meetings and are therefore requested to review the action taken by management to ensure that they are content, at this point the recommendation will then be closed.

Number raised	36	
Complete	35	97%
Outstanding	1	3%

- 2.4 In 2018/19 Internal Audit raised 30 recommendations. Of these 29 are closed. One recommendation is now outstanding, which is a needs attention.

Number raised	30	
Complete	29	97%
Outstanding	1	3%

- 2.5 In 2019/20 internal audit has agreed 43 recommendations with management so far. A total of 18 recommendations are overdue (7 important and 11 needs attention). A total of 20 are complete and five recommendation are not yet due. The management response in relation to the outstanding important recommendations can be seen at **Appendix 3** of the report.

Number raised	43	
Complete	20	47%
Outstanding	18	42%
Not yet due	5	11%

APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed between 31 March 2020 to 12 October 2020			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
Audit Ref	Audit Area	Assurance Level													
2017/18 Internal Audit Reviews															
BRD1806	Accounts Receivable	Substantial			1							0			
BRD1809	Key Controls and Assurance	Reasonable					1					1			
2018/19 Internal Audit Reviews															
BRD1901	Procurement	Reasonable		1								0			
BRD1903	GDPR	Reasonable						1				1			
BRD1906	Accounts Payable	Reasonable			1							0			
2019/20 Internal Audit Reviews															
BRD2001	Broadland Growth	Reasonable		1	3		3	3				6			
BRD2011	Disaster Recovery	Reasonable					1	2				3			
BRD2002	Corporate Governance	Reasonable						1				1		1	
BRD2003	Accountancy Services	Reasonable					1	1			2	4			
BRD2005	Income	Substantial			1							0			
BRD2010	Planning and Development	Reasonable								1	1	2			
BRD2006	Homelessness Housing Options	Limited	1	1						1	1	2		3	
BRD2008	Key Controls and Assurance	Reasonable										0		1	
TOTALS			0	3	6	0	6	8	0	2	4	20	0	5	0

APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2017/18

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
BRD1809 Key Controls assurance work	Recommendation 1: Purchase orders are to be used for all purchases within the Council apart from suppliers on an approved exceptions list. In addition, all purchase orders to be raised prior to the purchase and independently authorised by a manager.	2	Agreed	Senior Finance Officer	31/07/2018	31/10/2020	Outstanding	<p>A review has been undertaken of the exceptions list and revised where appropriate.</p> <p>Emails have been sent to all staff to raise awareness of the importance of raising purchase orders in a timely manner when placing orders with suppliers.</p> <p>Purchase Order limits & authorisers are being reviewed at CMLT 13 October 2020 & will be updated on the purchasing ordering system by the end of October.</p> <p>A report was run to review any September PO's which were raised after the invoice was received as a result four were identified relating to three suppliers. One was due to an original PO being raised against an incorrect supplier which was cancelled & re-raised against the correct supplier but after the invoice was received. In the case of the remaining three invoices the two members of staff have been spoken to by the Director Resources to explain the requirement and seriousness in not following procedures. Reports will now be run weekly to pick up any issues quickly and to check for any recurring issues with individual members of staff.</p>

APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
BRD2001 Broadland Growth	Recommendation 3: The company formally adopt key policies such as business continuity and disaster recovery, Counter Fraud, Corruption and Bribery, which are aligned with the Council's / NPS own policies.	2	Agreed	Assistant Director of Finance	31/03/2020	31/12/2020	Outstanding	<p>The company is currently reviewing its governance arrangements and the adoption of key policies was discussed at the Board meeting on 6 October 2020 where they made the decision not to have their own specific policies due to the burden of having to maintain them.</p> <p>A decision was made to bring a paper to the next Board meeting week commencing 23 November 2020 proposing and detailing the policies for Broadland Growth Limited and whether they are Broadland Council or NPS policies depending on which is more applicable for Broadland Growth Limited.</p>
BRD2001 Broadland Growth	Recommendation 4: Business resilience arrangements are reviewed with regards to the Council's client management role to ensure there is adequate contingency in place in the event that the client manager is absent for material periods of time. This review should involve documenting the services/functions undertaken by the council's client manager and comparing these against the services covered in the supply of services contract, so that all areas that require resilience are identified.	2	Agreed	Managing Director	31/03/2020	31/01/2021	Outstanding	<p>The BGL Board has now agreed to appoint a full-time post to support the Board and to drive the company forward. The resource currently committed to funding the client manager post will be retained to provide additional resilience.</p>

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
BRD2001 Broadland Growth	Recommendation 5: The business plan is reviewed to ensure it consistently refers to the correct period it covers; and the objectives and aims are updated to ensure they are consistent throughout the business plan and not duplicated. The business plan should also be updated to include reference to the Plumstead development and accompanying information including number of dwellings, date on site and duration of build. Financial information is included covering projected benefits to the council; forecast profit and loss account; and cash flow. A one year business plan is also included with more short term aims/objectives, e.g. the completion of the Plumstead development. Once complete the business plan should be approved by council and board.	2	Agreed	Managing Director	31/12/2019	31/03/2021	Outstanding	BGL held a business planning workshop on the 24 June 2020 and agreed to pursue the resource as a first step. Once the resource is in place (see recommendation 4) a priority piece of work will be to finalise the business plan.
BRD2003 Accountancy Services	Recommendation 1: Monthly reconciliations be checked by a separate officer to the person completing them, and this be evidenced on the monthly reconciliation schedules.	2	Agreed	Finance Manager	28/02/2020	31/12/2020	Outstanding	Control Accounts were brought up to date in order to complete the final accounts with the March reconciliations authorised by a separate officer. Additional resource has been brought in which is currently reviewing and simplifying the reconciliation process as well as bringing them up to date for 2020/21 and writing procedures which will include review & authorisation by a separate person. The members of staff responsible for the ongoing completion will then

