

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

Date & Time:

Thursday 21 July 2022 at 10.00am

Place:

Council Chamber Thorpe Lodge, 1 Yarmouth Road, Thorpe St Andrew, Norwich

Contact:

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PUBLIC ATTENDANCE:

If a member of the public would like to attend to speak on an agenda item, please email your request to committee.bdc@southnorfolkandbroadland.gov.uk, no later than 5.00pm Monday 18 July 2022.

Pool of Trained Members

Conservatives

<u>Councillor</u>	<u>Training Received</u>
G Nurden (Chairman)	09/06/2022
P Bulman (Vice Chairman)	20/06/2019
A Crotch (Committee Member)	09/06/2022
K Vincent (Committee Member)	09/06/2022
N Brennan	09/06/2022
J Emsell	09/06/2022
K Kelly	09/06/2022
D King	20/06/2019
K Leggett	09/06/2022
M Murrell	09/06/2022
S Vincent	09/06/2022
J Ward	09/06/2022

Liberal Democrats

<u>Councillor</u>	<u>Training Received</u>
S Holland (Committee Member)	09/06/2022
D Britcher	09/06/2022
S Catchpole	20/06/2019

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.

AGENDA

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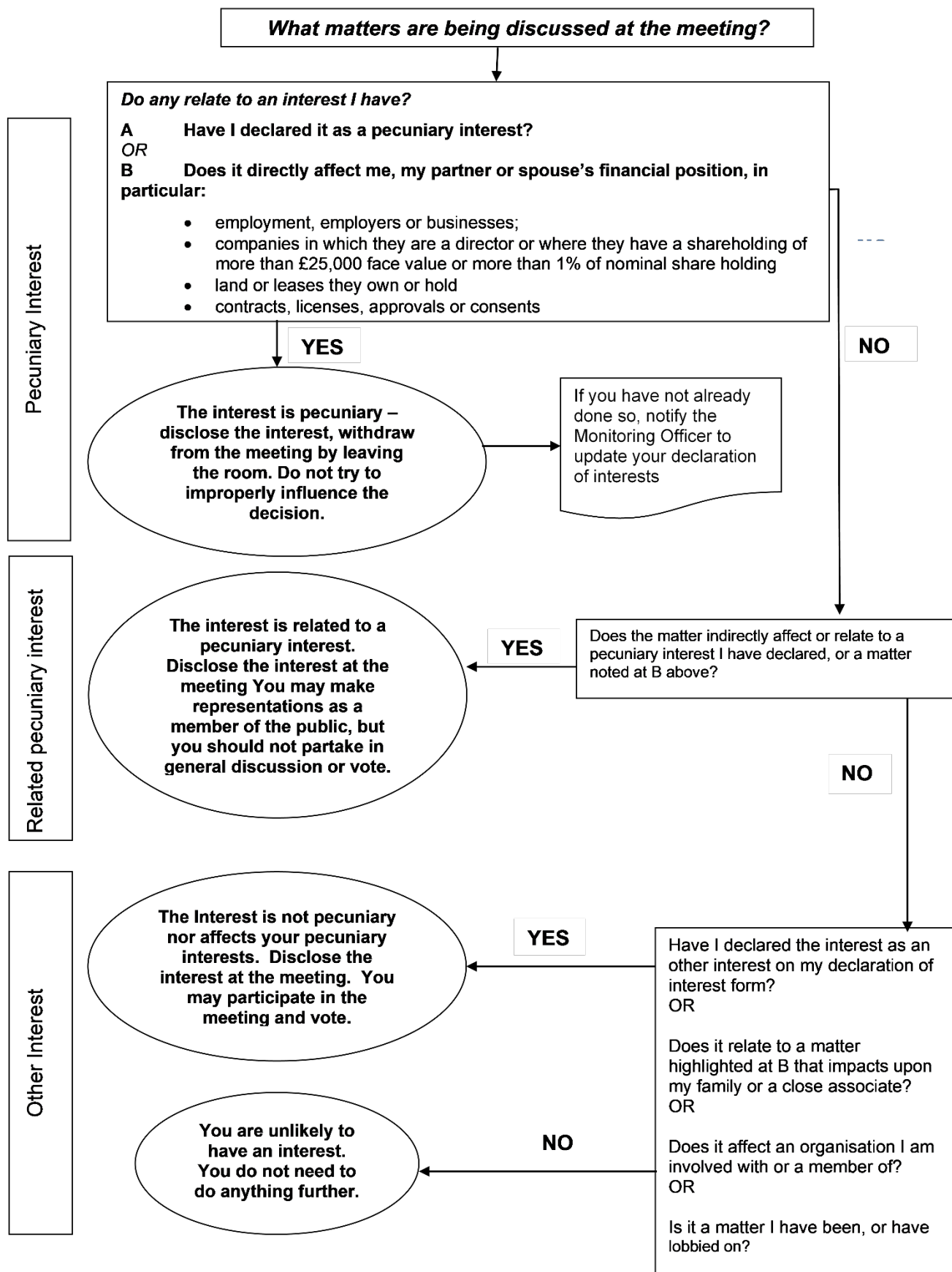
DECLARATIONS OF INTEREST AT MEETINGS

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.

<p>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.</p>
<p>Does the interest directly:</p> <ol style="list-style-type: none"> 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 <p>If the answer is "yes" to any of the above, it is likely to be pecuniary.</p> <p>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.</p>
<p>Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?</p> <p>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 you should not partake in general discussion or vote.</p>
<p>Is the interest not related to any of the above? If so, it is likely to be an other interest. You will need to declare the interest, but may participate in discussion and voting on the item.</p>
<p>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.</p>

**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



Agenda Item: 3

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of Broadland District Council, held on Thursday 17 March 2022 at 10.10am.

Committee Members Present: Councillors: G Nurden (Chairman), S Holland and K Vincent

Apologies for Absence: Councillors: P Bulman and A Crotch

Officers in Attendance: The Assistant Director of Finance (R Fincham), the Head of Internal Audit (F Haywood), the Internal Audit Trainee (E Voinic) and the Democratic Services Officer (J Hammond)

31 DECLARATIONS OF INTEREST

No declarations of interest were received.

32 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Bulman and Cllr Crotch.

33 MINUTES

The Chairman advised the Committee that the previous meeting had been designated as informal, due to being inquorate. He then formally requested that a list of trained members be added to future agendas, to aid the Committee in finding substitutes. It was then agreed that Audit training would be arranged and offered to all members.

The minutes of the informal meeting of the Audit Committee held on 27 January 2022 were agreed as a correct record.

34 MATTERS ARISING

Minute No: 19 – Statement of Accounts 2020/21

The Assistant Director of Finance informed the Committee that Ernst & Young (EY) would not meet their deadline to resolve audit work by 25 March 2022. A new deadline of mid-to-late April 2022 had been set. He added that the Director of Resources would be writing to EY and the Public Sector Audit Appointments Ltd (PSAA) (as the appointing person) to express the Council's disappointment.

In response to questions, the Assistant Director of Finance explained that a mixture of additional Covid related work and EY's ongoing staffing/recruitment issues had caused the delay.

Members queried whether additional Covid related work would be required this year, and whether additional costs would be added. The Assistant Director of Finance advised that additional work would be required and both EY and the Council could make representations to PSAA, who would determine the final cost of the audit work.

Minute No: 25 – Annual Report of the Audit Committee

Members requested an update on fraud protection and detection as the Fraud Officer had changed roles within the Council. The Assistant Director of Finance explained that the former Fraud Officer had continued in the role one day a week, whilst a review of the service took place.

Minute No: 27 – Follow Up Report on Internal Audit Recommendations

The Committee thanked officers for including in the latest follow up report, information on whether each recommendation had been previously delayed and requested that further details be provided in future as to the reasons for delay.

Minute No: 28 – Opting into the National Scheme for External Auditor Appointments

The Chairman advised the Committee that Council had resolved to opt into the national scheme for external auditor appointments. He explained that PSAA had surveyed him on the quality of work carried out by the external auditor in 2019/20, which he deemed satisfactory. He added that when surveyed on 2020/21 work he would reiterate the Council's disappointment.

In response to members' questions, the Assistant Director of Finance informed the Committee that PSAA was looking to increase the number of accredited firms who could carry out local government audits.

35 STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2022/23

Members considered the report, which provided an overview of the stages followed prior to the formation of the Strategic Internal Audit Plan for 2022/23 to 2025/26 and the Annual Internal Audit Plan for 2022/23, which would then serve as the work programme for the Council's Internal Audit Services contractor; TIAA Ltd. The report also provided the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of Broadland District Council's framework of governance, risk management and control.