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
								be trained in the new process to ensure they have the skills & knowledge to complete the reconciliations in a timely manner going forward.
BRD2006 Homelessness, Home Options and Private Sector Leasing	Recommendation 6:A formalised approach to be established with temporary accommodation providers, through SLAs (Service Level Agreements), to require that evidence is provided to the council that the accommodation provided meets the required standard and the council is able to fulfil its safeguarding responsibility.	2	A shared SLA template to be developed. Signed SLAs to be agreed with service providers and compliance against this recorded. Temporary accommodation providers that are not willing to comply with the conditions of the SLA will no longer be used. This is to be completed by 30th September 2020.	Housing and Wellbeing Senior Manager	30/09/2020	30/11/2020	Outstanding	It has been agreed that the top five providers (main providers of TA) have an agreement in place. This should be standard practice and has now been adopted. However, some provision, such as B and B provision is used sporadically and / or are providers such as air B and B / travel accommodation which is simply not feasible to have an agreement with. These types of accommodation are spot purchased and we would not want to enter into a formal agreement with. The management response was agreed without understanding the process of temporary accommodation. We will be working with audit to change the parameters of this audit request
BRD2010 Planning and Development Management	Recommendation 4: Monthly income reconciliations between the Northgate M3 system and the general ledger are signed and dated by both the preparer of the reconciliation and reviewer, who has an understanding of the reconciliation process and is in agreement with the reconciling figures. (BDC)	2	The Business Support Team Leaders have commenced discussions with the finance team at the Lodge and will be progressed following the	Business Support Team Leader	31/07/2020	31/12/2020	Outstanding	We are in the process of implementing new infrastructure that will redefine and reshape the storage of our data and systems in such a manner that almost real time mirroring will take place to allow for live transitions between sites. Data and systems will be replicated between at least 2 sites with geographical separation, and thus will allow all business

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
			Covid19 restrictions.					data to be accessible instantly covering all needs and expectations of the business. The DR plan and testing strategy will be developed following implementation of the new solution.
BRD2011 Disaster Recovery	Recommendation 2. The Council to define a formal DR testing strategy and plan using a risk-based approach to identify key systems and infrastructure to be included. We suggest that a new exercise to test the ability to source, install and run a temporary backup generator in a timely manner be planned as soon as possible as this may be key to supporting a timely recovery of systems. Such testing to include various scenarios such as a regional power outage that could result in a run on generator supply and possible impacts on telephony, mobile and UPS service. It is also suggested that a test of the ability to support Thorpe Lodge telephony services from Carrowbreck also be considered	2	Agreed	Assistant Director of Business Support	31/03/2020	30/11/2020	Outstanding	We are in the process of implementing new infrastructure that will redefine and reshape the storage of our data and systems in such a manner that almost real time mirroring will take place to allow for live transitions between sites. Data and systems will be replicated between at least 2 sites with geographical separation, and thus will allow all business data to be accessible instantly covering all needs and expectations of the business. The DR plan and testing strategy will be developed following implementation of the new solution.

ANNUAL GOVERNANCE STATEMENT 2019/20

Report Author: Emma Hodds
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Portfolio: Finance

Wards Affected: All

Purpose of the Report:

The Committee is requested to approve the final Annual Governance Statement for 2019/20 to ensure that it reflects the comments that were raised at the meeting on 16 July 2020.

Recommendations:

To approve the final Annual Governance Statement for 2019/20.

1 SUMMARY

- 1.1 The Committee is requested to approve the final Annual Governance Statement for 2019/20 to ensure that it reflects the comments that were raised at the meeting on 16 July 2020.

2 BACKGROUND

- 2.1 The draft Annual Governance Statement 2019/20 was brought to the Audit Committee on 16 July 2020 for review and approval, the Committee endorsed the statement subject to the amendments that had been proposed by the Committee.

3 CURRENT POSITION

- 3.1 The final Annual Governance Statement attached at Appendix 1 to the report includes the amendments that were approved by the Committee.

4 PROPOSED ACTION

- 4.1 The Committee is requested to review and approve the final Annual Governance Statement for 2019/20.

5 OTHER OPTIONS

- 5.1 None.

6 ISSUES AND RISKS

- 6.1 **Resource Implications** – none
- 6.2 **Legal Implications** – none
- 6.3 **Equality Implications** – none
- 6.4 **Environmental Impact** – none
- 6.5 **Crime and Disorder** – none
- 6.6 **Risks** – none

7 RECOMMENDATIONS

- 7.1 To approve the final Annual Governance Statement for 2019/20.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Broadland District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must ensure that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Broadland District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Broadland District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and making proper arrangements for the management of risk.

As part of its Constitution, Broadland District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government”.

A copy of the Code is available on our website and can be downloaded [here](#).

This statement explains how Broadland District Council has complied with the code and also meets the requirements of regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control and accompanies the 2019/20 Statement of Accounts of the Council. The Annual Governance Statement is subject to detailed review and approval by the Audit Committee.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes for the direction and control of the authority and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Broadland District Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Broadland District Council for the year ended 31 March 2020 and up to the date of approval of the statement of accounts.

The Governance Framework

An annual review of the Governance Framework at Broadland District Council was completed prior to the preparation of the Annual Governance Statement, with key officers completing full assurance statements for their area of responsibility, and these being signed off by the relevant member of the Corporate Management Leadership Team (CMLT). These are in place to ensure the governance arrangements across the Council are adequate, and to also recognise where any further work needs to be done. In light of the recent events surrounding COVID key officers also provided assurance in terms of any changes or amendments to processes or internal controls and how staff working from home has impacted on service area work.

The Code of Corporate Governance has been in place for the 2019/20 financial year. This Code is the framework of policies, procedures, behaviours and values which determine how the Council will achieve its priorities and is based upon the seven principles of the International Framework for Corporate Governance in the Public Sector.

The Council's Vision and Ambitions:

As a Council, we are committed to making Broadland one of the best places to live and work in the country. The Council has a Business Plan 2019-2023 which confirms our vision for Broadland as a place and our ambition for Broadland District Council as an organisation.

Our vision is to shape our local area and make it one of the best places to live and work in the country.

The main aims of the Business Plan are:

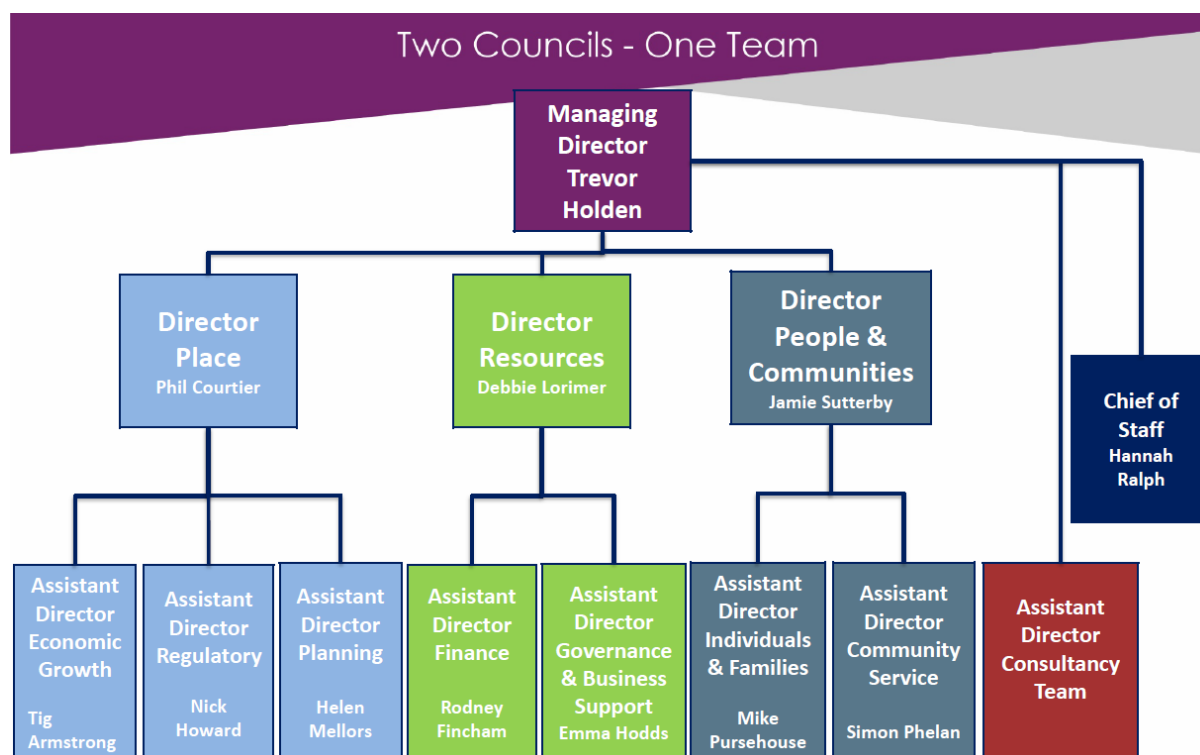
- Driving growth and prosperity for all
- Delivering environmental excellence
- Improving health and wellbeing and quality of life
- Supporting our residents and businesses to stay safe
- Increasing our financial resilience and capacity, in collaboration with South Norfolk Council

The Business Plan is a digital and interactive document which acts as a gateway for more in-depth details of the priorities and work of the Council and can be found [here](#).

The vision and ambitions are communicated through the Business Plan, plus regular briefings, press releases, website and the Broadland News magazine, which is delivered 3 times a year to every household and business in the District.

Review of the Council's Governance Arrangements:

The Council regularly reviews its organisational structure as part of aligning resources with demand to deliver the priorities above. In addition, the progression with the Council's collaboration with South Norfolk Council has resulted in the establishment of one team across the two Councils. This includes a Corporate Management Leadership Team (CMLT), consisting of the Managing Director, three Directors, and nine Assistant Directors, as follows:

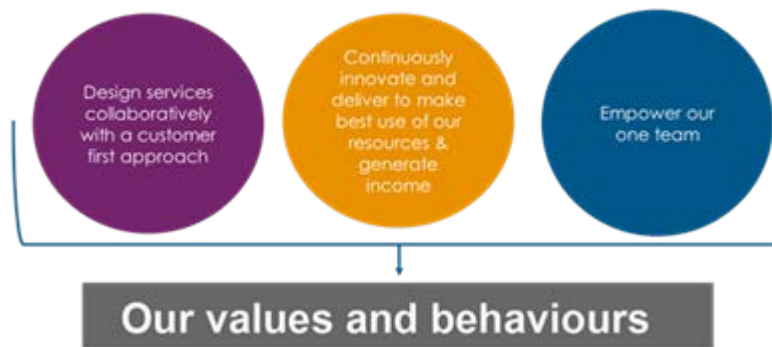


The Council has made ongoing savings through reviews of services and taking opportunities to make efficiencies; alongside this the authority has sought to grow income levels through a number of commercial initiatives.

Coaching and Leadership courses and workshops for staff at all levels of the organisation have been delivered in the financial year, particularly in light of the new one team officer structure.

A new process for identifying, organising and delivering our organisational transformation programme and was introduced during 2019/20 that will support both Councils to deliver the ambitions set out in our new joint Strategic and Delivery Plan. This approach has been titled *Spark* and is designed around the three key philosophies outlined below underpinned by our values and behaviours.

The Spark philosophy



Measuring the Quality of Services for Users and ensuring they are delivered in accordance with the Council's objectives and best use of resources:

The 4 year Business Plan sets out specific objectives together with measures to evidence how successfully we are delivering on the plan and which ambitions these activities support. The measures are tracked and reported to Cabinet as part of our Performance Framework.

Defining and Documenting Roles and Responsibilities of Councillors and Officers and how decisions are taken:

The Council's Constitution, Scheme of Delegation, Codes of Conduct, Protocol on Member / office relations, contract standing orders and rules of financial governance set the framework in which the organisation makes decisions.