The Head of Internal Audit explained that meetings had been held with all Assistant Directors to discuss service area risks and scheduled projects.

She also informed the Committee that the Risk Management Audit work would be carried out by herself and the Internal Audit Trainee, it was expected that the work would coincide with the Risk Management Policy Review suggested by the Committee at its last meeting.

Members thanked the Head of Internal Audit for the comprehensive report, and it was unanimously

RESOLVED

To note and approve:

- The Internal Audit Strategy
- The Strategic Internal Audit Plans 2022/23 to 2025/26
- The Annual Internal Audit Plan 2022/23

36 ANNUAL REPORT OF THE AUDIT COMMITTEE

The Chairman introduced the report and thanked the Internal Audit Trainee for including all changes requested at the previous meeting.

Members agreed that the report accurately reflected the work carried out by the Committee.

It was then

RESOLVED

TO RECOMMEND TO COUNCIL that it approves the content of the Annual Report of the Audit Committee.

37 SELF ASSESSMENT OF THE AUDIT COMMITTEE

The Chairman introduced the item and referred members to the previous year's self-assessment included within the agenda. Members felt that the gradings for the good practice questionnaire were accurate for the Committee.

Discussion turned to the self-assessment evaluating the effectiveness of the Audit Committee. Attention was drawn to the section "*Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks*" and members suggested that the grading should be upgraded to 4 as a Risk Management Policy had been established.

Members felt that the section '*Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements*' should remain at a grade 4.

Regarding the section '*Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks*' the Chairman queried whether the grading should be downgraded as a result of the Fraud Officer vacancy and the limited assurance in the Progress Report. Quorum issues within the Committee were raised, and the steps taken to resolve them were noted. The Assistant Director of Finance reminded members that the self-assessment evaluated whether the Committee was fulfilling its role and that gradings should not be affected by circumstances outside of the Committee's control. After further discussion the Committee felt that the grading should remain at 4.

38 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Members considered the report of the Head of Internal Audit, which reviewed the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2021/22 during the period 19 January 2022 to 8 March 2022.

The Head of Internal Audit explained that 98 days of programmed work had been completed, which equated to 70% of the Audit Plan for 2021/22. She further advised that due to staffing issues within the team it would not be possible to resolve all audits by 31 March 2022. She assured members that she was in regular contact with TIAA's Audit Manager and was satisfied with the current position.

Members were advised that three Internal Audits had been finalised between 19 January 2022 - 8 March 2022.

- Performance Management and Business Planning – Reasonable Assurance
- Counter Fraud and Corruption – Limited Assurance
- Annual Governance Statement – Substantial Assurance

With regard to the Counter Fraud and Corruption executive summary, the Head of Internal Audit explained that the review had been carried out consortium-wide using the latest Fighting Fraud and Corruption Strategy. The seven 'important' and two 'needs attention' recommendations were highlighted to members.

Discussion moved to the two recommendations rejected by management. Members were advised that one of the recommendations was 'Important' and had requested that the assessment process for allegations of fraud and corruption be documented centrally rather than on local records, with evidence retained on file. This was rejected by management on the basis that records of cases were kept and the notes held on the systems.

The second recommendation was 'Needs Attention' and requested that evidence of fraud risks be considered in the development of new policies, strategies and initiatives across the Council. This had been rejected by management on the basis that appropriate policies were reviewed by the Fraud Officer and all policies reviewed by CMLT as they arose.

The Assistant Director of Finance stressed that CMLT supported the recommendations in principle, however, the current resource level within the fraud team would make it impossible to implement the recommendation. Members noted that the decision had been made to prioritise the most important recommendations at this time.

In response to a question, the Head of Internal Audit explained that the rejection of two recommendations would not restrict a future audit to a limited assurance, provided the remaining recommendations were resolved.

The Committee requested that the full Counter Fraud and Corruption audit report be circulated after the meeting, and that an update be provided to a future meeting of the Committee. The Assistant Director of Finance agreed to provide an update on the Fraud Team at the next meeting of the Audit Committee.

Looking ahead to audits due in quarter four, the Head of Internal Audit advised that both Key Controls & Assurance and Environmental Health had been delayed. With regard to IT Audits, a draft report had been prepared regarding Disaster Recovery.

It was then

RESOLVED

To note the progress in completing the internal audit plan of work and the outcomes of the completed audits for the 2021/22 financial year.

39 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The Head of Internal Audit presented her report, which informed members on the progress made in relation to management's implementation of agreed internal audit recommendations which were due by 8 March 2022.

With regard to the Council Tax and NNDR recommendation, the Assistant Director of Finance advised that there had been a delay as the awarding of Covid related grants had been prioritised. The team had now reviewed the entitlement of 3800 NNDR reliefs across the two Councils. 116 businesses within Broadland had not responded, and their relief was due to be cancelled. Completion of the recommendation could then be confirmed to Internal Audit. Members noted that the cancellation of the NNDR Relief would likely initiate a response from some of the businesses.

Members were informed that the HR and Payroll recommendation deadline had been extended due to the implementation of the new system being delayed.

The Head of Internal Audit advised that the Remote Access recommendation had not yet been implemented due to resource availability. The revised timeline for implementation was now by the end of quarter one 2022.

It was then

RESOLVED

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

40 AUDIT COMMITTEE WORK PROGRAMME

The Committee considered each item within the Work Programme.

The Assistant Director of Finance confirmed that he would provide members with an update regarding the Fraud Team at the next meeting.

The Head of Internal Audit confirmed that a follow up on the Limited Assurance of Counter Fraud and Corruption would be provided at a future meeting.

(The meeting concluded at 11.47am)

Chairman

Progress Report on Internal Audit Activity

Report Author(s): Faye Haywood
Head of Internal Audit for Broadland District Council
01508 533873
faye.haywood@southnorfolkandbroadland.gov.uk

Portfolio: Finance

Ward(s) Affected: All

Purpose of the Report:

This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2021/22 during the period 9 March 2022 to 11 July 2022.

Recommendations:

1. That members note the progress in completing the internal audit plan of work.

1. Summary

- 1.1 This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2021/22 during the period 9 March 2022 to 11 July 2022.

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 audits; and
 - Performance Measures.

3. Current position/findings

- 3.1 The position in relation to the delivery of the Annual Internal Audit Plan 2021/22 is shown in the report attached.

4. Proposed action

- 4.1 For the Audit Committee to review the final position relating to the completion of the Annual Internal Audit Plan for 2021/22.

5. Issues and Risks

- 5.1 **Resource implications** – there are no resource implications arising from this report.
- 5.2 **Legal implications** – there are no legal implications arising from this report.
- 5.3 **Equality implications** – there are no equality implications arising from this report.
- 5.4 **Environmental impact** – there are no impacts on the environment arising from this report.
- 5.5 **Crime and disorder** – there are no impacts upon crime and disorder arising from this report.

- 5.6 **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. Conclusion

- 6.1 The attached report provides the Council with the final position relating to the completion of the 2021/22 internal audit plan.

7. Recommendations

- 7.1 That members note the progress in completing the internal audit plan of work and the outcomes of the completed audits for the 2021/22 financial year.

Background papers

None

Eastern Internal Audit Services



Broadland District Council

Progress Report on Internal Audit Activity

Period Covered: 9 March 2022 to 11 July 2022

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

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 Since the plan's approval on 24th June 2021, one significant change to the plan has been made. At the request of senior management, a position statement has been completed over 10 days covering Council Tax Discounts and Exemptions.

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The final position in completing audits to date within the financial year is shown in **Appendix 1**.
- 3.2 In summary 149 days of programmed work has now been completed, equating to 99% of the Audit Plan for 2021/22. Four audits are currently being finalised.

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 During the period covered by the report, four Internal Audit reports have been finalised. In addition to this, four reports have been issued in draft.

Audit	Assurance	P1	P2	P3
Accountancy Services	Reasonable	0	2	1
Disaster Recovery	Limited	3	4	1
Homelessness and Housing Options	Reasonable	0	4	1
Corporate Health and Safety	Substantial	0	0	3
Food Health and Safety and Licencing (DRAFT)	Reasonable	0	2	2
Accounts Receivable (DRAFT)	Limited	1	2	2
Income (DRAFT)	Reasonable	0	3	3
Key Controls and Assurance (DRAFT)	Reasonable	0	3	4
Total		4	20	17

The Executive Summaries of these reports are attached at **Appendix 2**, full copies can be requested by Members.