Codes of Conduct Defining Standards of Behaviour for Councillors and Officers:

The Council operates Codes of Conduct for Councillors and officers, with clear processes embedded to respond to any concerns raised regarding the standards of behaviour.

The Council conforms to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)

The Rules of Financial Governance explain the statutory duties of the Section 151 Officer including the responsibility under direction of the Cabinet for the proper administration of the Council's financial affairs. The Council's governance arrangements allow the Section 151 Officer to bring influence to bear on all material business decisions. The Section 151 Officer supports the CMLT and has the authority to bring matters directly to the attention of the Managing Director if required. Regular specific meetings are also held to discuss matters relating to the Section 151 role.

The Audit Committee

The Committee met regularly during the year. Its key tasks are to monitor the work of Internal and External Audit, to approve the statutory accounts, provide an individual

assurance on the adequacy of the Council's financial monitoring and reporting, including this Annual Governance Statement.

Ensuring Compliance with Laws and Regulations, Internal Policies and Procedures:

Responsibilities for statutory obligations are formally established. The Head of Paid Service disseminates statutory instruments to Managers responsible for acting on them. The relevant professional officers are tasked with ensuring compliance with appropriate policies and procedures to ensure all officers work within them.

Decisions to be taken by Councillors are subject to a rigorous scrutiny process by the Monitoring Officer, Section 151 Officer and in most cases CMLT before they are considered by Cabinet or Full Council.

Assistant Directors have completed an Assurance Statement covering key governance aspects with their area of responsibility. The outcomes of these Assurance Statements are described under *Managers' Assurance within Governance Issues*.

Whistle-blowing Policies and Investigating Complaints:

As employees, councillors and others who deal with the Council are often the first to spot things that may be wrong or inappropriate at the Council, a Raising Concerns at Work Policy is in place to provide help and assistance with such matters. There is also a formal complaints procedure operated as part of the Council's performance management framework.

Tackling Fraud and Corruption:

The Council has a Counter Fraud, Corruption and Bribery Strategy in place to ensure that we can deliver against our priorities whilst minimising losses to fraud, corruption and bribery. The Council has a Housing Benefit and Council Tax Support Anti-fraud and Corruption Policy.

Each Internal Audit undertaken recognises fraud risks and assesses the adequacy and effectiveness of the controls in place to mitigate such risks and an Annual Fraud Return is provided to the External Auditor which summarises the Head of Internal Audit's views on risk of fraud at the Authority. In addition, the Monitoring Officer, the Section 151 Officer and the Chair of the Audit Committee also complete such statements on an annual basis.

Development Needs of Councillors and Officers:

There is a training programme in place for officers and Councillors. This is drawn up from new risks or legislation, in response to known and emerging key areas of focus and from the Business Plan and staff Performance Reviews. The Council has made extensive investment in training in line with its Learning and Development Strategy for staff.

In relation to Members, they have undergone a rigorous training schedule since being elected in May 2019, which begins with a general induction programme and

continues throughout the year on more specific topics to ensure Members can take on all aspects of their role confidently and legally.

Establishing Communication with all Sections of the Community and Other Stakeholders:

The Council works with the County Council, other Norfolk District Councils, the Police, NHS, Central Government departments, businesses, and voluntary and community groups.

The Council consults with members of the public through a number of avenues from workshops, telephone calls, social media channels and the website, to gauge public opinion on a number of issues such as shaping the budget, the development of the Local Plan and the Council Tax Support Scheme.

Good Governance Arrangements with Partnerships:

Partnership arrangements take the form of Service Level Agreements. These are reviewed as part of the budget setting process and in advance of the date of cessation. The Council maintains a formal protocol on how it enters into funding arrangements with voluntary and third sector organisations.

The CIPFA Framework for Corporate Governance places a high degree of emphasis on partnership working. In practice, the Council takes a collaborative approach to working, recognising that there are a variety of means to engage with third parties.

As the collaboration with South Norfolk Council has progressed appropriate governance has been put in place such as Joint Committees and Joint Informal Cabinet.

Review of Effectiveness

The Role of the Council

Broadland District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Managers and Councillors within the authority who have responsibility for the development and maintenance of the governance environment, Internal Audit's annual report, and by comments made by the External Auditors and other review agencies. Full Council approves the Revenue and Capital Budget and the Treasury Management Strategy annually.

The Role of the Cabinet

The Cabinet approved the Business Plan and reviewed a range of strategies and policies during the year, including the Treasury Management Strategy, the Medium-Term Financial Strategy and the Revenue and Capital Budget. It received regular reports on performance monitoring, projects and their financial implications. Cabinet delegates policy development to four Panels, which are chaired by the relevant Portfolio Holder.

The Role of the Audit Committee

The activity of the Committee in the financial year is described above. It has also ensured that it is satisfied that the control, governance and risk management arrangements have operated effectively. The work of the Audit Committee is summarised in an Annual Report to Council.

The Role of the Overview & Scrutiny Committee

The Overview & Scrutiny Committee can undertake any work relating to the four key principles of scrutiny as follows:

- Hold the Executive to account (Call-In of decisions made but not implemented)
- Performance monitoring
- Service reviews
- Internal and external scrutiny

The work of the Overview & Scrutiny Committee is summarised to Council in an Annual Report.

Role of the Monitoring Officer

The Monitoring Officer has the specific duty to ensure that the Council, its officers, and its Elected Councillors, maintain the highest standards of conduct in all they do. The Monitoring Officer's legal basis is found in Section 5 of the Local Government and Housing Act 1989, as amended by Schedule 5 paragraph 24 of the Local Government Act 2000. The Monitoring Officer has three main roles:

- To report on matters they believe are, or are likely to be, illegal or amount to maladministration.
- To be responsible for matters relating to the conduct of Councillors and officers.
- To be responsible for the operation of the Council's Constitution.

The Monitoring Officer is supported in their role by the Council's legal service (which is provided by nplaw) and the Deputy Monitoring Officers.

The Role of the Chief Financial Officer

The Assistant Director Finance is designated as the Section 151 Officer for the purposes of Section 151 of the Local Government Act 1972 and is responsible under the general direction of the Cabinet for the proper administration of the Council's affairs. This statutory responsibility cannot be overridden. Responsibilities include:

- Setting and monitoring compliance with financial management standards
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management

Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer to report to the full Council, Cabinet and External Auditor if the authority or one of its officers:

- Has made, or is about to make, a decision which involves incurring unlawful expenditure
- Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority
- Is about to make an unlawful entry in the authority's accounts.

The Section 151 Officer has not been required to make such a report.

The Role of Internal Audit

All audits are performed in accordance with the good practice contained within the Public Sector Internal Audit Standards (PSIAS) 2013. Internal Audit report to the Audit Committee and provides an opinion on the system of internal control, which is incorporated in the Head of Internal Audit's Annual Report and Opinion 2019/20.

Internal Audit is arranged through a consortium, Eastern Internal Audit Services, which comprises Breckland, Broadland, North Norfolk, South Norfolk and South Holland District Councils, Great Yarmouth Borough Council and the Broads Authority. The Head of Internal Audit is employed by South Norfolk Council and the operational and field management staff are employed by an external provider, TIAA Ltd.

The Internal Audit Service assesses itself annually to ensure conformance against the PSIAS, and are also required to have an external assessment every five years. The most recent external assessment, in January 2017, concluded that the internal audit service conforms to the professional standards and the work has been performed in accordance with the International Professional Practices Framework.

The Role of External Review Bodies

Ernst and Young LLP review the Council's arrangements for:

- preparing accounts in accordance with statutory and other relevant requirements
- ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
- managing performance to secure economy, efficiency and effectiveness in the use of resources

Ernst & Young LLP were appointed by Public Sector Audit Appointments (PSAA) as the Council's external auditors for 2019/20. The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made.

Effectiveness of Other Organisations

Broadland Growth Ltd is a Joint Venture Company (JVC) owned 50/50 with NPS Property Consultants Limited formed in March 2014.

An internal audit for Broadland District Council of Broadland Growth Limited was carried out in November 2019, with an overall reasonable assurance conclusion. The audit made thirteen recommendations that were scheduled to be put in place by the end of March 2020. Some, but not all, have been implemented. These were mainly associated with the governance of Broadland Growth Limited.

Training was organised for Directors in December 2019 which focused on the roles and responsibilities of Directors. This resulted in a number of key themes coming out for inclusion in the BGL business plan.

Governance Issues

Looking back on the issues raised in 2018/19

During 2018/19 the following significant areas of development or risk were highlighted, with the current position also now noted:

It was recognised that governance regarding closer working relationships with South Norfolk Council was a key area that needed to remain under review. This area of work has progressed as the development of one team across two councils has moved on at pace during 2019/20. This will continue into 2020/21 as the Council continues to adjust.

It was recognised that it would be beneficial for the Council to adopt a broader approach to reviewing governance arrangements through the introduction of management assurance statements to support this AGS. This has been developed over the past year and now provides part of the evidence for the completion of the AGS.

Finally, a review of the approach to risk management at the Council was commenced by the Audit Committee with the Internal Audit Manager progressing this collaboratively across Broadland and South Norfolk Councils over the 2019/20 year.

Managers' Assurance Statements for 2019/20

Assistant Directors (AD) across the Council completed an Assurance Statement relating to their service area. The Assurance Statements were based on 2019/20 and presented a broadened reflection compared to previous years. The statements were then signed off by the Managing Director or Director responsible for the service area.

The Assurance Statement asked specific questions about: policy and procedure; effectiveness of key controls, alignment of services with the Business Plan, human resources, finance, risks and controls, health and safety, procurement, insurance, information technology, data protection, freedom of information, business continuity, partnerships and equalities. A yes / partial / no response was required with evidence and action needed noted. Each AD also needed to note any issues that they felt

represented a significant control item or governance issue. In addition, a statement on the impact of COVID on internal controls and staff was also provided.

Overall, governance regarding closer working relationships with South Norfolk Council emerged again as a key theme, as referenced above. Although not resulting in non-compliance, officers noted in their responses that policies, procedures etc would require review in light of the collaboration. This will be an area of work that is progressed at pace in light of the newly established one officer team, which it is recognised requires aligned processes and procedures to ensure the envisaged efficiencies.

More specifically, many service areas highlighted the need to update documentation in relation to business continuity and delegations to reflect the new officer structure.

The responses have highlighted that there are no significant governance issues and governance arrangements are mainly consistent across the Council. Where partial responses have been provided, managers have already identified actions that are being progressed to address these areas and the Assistant Director of Governance and Business Support will review progress during 2020/21, with updates being sought from ADs.

COVID-19 - How the control environment has changed during the period of disruption and steps taken

New legislation was introduced as a result of COVID, Health Protection (Coronavirus) Regulations 2020, the Councils constitution was updated to reflect the requirements of the regulation.

As a result of COVID, 90% of the workforce are now working from home, staff log onto their IT equipment using two-factor authentication – once the secure connection has been made all staff then utilise the folders and systems they need in the same way as they would in the office, therefore in this regard controls remain.

The Constitution has been amended in line with the legislation to enable the Council to continue with its democratic decision making process, albeit virtually.

Any site visits that are required are still being carried out but in line with social distancing guidelines and the compliance checklist provided by central government.

With particular reference to finance controls the following has been implemented:

- Accepted approval by email (as opposed to wet signatures)
- Authorisation of business grants carried out by s151 officer (over and above normal authorised signatory limit)
- Held more monies in bank account than normal, to respond to payment requests (particularly the business grants)
- Business grant payments were made based on requests as submitted with limited pre-payment checks (as requested by Government, in order to get payments out quickly)
- A change of system to pay hardship payments, payments are personally authorised by Assistant Director twice a week to ensure quick payment

The impact of COVID has enabled the teams to review processes and practices in the working from home environment, which has realised positive impacts, such as improved times to process benefit claims.