- 4.5 As can be seen in the table above as a result of these audits 41 recommendations have been raised and agreed by management.
- 4.6 One operational effectiveness matter has been raised for management consideration in relation to the Accounts Receivable audit.
- 4.7 An additional position statement has been completed for Council Tax and Discounts and Exemptions. This work has resulted in a number of suggested actions for management consideration. The key findings from this work are referenced below;
- Decisions on complex cases be recorded on accounts to show the outcome, reasons and decision makers.
 - Review the liabilities on the caravan accounts reviewed as part of the sample.
 - Review how caravans and similar properties are incorporated into the regular inspection programme, to help maintain up to date records.
 - Seek advice from the Department for Business, Energy and Industrial Strategy and/or National Anti-Fraud Network for guidance on how to proceed with
 - the case of potential covid business grant fraud. Suggested action not agreed by management.

- Where investigations or updates are put on hold, the reason for action being put on hold to be added to the account and future work items be set on the account to ensure that it is picked up again in the future.

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
							Urgent	Important	Needs Attention	Op	
Quarter 2											
Performance Management, Business Planning	BRD2202	10	10	10	Final report issued on 2 February 2022.	Reasonable	0	2	1	0	March 2022
Corporate Health and Safety	BRD2205	8	8	8	Final report issued on 16 June 2022.	Substantial	0	0	3	0	July 2022
Counter Fraud and Corruption	BRD2206	8	8	8	Final report issued on 31 January 2022.	Limited	2	7	2	0	March 2022
COVID-19 Business Grants	BRD2210	8	8	8	Final report issued on 11 October 2021.	Reasonable	0	0	3	0	January 2022
TOTAL		34	34	34							
Quarter 3											
Annual Governance Statement	BRD2203	8	8	8	Final report issued on 4 February 2022.	Substantial	0	0	3	0	March 2022
Accounts Receivable	BRD2207	10	10	10	Draft report issued on 7 July 2022.	Limited	1	2	2	1	July 2022
Income	BRD2208	8	8	8	Draft report issued on 7 July 2022.	Reasonable	0	3	3	0	July 2022
Accountancy Services	BRD2209	15	15	15	Final report issued on 26 April 2022.	Reasonable	0	2	1	0	July 2022
TOTAL		41	41	41							
Quarter 4											
Key Controls and Assurance	BRD2201	15	15	15	Draft report issued on 5 July 2022	Reasonable	0	3	4	0	July 2022
Homelessness & Housing Options	BRD2211	10	10	10	Final report issued on 15 June 2022.	Reasonable	0	4	1	0	July 2022
Food, Safety and Licencing	BRD2212	10	10	10	Draft report issued on 7 June 2022.	Reasonable	0	2	2	0	July 2022
Council Tax Reductions and Exemptions	BRD2215	0	10	10	Final position statement issued 7 June 2022						July 2022
TOTAL		35	45	45							
IT Audits											
Cyber Security	BRD2213	10	10	9	Draft report prepared						
Disaster Recovery	BRD2214	10	10	10	Final report issued on 19 April 2022.	Limited	3	4	1	0	July 2022
TOTAL		20	20	19							
Follow Up											
Follow Up	NA	10	10	10							
TOTAL		10	10	10							
TOTAL		140	150	149			6	29	26	1	
Percentage of plan completed				99%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Assurance Review of SNC/BRD2209 Accountancy Services

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Treasury Management	0	0	1	0
Journal Entries, General Ledger Maintenance	0	2	0	0
Total	0	2	1	0

SCOPE

These key financial systems feed into the Head of Internal Audit Opinion and Statement of Accounts and require regular review to confirm the adequacy and effectiveness of controls. Where reviews are undertaken in earlier quarters, top up testing will be completed if required in the key controls audit to provide adequate coverage.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and one 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous report on Accountancy Services for South Norfolk Council (SNC) was issued in February 2020 (SNC/20/07), with a 'Reasonable' assurance having raised two 'Important', five 'Needs attention', and one 'Operational' recommendations. The previous report on Accountancy Services for Broadland District Council (BRD) was issued in January 2020 (BRD/20/03), with a 'Reasonable' assurance having raised one 'Important', and three 'Needs attention' recommendations. This indicates a positive direction of travel since the previous audit in this area.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Treasury Management Strategy is sufficiently detailed and clearly identifies how it meets the requirements of the Code of Practice and the Prudential Code. This helps direct investment activities undertaken by the Council.
- All investments were approved and the transfer of funds were fully documented showing approval in line with delegated responsibility. This helps ensure that all investments have undergone due diligence and have been authorised prior to investment.
- Regular meetings are being undertaken with budget holders to monitor the budget position, with appropriate evidence maintained. This helps ensure budget holders maintain full awareness of the budget position, and execution in accordance with approved budgets.
- All virements tested were properly authorised and within limits set out in the standing orders. This provides assurance of separations of duties, reducing risk of loss to the council.
- The Payroll control accounts/payroll system is reconciled to the general ledger, with reconciling items identified, investigated and promptly resolved. These reconciliations are signed and dated by the preparer and by an independent reviewing officer. This provides effective control against any anomalies in the general ledger and payroll system and reduces the risk of the misappropriation of funds
- All items on the asset register have been appropriately valued by an independent company, ensuring the accuracy of the Council's assets. Evidence of the valuation is retained on file.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where two 'important' recommendations have been made.

Journal Entries, General Ledger Maintenance

- System access review to be completed for both councils. Following completion, reviews to be undertaken at regular intervals.
- Broadland - The preparer and reviewer name and date to be recorded on each reconciliation. Reconciliations lacking these sign-offs to be completed retroactively.

The audit has also highlighted the following areas where one 'needs attention' recommendation has been made.

Treasury Management

- Joint policies to be written for all main accountancy areas. These policies should include version control dates written, dates approved and who approved by. All policies should be reviewed to ensure that they are complete and subject to approval.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which one remains outstanding. This recommendation has been superseded by recommendation 3 raised within this audit, the control issues are still present but the recommendations have been expanded and modified to reflect the testing results and current situation.

Assurance Review of SNC/BRD2214 Disaster Recovery Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
DR Provision for New Systems	1	0	0	0
DR Plans and Testing	2	0	0	0
IT Risk Management	0	1	0	0
Sharing DR Services	0	1	0	0
DR staffing and Skills	0	1	0	0
Recovery Time Objectives	0	1	0	0
Room access control	0	0	1	0
Total	3	4	1	0

SCOPE

A limited assurance grading was issued in 2019/20 at SNC in relation to disaster recovery controls. At Broadland a reasonable was given. This review will confirm that the improvements suggested during these reviews have been embedded and provide assurance that investment to improve resilience at both Councils is on track and is being well managed.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Limited Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'urgent', four 'important' and one 'needs attention' recommendations being raised upon the conclusion of our work. A limited assurance grading was issued in 2019/20 at South Norfolk in relation to disaster recovery controls. At Broadland a reasonable was given. A recent disruptive incident and subsequent delayed recovery at Broadland highlighted this area as remaining at a high risk. The 2019/20 audit recommended improvements in DR testing, DR capabilities for new systems, Recovery Time Objectives (RTO) and physical access. The 2021/22 audit review focussed on measures in place for the mitigation of the risk of disruption incidents, and the current processes for disaster recovery arrangements and recovery testing.
- It should be noted that all recommendations and observations raised in this report apply equally to both Councils to help provide a way forward to delivering a successful outcome for Disaster Recovery support'. All references to Council or Councils should be assumed to mean both Councils.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Senior Management have undertaken a post incident review and have identified a number of recommendation for implementation, including the need to ensure that an appropriately experienced member of the ICT & Digital team is overseeing/caretaking any third parties working in the Data Centre.
- It was noted that data centre sites have adequate physical security including CCTV.
- When 3rd Party Contractors visit data centre sites, they are accompanied and signed into a visitor log.
- It has been noted that support for Disaster Recovery processes is an explicit part of the infrastructure refresh programme.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas whereby controls would benefit from being strengthened, and as a result of these findings three 'urgent' recommendations have been made.

Disaster Recovery (DR) provision for New Systems

- DR provision to be considered for new systems.

DR Plans

- Council DR Plans to be reviewed, updated, communicated and tested.

DR Testing

- Both of the Councils' DR Plans to be tested and documented on a regular basis using a risk-based test plan.

The audit has also highlighted the following areas where four 'important' recommendations have been made.

IT Risk Management

- A formal IT risk assessment to be conducted to assess potential DR scenarios at both Councils.

Adequacy of DR Provision

- Sharing of DR services between the Councils to be formalised.
- A review needs to be undertaken to ensure that appropriate Council staff across both Councils have DR responsibilities and that relevant post holders are upskilled as needed.

Alignment with Business Continuity Plans

- Recovery Time Objectives (RTO) need to be defined for the new systems across both Councils.