Internal Audit

The Head of Internal Audit has concluded that the overall opinion in relation to the framework of governance, risk management and control at Broadland District Council is reasonable. A total of nine out of a possible 10 assurance audits completed within the year concluded in a positive assurance grading and a substantial assurance grading was given for Private Sector Housing, Accounts Receivable and Income.

One report concluded in a limited assurance grading in the area of Homelessness and Housing Options and Private Sector Leasing. One urgent recommendation was raised in relation to ensuring that temporary accommodation rent accounts are regularly reviewed. Five important recommendations were raised relating to reviewing the allocations policy, reviewing existing applicants on the housing register, team leader review of all allocations, the signing of licences for temporary accommodation and creating SLA's for temporary accommodation providers. All recommendations raised during this review are due to be resolved by March 2021 following a full review of working practices and regular updates will be provided to the Audit Committee throughout the year to track progress.

Risk Management

During 2019/20 the Internal Audit Manager has undertaken a review of the risk management strategy and process for Broadland and South Norfolk, there has been facilitated sessions with CMLT resulting in an agreed approach to risk management with a view to embedding this. A Risk Strategy is being finalised, and the training for staff and members will be provided.

Review and Approval of the Annual Governance Statement

The annual review of governance is coordinated by the Assistant Director Governance and Business Support, involving senior managers across the Council and reviewed by the Corporate Management Leadership Team. This Annual Governance Statement is considered in draft by the Audit Committee and amended to reflect the Committee's considerations and the views of the external auditor. The (revised) Annual Governance Statement forms part of the Council's annual accounts.

Certification

We are satisfied that appropriate arrangements are in place to address improvements in our review of effectiveness. Progress on these improvements and mitigation of risks will be monitored through the year and considered at our next annual review.

Trevor Holden, Managing Director

Shaun Vincent, Leader of the Council

DRAFT STRATEGIC RISK REGISTER

Report Author: Sinead Carey
Strategy and Programmes Manager
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Portfolio: Transformation and Organisational Development

Wards Affected: None

Purpose of the Report:

The purpose of this report is to provide a summary of the work to date to develop the Risk Management Policy and an overview of the subsequent draft Strategic Risk Register for Broadland District Council.

Recommendations:

1. Review and note the proposed Strategic Risk Register for the Council (Appendix 1).

1 SUMMARY

- 1.1 In September 2020, Cabinet agreed to the adoption of the Risk Management Policy for the Council. Following the agreement to the Policy, work has been underway to develop the draft Strategic Risk Register (SRR) for the Council, which is presented as part of this report in a draft format for Audit Committee to review.

2 BACKGROUND

- 2.1 On 19 October 2019, the Internal Audit team presented the Audit Committee with the results of the risk maturity assessment that had been undertaken to establish the adequacy of the risk management framework at Broadland District Council. A recommendation was raised and supported by the Committee for the Risk Management Policy to be updated and revised in line with best practice.
- 2.2 The updated Risk Management Policy was brought through to Audit Committee for review and agreement in July and the Policy then went onto Overview and Scrutiny and Cabinets for agreement in September.
- 2.3 Since the agreement of the Policy, work has been underway to develop a new process for developing, monitoring and managing the strategic risks to the organisation, using the policy as the basis for design.

3 CURRENT POSITION/FINDINGS

- 3.1 To facilitate the management of risk throughout the organisation, the Council should maintain a system of risk registers. The risks are identified through the Corporate Management Leadership Team's (CMLT) assessment of the risks to the Council's Strategic Plan. The SRR records the strategic risks faced by the Council. Attached to this report is the draft SRR for Broadland District Council.
- 3.2 The SRR forms part of the Council's quarterly (reported three times a year) performance, risk and finance reports, where updates on our strategic risks, delivery measures and finance position are brought through to Overview and Scrutiny and Cabinet for review.
- 3.3 As set out in the Policy, Cabinet has ultimate responsibility for:
- Setting the culture for risk management at the Council
 - Approving the Policy
 - For developing and approving Risk Appetite
- 3.4 Detailed oversight of the risk management process is delegated to the Audit Committee, who are responsible for scrutinising the scope and effectiveness of the risk management systems in place.
- 3.5 In developing the SRR, CMLT are responsible for identifying, evaluating and reporting on significant strategic risk faced by the Council. Strategic risks are risks

that are significant in size, impact and duration and could impact on the performance of the Council as a whole. This may include operational risks escalated from particular services to the leadership level due to the potential scale of their impact.

- 3.6 Risks in the SRR are assessed for both their likelihood (on a scale of 1-5) and their impact if they were to happen (on a scale of 1-5), which are then combined to give each risk a severity score. Once all ongoing and planned mitigating actions are taken in consideration, each risk's "residual severity score" is recorded. The higher the severity score, the more significant the risk is.
- 3.7 As set out in the agreed Policy, the SRR will be presented to Cabinet and Audit Committee in its entirety three times a year.

4 PROPOSED ACTION

- 4.1 Prior to the register being presented in full to Cabinet in Q3, Audit Committee are asked to review the draft SRR. Following recommendations from the Audit Committee, the SRR will be updated, maintained and presented in full to Cabinet in Q3 reports.

5 OTHER OPTIONS

- 5.1 None.

6 ISSUES AND RISKS

- 6.1 **Resource Implications** – each risk has associated resources aligned to each action.
- 6.2 **Legal Implications** – no implications.
- 6.3 **Equality Implications** – no implications.
- 6.4 **Environmental Impact** – no implications.
- 6.5 **Crime and Disorder** – no implications.
- 6.6 **Other Risks** – no implications.

7 RECOMMENDATIONS

- 1. Review and note the proposed Strategic Risk Register for the Council.

Objective	Ref	Risk description	Existing Controls	Risk with existing controls				Planned mitigating actions	Risk Owner	Delivery timescales	Current risk				Comments and progress on actions
				Likelihood	Impact	Severity score	Risk Response?				Likelihood	Impact	Severity score	Within Risk Appetite?	
Moving with the times, working smartly and collaboratively	1	<p>Risk - An uncertain funding landscape for the public sector makes the Council finances unsustainable.</p> <p>Consequence - General fund expenditure exceeds the budget and income targets are not achieved. The Council is unable to deliver on its longer-term Strategic Plan or in year Delivery Plan.</p>	<ul style="list-style-type: none"> • Medium Term Financial Plan (MTFP) budget process and scenario planning. • Budget monitoring. • Investment and income targets. • Implementing Broadland/South Norfolk Collaboration. 	3	5	15	Reduce	<ul style="list-style-type: none"> • 1a Continued development and review of MTFP to address budget gaps (particularly in light of the Covid-19 pandemic and the ongoing impacts of this on the Councils financial position). • 1b Deliver the savings from collaboration with South Norfolk Council. • 1c Deliver the Spark Transformation Programme to release savings and generate income. • 1d Increase marketing activity and promotion of services, including reviewing options for commercialisation. • 1e Effective budget monitoring and training for staff at all levels. • 1f Regular monitoring of our current position and reporting to Members. • 1g Lobby government for adequate funding. • 1h Review the services we offer. • 1i Look for further income generating opportunities. 	Debbie Lorimer - Director of Resources	<p>1a - September 2020</p> <p>1b - March 2022</p> <p>1c - Ongoing</p> <p>1d - Ongoing</p> <p>1e - Q4 2021</p> <p>1f - Quarterly</p> <p>1g - Ongoing</p> <p>1h - Ongoing</p> <p>1i - Ongoing</p>	3	4	12	No	Comments and progress will be updated for Q3 as this is the first time reporting on our Strategic Risks in this way, following on from the agreement of the Risk Policy by Cabinets in September 2020.
Moving with the times, working smartly and collaboratively	2	<p>Risk - The Council fails to uphold a positive and trusted reputation and fails to meet customer and stakeholder expectations. This includes making an unlawful decision or failure to comply with agreed policies or legal compliance.</p> <p>Consequence - Reputation declines, negative impact on trust of residents and businesses on the Councils ability to provide effective services.</p>	<ul style="list-style-type: none"> • Effective internal and external communications. • Project Management with clear milestones for delivery and communication. • Freedom of Information (FOI) responses and complaints handling. • Provide officer and Member training to ensure an awareness of policies. 	4	4	16	Reduce	<ul style="list-style-type: none"> • 2a Deliver an effective internal and external Communications Strategy, with clear deliverables and milestones. • 2b Develop and deliver a Customer Satisfaction Strategy and action plan. • 2c Implement an effective programme and project management approach and ensuring all external facing projects have clear communication messages and effective delivery methods. • 2d Strong management and response to complaints handling, including FOI requests. Build a business case for an electronic system to manage FOIs. 	<p>2a-2c Hannah Ralph - Chief of Staff</p> <p>2d Debbie Lorimer Director of Resources</p>	<p>2a - Q2</p> <p>2b - Q4</p> <p>2c - Q2</p> <p>2d - Q3</p>	3	3	9	Yes	

		This may include a negative financial impact.													
Supporting individuals and empowering communities	3	<p>Risk - The Council is unable to respond effectively to a wide scale disaster or business disruption, such as loss of key staff, or loss of accommodation to deliver services etc.</p> <p>Consequence - Unable to support our residents and businesses as there is the potential of a significant impact on service delivery and decline in reputation.</p>	<ul style="list-style-type: none">• Councils form part of the Norfolk Resilience Forum (NRF).• Business Continuity Plans in place and tested.• Remote working for key staff tested and in place.• Covid-19 response has demonstrated flexibility of staff, providing added resilience to organisation.• County and District Memorandum of Understanding (MOU) in place to provide support in an emergency.• Two councils provides resilience e.g. two buildings which have two work area recovery sites.	4	5	20	Reduce	<ul style="list-style-type: none">• 3a Continue to ensure we have effective emergency plans and business continuity plans in place, working with key partners such as the NRF where possible.• 3b Test our plans through regular practice exercises where appropriate until commencement of usual exercise program.• 3c Promote and expand the reach of community emergency plans work being carried out internally and with county-based community resilience group to capture and engage with new and existing volunteer groups and voluntary agencies.• 3d Conduct lessons learnt activities to ensure that we continuously adapt and improve.	Phil Courtier - Director of Place	3a - Ongoing 3b - Ongoing 3c - Q4 3d - Ongoing 3e - Ongoing	3	4	12	No	
Supporting individuals and empowering communities	4	<p>Risk - The Council is unable to respond effectively to a second wave of the Covid-19 pandemic.</p> <p>Consequence – The Council is unable to support residents and businesses as there is the potential of significant impact on service delivery resulting in a negative impact on our residents and businesses. This also includes the potential for a decline in reputation, increase in staff absence and inability to address the Councils budget gaps in the future.</p>	<ul style="list-style-type: none">• Councils part of Norfolk Resilience Forum (NRF).• Strategic and Tactical Coordination Groups established.• Business Continuity Plans in place and tested.• Recovery Plan agreed by Cabinet and Council and in the process of being implemented.• Majority of staff enabled to work from home.• HR processes refined and in place to support staff.	4	4	16	Reduce	<ul style="list-style-type: none">• 4a Implement the organisational Recovery Plan, based on the 3 themes of: Economy, Communities and Organisation and Governance.• 4b Closely monitor and respond to the impacts of the pandemic on our economy and communities, working with key partners where possible.• 4c Continue to lobby government for adequate funding to support recovery.• 4d Implement phase 1 of the new ways of working project.	Trevor Holden - Managing Director	4a - Quarterly 4b - Ongoing 4c - Ongoing 4d - Q3	4	3	12	No	