The audit has also highlighted the following areas where one 'needs attention' recommendation has been made.

Changing of the door lock code at Wymondham

- (SOUTH NORFOLK ONLY) There is a need to implement a process whereby the key code to the door lock to the DR suite located in Wymondham Leisure Centre is changed on a periodic basis, in particular after personnel with knowledge of the code leave either Council or take up a new role that does not require this knowledge.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which one remains outstanding. It is a priority 3 recommendation relating to lessons learned documentation that has been superseded by the recommendations raised within this audit.

Assurance Review of the SNC/BRD2211 Homelessness & Housing Options

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Housing Register	0	1	0	0
Public Sector & Temporary Accommodation	0	3	1	0
Total	0	4	1	0

SCOPE

The audit covered strategies, policies and procedures; housing register; assessment of homelessness applications; public sector and temporary accommodation; Domestic Abuse Act; and Management and monitoring of the current SLA.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of four 'important' and one 'needs attention' recommendations being raised upon the conclusion of our work.
- Homelessness and Housing Options was last reviewed at South Norfolk Council in 2019/20, (SNC2005) where a reasonable assurance was concluded, with all three 'important' recommendations having been addressed by management.
- Homelessness and Housing Options was last reviewed at Broadland District Council in 2019/20, (BRD2006), where a limited assurance was concluded, with one 'urgent', five 'important' and one 'needs attention' recommendations having been addressed by management.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Greater Norwich Homelessness Strategy 2020-25 (Broadland, Norwich City and South Norfolk Councils) is available on the Broadland District Council (BDC) and South Norfolk Council's (SNC) joint website. The Strategy focuses on the determinants of homelessness and how the Councils can strengthen the prevention of homelessness duties.
- The BDC and SNC Allocation Schemes aim to reduce the use of temporary accommodation for homeless applicants and to assist with prevention by making customers aware of their potential housing choices and the alternative options available to them.
- Applicants on the BDC and SNC housing registers are assessed in accordance with the Allocation Schemes to ensure their eligibility and priority need prior to being added to the BDC and SNC housing registers.
- Available properties are awarded to successful bidders to ensure fair distribution of limited available accommodation.
- Homelessness Decision Reports are reviewed by another Housing officer other than the one who carried out the initial assessment to ensure fairness and accuracy of the assessment.
- Housing benefit claims are processed for applicants in a timely manner and accounted for within the service to ensure appropriate allocation of BDC and SNC's resources.
- Monthly meetings are held with the BDC and SNC's four largest landlords where cases that could result in homelessness are discussed to ensure actions to prevent homelessness are put in place as appropriate.

- BDC and SNC follow guidelines set out in the Homelessness Code of Guidance to ensure adequate assessment, advice and support is provided to Domestic Abuse (DA) victims.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where four 'important' recommendations have been made.

Housing Register

- A dashboard of the caseload management, including the backlogs and progress towards reducing them, along with the competing priorities of the team to be produced and monitored on a monthly basis.

Public Sector and Temporary Accommodation

- As part of the quality checking of case management, the completion and recording of temporary accommodation tenant visits to be included, with outcomes to form part of the staff one to one meetings.
- The Council to use electronic web forms for signing temporary accommodation consent forms. These could be issued at the time of assigning accommodation and would filter into the team's electronic caseload system, prompting follow up and action to be taken.
- The Council to use electronic web forms for temporary accommodation tenancy agreements. These could be issued at the time of assigning accommodation and would filter into the team's electronic caseload system, prompting follow up and action to be taken. Existing tenants without an agreement to be identified and included within this process.

The audit has also highlighted the following area where one 'needs attention' recommendation has been made.

Public Sector and Temporary Accommodation

- Invoices received from temporary accommodation landlords should be checked against the tenancy agreement for accuracy to prevent loss of income to the Council.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous internal audit reports for Homelessness and Housing Options (SNC2005 and BRD2006) were issued in 2019, which concluded in 'Reasonable' and 'Limited' assurance opinions respectively. Three 'important' recommendations were raised for the SNC review while one 'urgent', five 'important' and one 'needs attention' recommendations were raised for the BDC review. All of the previous recommendations have been addressed by management.

Assurance Review of SNC/BRD2205 - Corporate Health and Safety

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Roles and Responsibilities	0	0	1	0
Inspection programme	0	0	1	0
Engagement with Specialist Support	0	0	1	0
Corporate Health and Safety Training	0	0	0	0
Total	0	0	3	0

SCOPE

Scope: This review was deferred from 2020/21 to respond to Covid-19. A Medium High risk has been raised in the strategic register in relation to the risk of a major incident occurring. Norfolk County Council currently provides health and safety related advice and support. Our review provides independent assurance over the controls in place to mitigate this risk such as; key roles and responsibilities, inspections and reporting to provide assurance that the service is operating effectively. Our review also examined the adequacy of procedures in relation to lone working and the dangerous persons register.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'needs attention' recommendations being raised upon the conclusion of our work.
- A direction of travel is not applicable since the areas under scope across the two Councils and the performance system have not previously been subject to an internal audit review.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

Roles and Responsibilities

- The Health and Safety Committee is well attended with representation across key areas. Meeting minutes are recorded and displayed on the Councils website for 12 months. Meetings are held quarterly or when necessary to fulfil function demands.

Inspection Programme

- Corporate Covid-19 assessments have been undertaken across the councils and are available centrally on the intranet. Comprehensive guidance notes and pro forma are also available.
- A review of the Thorpe Lodge and South Norfolk House risk assessment records confirmed appropriate cyclical testing.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where three 'needs attention' recommendations have been made.

Roles and Responsibilities

- The Health and Safety Committee Terms of Reference to be updated in line with current practices and add a reference to the individual roles and responsibilities in the job descriptions for transparency.

Inspection Programme

- Management to ensure that Fire Risk Assessments are recorded and actions required as a result are monitored until completion.

Engagement with Specialist Support

- The Council to notify the contractor that the SLA in place with Norfolk County Council is not appropriately signed and ensure that contractual agreements of this nature are signed by the Director of Resources.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

No previous audit recommendations to review.

Additional Finding

- Audit investigations confirmed that there is no centrally governed programme for inspections/assessments for all Council offices maintained. It is understood that health and safety is delegated and managed locally which is reasonable therefore a recommendation has not been raised. A programme of work with a rolling action list that includes locally managed inspections and assessments is reported to the Health and Safety Committee quarterly and reviewed annually to provide oversight of health and safety progress. The appointed consultant submits the Health and Safety Monitoring Report to track and monitor compliance.

- Discussions with staff and audit fieldwork confirmed that whilst a Council wide assessment has been undertaken, there has been no service-based risk assessment during the Covid-19 pandemic. Management has identified the need for this and are incorporating this into their workplan and therefore a recommendation has not been made but notice must be given that the risk assessments have not yet been carried out.

DRAFT Assurance Review of SNC/BRD2212 Food, Safety and Licencing

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Policy and Procedures	0	0	1	0
Licensing	0	2*	0	0
Food Safety	0	1*	0	0
Health and Safety	0	1*	1	0
Total	0	2	2	0

*One recommendation applies to all of these areas.

SCOPE

This area was deferred from the 2020/21 Plan to allow for urgent Covid-19 audit coverage. This area was last reviewed in 2016/17 at SNC and 2018/19 at BDC and focused on licensing and food safety, where a reasonable assurance grading was given to both Councils. This audit revisited these controls at both Councils now that this area has come together as one team to provide assurance that licensing and Food Health and Safety at work regulation and enforcement controls are operating effectively.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audits of this area at both Councils, undertaken in September 2016 at South Norfolk and September 2017 at Broadland, each concluded in a 'Reasonable' assurance opinion, indicating that the level of control has been maintained.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Licensing complaints are investigated promptly with appropriate action taken, to ensure licence conditions are being adhered to.
- Licence fees are reviewed every year to ensure that they are set on a cost recovery basis.
- Licence fees payments are recorded on the application, to ensure that licences are not issued until the correct fee has been received.
- Food hygiene work is being prioritised in accordance with the FSA's Recovery Plan, to ensure that the highest risk businesses are targeted first.
- All food hygiene inspections are conducted in accordance with the food hygiene rating scheme and the FSA's Brand Standard, with outcomes notified to businesses, to ensure consistency and transparency in inspections.
- Food businesses that are rated 3 or below (not 'broadly compliant') are reinspected and followed up, to ensure that issues are satisfactorily addressed.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where two 'important' recommendations have been made.

Licensing

- Licence registers and licence fees be published on the Councils' website.

Licensing, Food Safety and Health and Safety

- All relevant documents be uploaded and linked to records on Uniform and Flare.

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Licensing, Food Safety and Health and Safety

- Procedure notes and work instructions be updated to reflect new processes as these are agreed.

Health and Safety

- All RIDDOR reports to be recorded on the Councils' systems.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous audits of this area at Broadland and South Norfolk were undertaken in 2016/17 and 2017/18 respectively. Three recommendations were raised in each of these audits, all of which have since been confirmed as implemented.

Other points noted

- There is currently a backlog of work for animal licensing due to other priorities during the Covid-19 response. A dedicated Animal Licensing Officer joined the team in October 2021 and is working through this backlog. This includes undertaking planned inspections and responding to reports of potential unlicensed premises, which have been prioritised on a risk basis.

The service was significantly disrupted by the Covid-19 pandemic, particularly in terms of food safety, as businesses were closed at times and officers were required to undertake additional Covid-focused work. This caused delays with both routine programmed inspections and inspections of new businesses. This is a national issue and the Food Standards Agency published a Recovery Plan, which the Councils are working to. The Recovery Plan requires prioritisation of interventions and has milestones for when inspections of businesses in various risk categories need to be brought up to date. The Councils achieved the first milestone by the deadline of 31st March 2022 and is on track to meet the remaining deadlines.

Risks

As part of the audit, the key risks facing the service, and the controls in place to reduce these risks, were considered.

- Failure to deliver statutory services. The Councils have statutory responsibilities for food, safety and licensing in the districts and there is a significant reputational risk if these are not delivered. The Councils are prioritising work accordingly, to ensure that the focus is on delivering essential services. As noted in the previous section, the Councils are working to the FSA's Recovery Plan to clear the backlog of work caused by Covid-19 in a risk-based order. No issues in relation to the delivery of statutory responsibilities were noted during the audit.
- Consistency. Due to the formation of the single officer team for the two Councils, there is a risk of inconsistency of approach between the two districts. No consistency issues in terms of approach or outcomes were noted during the audit.
- Staffing. The team consists mostly of experienced officers who know their districts well. This poses a risk of loss of institutional knowledge and difficulty in replacing officers if any were to leave, although this risk is difficult to mitigate. The team currently has two apprentice Environmental Health Officers, to provide a pathway for training and recruitment of new officers. An additional staffing risk relates to the capacity of the team, which currently includes one fixed term Environmental Health Officer and a contractor in Licensing. When these officers leave, there is a risk that the team will not have sufficient capacity to deliver statutory work or resume proactive work, which is not currently happening. This risk has been recorded in the Place directorate risk register, with current controls being staff secondment, use of contractors and the planned service review.

System migration. The service is in the process of transitioning from using two computer systems to one. There is a plan in place for ensuring that all the data from Flare is migrated to Uniform and resources for this are accounted for. However, there is a significant amount of data for Broadland in hard copy files and it has not currently been decided what is going to happen with these, for example whether they will be scanned or retained in their current form. If they are to be scanned, there is currently no capacity within the team to undertake this work which could result in a proportion of the records used to manage the service being held in paper form, undermining the efficiency of the service and objectives of the project.

DRAFT Assurance Review of Accounts Receivable Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Policies and Procedures & security of the system	0	0	1	0
Raising of sundry debtors	0	1	1	0
Credits, refunds, and transfers	0	0	0	1
Recovery and write-off of outstanding debt	1	1	0	0
Total	1	2	2	1

SCOPE

These key financial systems feed into the Head of Internal Audit Opinion and Statement of Accounts and require regular review to confirm the adequacy and effectiveness of controls. Where reviews are undertaken in earlier quarters, top up testing will be completed if required in the key controls audit to provide adequate coverage.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Limited Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'urgent', two 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets out a matter 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.
- The previous report on Accounts Receivable for South Norfolk Council (SNC) was issued in March 2020 (SNC/20/08), with a 'Reasonable' assurance having raised two 'important' and one 'needs attention' recommendations. The previous report on Accounts Receivable for Broadland District Council (BDC) was issued in 2019, with a 'Substantial' assurance having raised no recommendations. This indicates a negative direction of travel since the previous audit in this area.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The invoice requisition process is built into the finance system, minimising the risk of incorrectly raised invoices. Testing showed 100% compliance.
- All invoices are generated on Council headed paper and include payment instructions as well as terms and conditions.
- SNC- The finance system requires that separation of duties is set up, and it also requires approval of both invoice and credit notes. 100% check was undertaken, and no issues were identified.
- Customer Numbers and ID were tested for possible duplication and there were no issues raised.
- Sample testing verified that credit notes were accurately raised against the initial request, and appropriately authorised.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas whereby controls would benefit from being strengthened, and as a result of these findings one 'urgent' recommendation has been made.

Recovery and write off of outstanding debt

- Sundry Debt reports to be run and reviewed regularly, with action taken as appropriate. Additionally, a plan should be developed to address the backlog of aged debts that has accrued (over £716,000 in debt aged greater than 150 days between both Councils, as of 31st March 2022), with progress against the plan monitored.

The audit has also highlighted the following areas where two 'important' recommendations have been made.

Credits, refunds and transfers

- Review of system controls to be completed to verify if there is a means of preventing duplicate Invoice/Credit Note document numbers being raised automatically.

Recovery and write off of outstanding debt

- Both Councils to take all steps to recover outstanding debts, including legal action, with documented decisions and rationale maintained for individual debts.

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Policies and Procedures & security of the system

- Corporate Debt Collection Policy, Principles and Procedure to be revised to include date written, who it was approved by, and specific details in relation to recovery of debts for example when specific recovery action should be taken/escalated, and who is responsible for the recovery actions.

Raising of sundry debtors

- BDC only- Management to implement controls to ensure separation of duties in the raising and approving of invoices.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relates to the following:

- Management to consider adding credit note approval to system controls in the same way as invoice approval.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which none remain outstanding.

Other Points Noted

While not implemented for consideration in our audit, Management have stated that a post for a Financial Transactions Supervisor is being created. Debt recovery is anticipated to be one of the key responsibilities of this post, in order to address the aged debt that has accumulated while recovery actions have been paused.

DRAFT Assurance Review of Income Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Documented Procedures	0	0	1	0
Receiving	0	0	2	0
Income	0	1	0	0
Banking	0	1	0	0
Reconciling Income	0	1	0	0
Total	0	3	3	0

SCOPE

Scope: These key financial systems feed into the Head of Internal Audit Opinion and Statement of Accounts and require regular review to confirm the adequacy and effectiveness of controls. Where reviews are undertaken in earlier quarters, top up testing will be completed if required in the key controls audit to provide adequate coverage.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and three 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous report on Accounts Receivable and Income for South Norfolk Council (SNC), was issued in March 2020 (SNC/20/09). The audit was awarded 'Reasonable' assurance and raised two important and one needs attention recommendations. The recommendations do not relate to income. The previous report on Income for Broadland District Council (BDC) was issued in January 2020, with a 'Substantial' assurance having raised one 'needs attention' recommendation. This indicates a negative direction of travel since the previous audit in this area.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Clear payment guidance is available to the public to make payment for services. A number of different payment methods are available including online and by phone.
- Insurance cover is in place with Protector Insurance for monies held and transported, to ensure both councils are covered, thereby preventing the risk of financial loss.
- A sample of 10 payments were reviewed from SNC and BDC to verify that each had been provided a unique reference number, a receipt was in place, the audit trail was adequate and that amounts were promptly banked. All cases were found to be satisfactory
- Sample testing of cheque payments verified that the sampled cheques were entered into the income system and appeared on the cheque log.
- Sample testing determined that daily reconciliations of bank statements and income accounts are undertaken, with any discrepancies documented and addressed.
- SNC- Monthly bank reconciliations were completed timely, reconciled, and independently signed and reviewed by management.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where three 'important' recommendations have been made.

Banking

- BDC only - Bank charge reconciliations to be completed within the month end accounting cycle and reviewed no later than 30 days following month-end shut down.

Income

- Management to implement controls to ensure exception/suspense account reports are run daily and promptly investigated, with evidence of their completion maintained.

Reconciling Income

- BDC only - Management to implement controls to ensure that monthly bank reconciliations are completed, independently prepared, and authorised within 30 days of month end.

The audit has also highlighted the following areas where three 'needs attention' recommendations have been made.

Documented Procedures

- Procedures to be produced to reflect the fact both councils are working as one team with a new income system to ensure that all staff are aware of the correct processes to follow.

Receipting

- Management to implement controls to ensure daily receipts are reviewed in a timely manner, with the reports being produced and reviewed by separate members of staff to maintain separation of duties.
- SNC only - Suspense Cheque Log to be reviewed at defined intervals to ensure banked cheques have been removed accordingly.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which none remain outstanding.