Moving with the times, working smartly and collaboratively	5	<p>Risk - The Council fails to take advantage and act quickly and proactively on the opportunities of Local Government Reform and Devolution.</p> <p>Consequence - Failure to achieve potential for greater devolved funding and/or decision making to the region and the benefits this would bring for residents and businesses in the Broadland area.</p>	<ul style="list-style-type: none"> • Regular horizon scanning to stay abreast of key changes from Government. • Active membership of different groups such as the District Councils Network (DCN), Local Government Association (LGA) etc • Implementing Broadland/South Norfolk Collaboration. • Quarterly review of performance and risks to the organisation. • CMLT relationship building and liaison with key stakeholders such as central Government departments and professional bodies. 	4	5	20	Reduce	<ul style="list-style-type: none"> • 5a Review the outcomes of the Devolution White Paper when it is released. • 5b Continued regular horizon scanning and policy updates to CMLT, management team and Members to ensure the organisation stays abreast of changes and are able to have influence. 	Hannah Ralph - Chief of Staff	5a - October 2020 5b - Monthly	3	4	12	No	
Moving with the times, working smartly and collaboratively	6	<p>Risk - The Council fails to anticipate and respond to changes in the external environment such as political changes in the national priorities from Central Government.</p> <p>Consequence - Lack of ability to influence external drivers for greater change and additional resources required to achieve the new priorities or changing direction of travel.</p>	<ul style="list-style-type: none"> • Regular horizon scanning to stay abreast of key changes from Government. • Active Membership of different groups such as the DCN, LGA etc • Quarterly review of performance and risks to the organisation. • CMLT relationship building and liaison with key stakeholders such as central Government departments and professional bodies. 	3	4	12	Reduce	<ul style="list-style-type: none"> • 6a Continued regular horizon scanning and policy updates to CMLT, management team and Members to ensure the organisation stays abreast of changes and are able to have influence. 	Hannah Ralph - Chief of Staff	6a - Monthly	3	4	12	No	
Moving with the times, working smartly and collaboratively	7	<p>Risk - A major contractor or supplier fails to deliver on an agreed contract or service delivery.</p> <p>Consequence - Material impacts to our service delivery, potential large-scale</p>	<ul style="list-style-type: none"> • Procurement processes in place to develop robust contracts. • Strong communication channels between suppliers and the Council. 	3	4	12	Reduce	<ul style="list-style-type: none"> • 7a Ensure staff are equipped with the right knowledge to ensure effective and proactive management of our contracts. • 7b Provide up to date contract registers. • 7c Work with partners to develop and embed social value in procurement to develop a more inclusive economy. 	7a and b - Debbie Lorimer - Director of Resources 7c - Jamie Sutterby, Director of People and	7a - Ongoing 7b - Q2 7c - ongoing	2	3	6	Yes	

		financial impacts, increased resources to handle and manage customer expectations/complaints.						Communities							
Moving with the times, working smartly and collaboratively	8	<p>Risk - A major health and safety incident occurs (internal or external) of which the Council are responsible for.</p> <p>Consequence - Potential injury/harm to either staff or customers, service disruptions and potential cost implications.</p>	<ul style="list-style-type: none">• Risk assessments and action plans in place where needed.• Lone Working Controls in place.• Contract for Health and Safety with Norfolk County Council in place.• Risks and mitigations are reviewed and managed through the Health and Safety Committee and CMLT.	3	4	12	Reduce	<ul style="list-style-type: none">• 8a Ensure we have risk assessments and action plans in place where needed.• 8b Provide organisational wide Health and Safety training where applicable.	Debbie Lorimer - Director of Resources	8a - Ongoing 8b - Q4	2	4	8	Yes	
Moving with the times, working smartly and collaboratively	9	<p>Risk - The Council is unable to take advantage of the benefits and opportunities from collaborative working with South Norfolk Council and other key partners as a result of policy decision-making.</p> <p>Consequence - Failure to achieve efficiency savings through economies of scale and increased chance of not delivering upon key priorities set out in the organisations Strategic Plan.</p>	<ul style="list-style-type: none">• Transformation approach (named Spark) and initial programme of work in place.• Joint Lead Members Group (JLMG) and Service Improvement and Efficiency Committee (SIEC) established to have Member oversight and steering of the collaboration programme.• Regular updates and briefings to CMLT, JLMG (monthly) and SIEC on the collaboration.• Collaboration costs and savings tracked quarterly and reported through to JLMG and in formal finance updates.	4	4	16	Reduce	<ul style="list-style-type: none">•9a Review and update the transformation programme in light of the recent Covid-19 pandemic and updated Delivery Plan and Recovery Plan.• 9b Continue to deliver transformation training to all staff.• 9c Continue to review opportunities for further collaborative working with key partners.	Trevor Holden- Managing Director	9a - Q2 9b - Ongoing 9c - Ongoing	3	3	9	Yes	
Moving with the times, working smartly and collaboratively	10	<p>Risk - The Council fails to handle and manage data adequately.</p> <p>Consequence - Potential loss of data, unlawful sharing of data, reputational damage</p>	<ul style="list-style-type: none">• Online GDPR training provided to all staff to raise awareness of how to handle and manage data correctly.• Remote access controls in place including two factor authentications.	5	4	20	Reduce	<ul style="list-style-type: none">• 10a Deliver the System Architecture Review project.• 10b Ensure all systems meet our data security requirements.• 10c Review of how data is managed whilst working remotely.	Debbie Lorimer - Director of Resources	10a - Q2 10b - Ongoing 10c - Q2	3	4	12	No	

WORK PROGRAMME

26 November 2020	<ul style="list-style-type: none">• Final Statement of Accounts 2019/20• External Audit Results Report
11 March 2021	<ul style="list-style-type: none">• Strategic and Annual Internal Audit Plans 2021/22
tbc	<ul style="list-style-type: none">• Fraud Policies Review