Previous audit recommendations

Through the course of our audit, we were advised that resource challenges were experienced during the audit period. Vacancies for three posts were observed in the structure chart reflecting the updated One Team structure, which was current as of 24th May 2022.

Annual Report and Opinion 2021/22

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Portfolio: Finance

Ward(s) Affected: All

Purpose of the Report:

This report concludes on the Internal Audit Activity undertaken during 2021/22, it provides an Annual Opinion concerning the organisation's framework of governance, risk management and control and concludes on the Effectiveness of Internal Audit and provides key information for the Annual Governance Statement.

Recommendations:

- a) Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit.
- b) 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 2022.
- c) Note the conclusions of the Review of the Effectiveness of Internal Audit.

1. Summary

- 1.1 This report concludes on the Internal Audit Activity undertaken during 2021/22, it provides an Annual Opinion concerning the organisation's framework of governance, risk management and control and concludes on the Effectiveness of Internal Audit and provides key information for the Annual Governance Statement.

2. Background

- 2.1 In line with the Public Sector Internal Audit Standards, which came into force from 1 April 2013; an annual opinion should be generated which concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;

- A summary of the work that supports the opinion should be submitted;
- Reliance placed on other assurance providers should be recognised;
- Any qualifications to that opinion, together with the reason for qualification must be provided;
- There should be disclosure of any impairments or restriction to the scope of the opinion;
- There should be a comparison of actual audit work undertaken with planned work;
- The performance of internal audit against its performance measures and targets should be summarised; and,
- Any other issues considered relevant to the Annual Governance Statement should be recorded.

- 2.2 This report also contains conclusions on the Review of the Effectiveness of Internal Audit, which includes;

- The degree of conformance with the PSIAS and the results of any quality assurance and improvement programme;
- The outcomes of the performance measures for the Contractor; and,
- The degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.

3. Current position/findings

- 3.1 The Annual Report and Opinion 2021/22 and the Review of the Effectiveness of Internal Audit are shown in the report attached.

4. Proposed action

- 4.1 For the Audit Committee to review the Annual Report and Opinion for 2021/22, and the Review of the Effectiveness of Internal Audit.

5. Issues and Risks

- 5.1 **Resource implications** – there are no resource implications arising from this report.
- 5.2 **Legal implications** – there are no legal implications arising from this report.
- 5.3 **Equality implications** – there are no equality implications arising from this report.
- 5.4 **Environmental impact** – there are no impacts on the environment arising from this report.
- 5.5 **Crime and disorder** – there are no impacts upon crime and disorder arising from this report.
- 5.6 **Risks** – These findings indicate that reliance can be placed on the opinions expressed by the Head of Internal Audit on the Governance, Risk Management and Control framework at Broadland, which can then be used to inform the Council's Annual Governance Statement.

6. Conclusion

- 6.1 The overall opinion is that the framework of governance, risk management and control at Broadland District Council for the year ended 31 March 2022 is deemed to be reasonable, representing a stable control environment.
- It is also encouraging to note that nine assurance audits resulted in positive assurance.
- 6.2 The outcomes of the Effectiveness Review confirm that Internal Audit:
- Is compliant with the Public Sector Internal Audit Standards;
 - Is continually monitoring performance and looking for ways to improve; and;
 - Is substantially compliant with CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.

These findings therefore indicate that reliance can be placed on the opinions expressed by the Head of Internal Audit for Broadland, which can then be used to inform the Council's Annual Governance Statement.

7. Recommendations

- a) Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit.
- b) 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 2022.
- c) Note the conclusions of the Review of the Effectiveness of Internal Audit.

Background papers

None

Eastern Internal Audit Services



BROADLAND DISTRICT COUNCIL

Annual Report and Opinion 2021/22

Responsible Officer: Faye Haywood Head of Internal Audit for Broadland DC

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1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 Those standards – the Public Sector Internal Audit Standards (PSIAS) - require the Head of Internal Audit to provide a written report to those charged with governance (known in this context as the Audit Committee) to support the Annual Governance Statement (AGS). This report must set out:
- The opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control during 2021/22, together with reasons if the opinion is unfavourable;
 - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
 - Any issues that are deemed particularly relevant to the AGS.
 - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA’s Statement on the Role of the Head of Internal Audit.
- 1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation’s AGS, but there are also a number of other important sources to which the Audit Committee and statutory officers of the Council should be looking to gain assurance. Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully at **Appendix 5**.

2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

2.1 Roles and responsibilities

- The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.
- The AGS is an annual statement by the Leader of the Council and the Managing Director that records and publishes the Council’s governance arrangements.
- An annual opinion is required on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control, based upon and limited to the audit work performed during the year.

This is achieved through the delivery of the risk based Annual Internal Audit Plan discussed and approved with the Corporate Management and Leadership Team and key stakeholders and then approved by the Audit Committee.

The Internal Audit plan was approved at the meeting held 24 June 2021.

This opinion does not imply that internal audit has reviewed all risks and assurances, but it is one component to be considered during the preparation of the AGS.

The Audit Committee should consider this opinion, together with any assurances from management, its own knowledge of the Council and any assurances received throughout the year from other review bodies such as the external auditor.

2.2.1 The opinion itself

The overall opinion in relation to the framework of governance, risk management and controls at Broadland is reasonable.

It is encouraging to note that of the 13 assurance audits completed within the year, nine have resulted in a positive assurance grading.

Substantial assurance was concluded in the following areas:

- Corporate Health and Safety
- Annual Governance Statement

A total of three assurance reports (Disaster Recovery, Counter Fraud and Corruption and Accounts Receivable) have received a Limited assurance grading.

We recommend that the urgent and important priority findings raised within these reports are referenced within the Council's Annual Governance Statement, until such time that verification work to demonstrate improvements are embedded is undertaken. A summary of those actions is provided in section 3.5 of this report.

The work for Cyber Security is now complete however the report is currently undergoing quality assurance processes. Four draft reports (Food Safety and Licencing, Key Controls and Assurance, Income and Accounts Receivable) have been issued in draft and require finalisation however their opinions as indicated have been relied upon for the purposes of this opinion.

One position statement has been completed for Council Tax Discounts and Exemptions; this work has suggested improvement actions for management consideration.

In providing the opinion the Council's risk management framework and supporting processes, the relative materiality of the issues arising from the internal audit work during the year and management's progress in addressing any control weaknesses identified have been taken into account.

The opinion has been discussed with the Corporate Management and Leadership Team prior to publication.

3. **AUDIT WORK UNDERTAKEN DURING THE YEAR**

3.1 **Appendix 1** records the internal audit work delivered during the year on which the opinion is based. In addition, **Appendix 2** is attached which shows the assurances provided over previous financial years to provide an overall picture of the control environment.

3.2 Internal audit work is divided into 4 broad categories:

- Annual opinion audits;

- Fundamental financial systems that underpin the Council's financial processing and reporting;
- Service area audits identified as worthy of review by the risk assessment processes within internal audit;
- Significant computer systems which provide the capability to administer and control the Council's main activities.

3.3 **Summary of the internal audit work**

A total of 140 days were originally included within the 2021/22 internal audit plan. A position statement on Council Tax Discounts and Exemptions was added to the plan taking the total to 149 delivered to date. The Cyber Security report is currently in final stages.

The 2021/22 plan has resulted in a total of 13 assurance reviews and one position statement being carried out. Nine of the 13 assurance reviews have received a positive assurance grading, a total of three have received a limited assurance grading.

The Executive Summaries of all assurance reports have been presented to Audit Committee, ensuring open and transparent reporting, and enabling the Committee to review key service area controls and the conclusions reached.

3.4 **Follow up of management action**

In relation to the follow up of management actions, to ensure that they have been effectively implemented, the position at year end is that of the 39 recommendations agreed so far for 2021/22, 11 have been completed; three are outstanding; 25 are within deadline; and two have been rejected by management.

One 'needs attention' recommendation is outstanding from 2019/20; and a total of five (two 'important' and three 'needs attention') recommendations are outstanding from 2020/21.

Please refer to **Appendix 3**, which shows the details of the progress made to date in relation to the implementation of the agreed recommendations, and **Appendix 4**, which provides an update from management regarding important outstanding recommendations.

3.5 **Issues for inclusion in the Annual Governance Statement**

As stated in the opinion itself, three assurance reports have resulted in 'Limited' assurance (Disaster Recovery, Counter Fraud and Corruption and Accounts Receivable). We therefore recommend that the recommendations (four urgent and 12 important) raised in these reports are referenced within the Annual Governance Statement until such time that they can be verified as complete. The recommendations are summarised as follows:

Disaster Recovery (DR) - Urgent

1. DR provision be considered for new systems.
2. Council DR Plans be reviewed, updated, communicated and tested.
3. Regular DR tests be scheduled and undertaken.

Disaster Recovery (DR) - Important

1. A formal IT risk management process be developed to assess potential DR scenarios.
2. Increasing the DR resilience at both Broadland and South Norfolk Councils by sharing DR services be formalised.

3. Ensure that appropriate staff have DR responsibilities and skills/knowledge is refreshed.
4. Recovery time objectives be reviewed for existing systems and defined for new systems.

Counter Fraud and Corruption – Important (please note the two urgent recommendations raised have now been reported as complete)

1. A Counter Fraud and Corruption Strategy be devised, applying to all aspects of the Councils' business.
2. Proactive work be undertaken to raise awareness of potential fraud.
3. A programme of work be introduced to improve staff awareness and responsiveness to fraud across the Council.
4. An annual fraud plan be devised, agreed by committee and reflect resources mapped to risks and arrangements for reporting outcomes.
5. The Councils to introduce an official programme to publicise fraud and corruption cases internally and externally.
6. A fraud and corruption response plan should be devised to cover all areas of counter fraud work.

Accounts Receivable - Urgent

1. Sundry Debt reports to be run and reviewed regularly, with action taken as appropriate. Additionally, a plan should be developed to address the backlog of aged debts that has accrued with progress against the plan monitored.

Accounts Receivable – Important

2. Review of system controls to be completed to verify if there is a means of preventing duplicate Invoice/Credit Note document numbers being raised automatically.
3. The council take all steps to recover outstanding debts, including legal action, with documented decisions and rationale maintained for individual debts.

4. THIRD PARTY ASSURANCES

- 4.1 In arriving at the overall opinion reliance has not been placed on any third-party assurances.

5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

5.1 Quality Assurance and Improvement Programme (QAIP)

5.1.1 Internal Assessment

A checklist for conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note has been completed for 2021/22 covering; the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.

The Attribute Standards address the characteristics of organisations and parties performing Internal Audit activities, in particular, Purpose, Authority and Responsibility, Independence and Objectivity, Proficiency and Due Professional Care, and Quality Assurance and Improvement Programme.

The Performance Standards describe the nature of Internal Audit activities and provide quality criteria against which the performance of these services can be evaluated, in particular, Managing the Internal Audit Activity, Nature of Work, Engagement Planning, Performing the

Engagement, Communicating Results, Monitoring Progress and Communicating the Acceptance of Risks.

On conclusion of completion of the checklist conformance has been ascertained in relation to the Definition of Internal Auditing, the Code of Ethics and the Performance Standards.

5.1.2 External Assessment

In relation to the Attribute Standards it is recognised that to achieve full conformance an external assessment is needed. This is required to be completed every five years, with the first review having been completed in January 2017 and the next due for October 2022.

The external assessment was undertaken by the Institute of Internal Auditors in 2017 and it has concluded that ***“the internal audit service conforms to the professional standards and the work has been performed in accordance with the Internal Professional Practices Framework”***. Thus, confirming conformance to the required standards.

5.2 Performance Indicator outcomes

5.2.1 Actual performance against these targets is outlined within the following table:

Area / Indicator	Frequency	Target	Actual	Comments
<u>Audit Committee / Senior Management</u>				
1. Audit Committee Satisfaction – measured annually	Annual	Adequate	Good	Exceeded
2. Chief Finance Officer Satisfaction – measured quarterly	Annual	Good	Good	Achieved
<u>Internal Audit Process</u>				
3. Each quarters audits completed to draft report within 10 working days of the end of the quarter	Quarterly	100%	7%	Not achieved. One report issued within target.
4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter	Quarterly	100%	0%	Not achieved
5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report (a sample of these will be subject to quality review by the Contract Manager)		100%	100%	Achieved
6. Compliance with Public Sector Internal Audit Standards		Generally conforms	Generally conforms	Achieved
7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.		100%	n/a	None raised
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)		Adequate	Adequate	Achieved
9. Percentage of recommendations accepted by management		90%	95%	Exceeded
<u>Innovations and Capabilities</u>				
10. Percentage of qualified (including experienced) staff working on the contract each quarter		60%	88%	Exceeded
11. Number of training hours per member of staff completed per quarter		1 day	1 day	Achieved

5.2.2 Performance has not been in line within the boundaries of our agreed targets in some areas during 2021/22 such as the issuing of draft reports 10 day after quarter end and performance reports being provided within a 15 working day window after quarter end.

As reported Audit Committee throughout the year, Internal Audit performance has continued to be impacted in 2021/22 by the Covid-19 pandemic. The development and approval of the 2021/22 internal audit plan in quarter two had an impact on the profiling and resourcing of the internal audit plan. A period of adjustment was also required in response to prolonged remote working practices. Contractor resourcing and sickness were also a key challenge throughout the year.

This performance result has been experienced across the internal audit consortium in 2021/22. Resourcing levels did settle in time to ensure the 2021/22 plan of work could be completed.

In response to the challenges faced this year, the Head of Internal Audit has enhanced communication and monitoring arrangements. The contractor has also committed to reviewing resource planning processes by allocating resources and booking in audits well in advance of the proposed start date.

The 2021/22 procurement exercise has now concluded which will see the current contractor continue to provide the Internal Audit service. The Head of Internal Audit has used this opportunity strengthen the key performance measures around timeliness included within the contract.

5.3 Effectiveness of the Head of Internal Audit (HIA) arrangements as measured against the CIPFA Role of the HIA

5.3.1 This Statement sets out the 5 principles that define the core activities and behaviours that apply to the role of the Head of Internal Audit, and the organisational arrangements to support them. The Principles are:

- Champion best practice in governance, objectively assessing the adequacy of governance and management of risks;
- Give an objective and evidence based opinion on all aspects of governance, risk management and internal control;
- Undertake regular and open engagement across the Authority, particularly with the Management Team and the Audit Committee;
- Lead and direct an Internal Audit Service that is resourced to be fit for purpose; and
- Head of Internal Audit to be professionally qualified and suitably experienced.

Completion of the checklist confirms full compliance with the CIPFA guidance on the Role of the Head of Internal Audit in relation to the 5 principles set out within.

The detailed checklist has been forwarded to the Assistant Director Finance for independent scrutiny and verification.

APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2021/22

Audit Area	Assurance	No of Recs	Resolved	P1 OS	P2 OS	P3 OS	Not yet due
Annual Opinion Audits							
Key Controls and Assurance (DRAFT)	Reasonable	7	0	0	0	0	7
Performance Management, Business Planning	Reasonable	3	2	0	0	1	0
Annual Governance Statement	Substantial	3	2	0	0	0	1
Corporate Health and Safety	Substantial	3	0	0	0	0	3
Counter Fraud and Corruption	Limited	11	5	0	0	0	6
Accounts Receivable (DRAFT)	Limited	5	0	0	0	0	5
Income (DRAFT)	Reasonable	6	0	0	0	0	6
Accountancy Services	Reasonable	3	0	0	0	0	3
Covid-19 Business Grants	Reasonable	3	2	0	0	1	0
Homelessness & Housing Options	Reasonable	5	0	0	0	0	5
Food Safety and Licencing (DRAFT)	Reasonable	4	0	0	0	0	4
IT audits							
Cyber Security	TBC						
Disaster Recovery	Limited	8	0	0	1	0	7
Total		61	11	0	1	2	47

Assurance level definitions		Number
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed 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 audit review were being consistently applied.	2
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisations 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.	7
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.	3
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.	0

APPENDIX 2 - ASSURANCE CHART

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Annual Opinion Audits						
Corporate Governance		Reasonable	Reasonable	Reasonable		
Risk Management			Maturity Assessment			X
Annual Governance Statement					Substantial	
Corporate Health and Safety					Substantial	
Counter Fraud and Corruption					Limited	
Procurement and Contract Management		Reasonable		Position Statement		
Business Continuity and Emergency Planning						X
Performance Management, Business Planning					Reasonable	
Key Controls & Assurance	Reasonable	Reasonable	Reasonable	Reasonable	X	X
Fundamental Financial Systems						
Accounts Receivable	Substantial		Substantial		X	
Income / Remittances	Substantial		Substantial		X	
Accountancy Services	Substantial		Reasonable		Reasonable	
Local Council Tax Support and Housing Benefits		Reasonable		Reasonable		X
Council Tax / NNDR		Substantial		Reasonable		X
Covid-19 Business Grants					Reasonable	
Accounts Payable		Reasonable		Reasonable		X
Payroll / HR		Reasonable		Reasonable		X

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Service Area reviews						
Broadland Growth	Reasonable		Reasonable			
Regulatory Services - Private Water Supplies, Assisted Burials and Environmental Protection.		Reasonable				
Waste Management						
Housing Strategy, Homelessness, Home Options and Affordable Housing			Limited		Reasonable	X
Private Sector Housing, includes Disabled Facilities Grants and loans			Substantial			
Elections						X
Environmental Health - Licensing, Food Safety	Substantial				Reasonable (DRAFT)	
Planning	Reasonable		Reasonable			
Community Activity						X
Community Assets						X
Economic Development				Position Statement		X
GP Referral Scheme	Reasonable					
IT Audits						
Remote Access				Reasonable		
Service Desk				Reasonable		X
Cyber Security		Reasonable			X	
Network Infrastructure Management						X
Network Security						
Data Back Up			Position Statement			
Disaster Recovery	Reasonable		Reasonable		Limited	
Social Media	Substantial					
Post-implementation Finance System						X
Planning Application	Limited					

APPENDIX 3 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed between 9 March 2022 and 31 March 2022			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
Audit Ref	Audit Area	Assurance Level	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
2019/20 Internal Audit Reviews															
BRD2011	Disaster Recovery	Reasonable						1				1			
2020/21 Internal Audit Reviews															
BRD2102	Corporate Governance	Reasonable						1				1			
BRD2105	Housing Benefit and Council Tax Support	Reasonable			1							0			
BRD2108	Key Controls and Assurance	Reasonable						1				1			
BRD2106	Council Tax and NNDR	Reasonable		1	1							0			
BRD2104	HR and Payroll	Reasonable					1					1			
BRD2112	Remote Access	Reasonable					1	1				2			
2021/22 Internal Audit Reviews															
BRD2210	Covid-19 Business Grants	Reasonable			1			1				1			
BRD2206	Counter Fraud and Corruption	Limited	2									0		6	
BRD2214	Disaster Recovery	Limited							1			1	2	4	1
BRD2209	Accountancy Services	Reasonable										0		2	1
BRD2203	Annual Governance Statement	Substantial			1							0			1
BRD2211	Homelessness and Housing Options	Reasonable										0		4	1
BRD2205	Corporate Health and Safety	Substantial										0			3
BRD2202	Performance Management, Business Planning	Reasonable		2				1				1			
TOTALS			2	3	4	0	2	6	1	0	0	9	2	16	7

APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

2020/21

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
BRD2104 HR and Payroll	Recommendation 3: The audit trail in the payroll system be improved so that it is possible to view the authorisation details for all claims submitted, including the authorising officer and the dates submitted and authorised.	2	Chief of Staff	30/06/2021	31/12/2022	3	Outstanding	The Oracle implementation has been delayed by Suffolk County Council. It is now looking like the move over will take place in the autumn, although a firm date is still to be confirmed. With this in mind, it is requested that this recommendation is extended to December 2022.
BRD2112 Remote Access	Recommendation 1: The newly developed ICT & Digital Change Management Policy be adopted into the wider SPARK Transformation Programme as a basis for Corporate change management.	2	Assistant Director of ICT/Digital and Transformation	01/10/2021	30/09/2022	3	Outstanding	Our approach to governing transformation has changed and although SPARK brand still exists we have moved to a portfolio approach of governing projects and programmes. As we recruit to the vacant posts this will become one of their key objectives to implement as part of the new approach and the project framework. Based on the above a revised due date of end of Q3 is requested.

2021/22

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
BRD2214 Disaster Recovery	Recommendation 3. Regular DR tests be scheduled and undertaken.	Urgent	AD Transformation, Innovation and IT	01/02/2022	30/09/2022	1	Outstanding	New Infrastructure project is ongoing with a completion timeline anticipated for July. The implementation of the new infrastructure will provide the platform for this can only be completed in line with the delivery and closure of this project. Recommend revised due date of end of Q2 to allow for any unforeseen potential project slippage.

APPENDIX 5 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

The Internal Audit Annual Report has been prepared and TIAA Ltd (the Internal Audit Services contractor) were engaged to undertake the agreed programme of work as approved by management and the Audit Committee, subject to the limitations outlined below.

Opinions

The opinions expressed are based solely on the work undertaken in delivering the approved 2021/22 Annual Internal Audit Plan. The work addressed the risks and control objectives agreed for each individual planned assignment as set out in the corresponding audit planning memorandums (terms of reference) and reports.

Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve corporate/service policies, aims and objectives: it can therefore only provide reasonable and not absolute assurance of effectiveness. Internal control systems essentially rely on an ongoing process of identifying and prioritising the risks to the achievement of the organisation's policies, aims and objectives, evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. That said, internal control systems, no matter how well they have been constructed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

Internal Audit's assessment of controls relating to the Council is for the year ended 31 March 2022. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in the operating environment, law, regulation or other matters; or,
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

The Head of Internal Audit has sought to plan Internal Audit work, so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, additional work will then be carried out which is directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected and TIAA's examinations as the Council's internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Annual Governance Statement 2021/22

Report Author(s): Emma Hodds
Chief of Staff & Monitoring Officer
01508 533791
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Portfolio: Finance

Ward(s) Affected: All

Purpose of the Report:

The Committee is requested to review the Annual Governance Statement for 2021/22 to ensure that it reflects the reports that have been considered over the past year and that it supports the Committee's general understanding of the Council's governance arrangements.

Recommendations:

1. To approve the Annual Governance Statement for 2021/22.

1. Summary

- 1.1 The Council is required to gather evidence that the governance arrangements are adequate and to support the production of an Annual Governance Statement. Evidence, through assurance statements, has been submitted by key officers, and the Head of Internal Audit has provided an annual audit opinion.

2. Background

- 2.1 The CIPFA/SOLACE framework “Delivering Good Governance in Local Government” brings together an underlying set of legislative requirements, governance principles and management processes. Crucially, it states that good governance relates to the whole organisation. CIPFA has assigned proper practice to the governance framework. It outlines six core principles of governance focusing on the systems and processes for the direction and control of the organisation and its activities through which it accounts to, engages with and leads the community.
- 2.2 The arrangements required for gathering assurances for the preparation of the Annual Governance Statement provide an opportunity for authorities to consider the robustness of their governance arrangements. In doing so, authorities need to recognise that this is a corporate issue, affecting everyone in the organisation. Furthermore, it is not simply about evidencing compliance, but to highlight what arrangements are in place and the improvements that are necessary to inform stakeholders.
- 2.3 The key sources of assurance which have been used to prepare the Annual Governance Statement are:
- Performance management information
 - Risk management
 - Legal and regulatory assurances
 - Members’ assurances
 - Assurance Statements for key senior officers, reviewed and approved by Directors
 - Financial control assurance
 - Internal audit
 - External audit

The regulations state that the Annual Governance Statement needs to be approved in advance of the relevant authority approving the Statement of Accounts.

3. Current position/findings

- 3.1 The Committee receives regular reports from Internal Audit in relation to the framework of governance, risk management and control through review of:
- The Annual Report and Opinion of the Head of Internal Audit;

- Internal Audit Progress Reports, which contains the findings and associated recommendations agreed with management to address weaknesses and risks;
 - Reports on the progress made in addressing the findings and recommendations; and
 - Strategic and Annual Internal Audit Plans.
- 3.2 At the time of writing this report the work on Internal Audit on the 2021/22 internal audit plan is being finalised and the opinion on the framework of governance, risk management and control will be confirmed at the meeting.
- 3.3 During the year, Cabinet received regular reports on performance and financial monitoring in relation to both the capital and revenue budgets, and quarterly reports on Risk Management were taken to the Cabinet, alongside the performance and financial reports.
- 3.4 In addition, this year this Committee has overseen the adoption of a new Risk Management Policy and now regularly receives reports on the strategic risk register, to provide oversight of the management of these risks by the Council.
- 3.5 Assistant Directors (ADs) have again this year completed an Assurance Statement which covers key areas of responsibility as follows:
- Procedures;
 - Effectiveness of key controls;
 - Alignment of Services with Business Plan;
 - Human Resources and Finance;
 - Risks and Controls;
 - Health and Safety;
 - Procurement;
 - Insurance;
 - Information Technology;
 - Data Protection and Freedom of Information;
 - Business Continuity;
 - Partnerships; and
 - Equalities.
- 3.6 In addition, the Chief of Staff, the Head of Internal Audit, and the AD - Regulatory have also provided statements in relation to specific role queries.
- 3.7 The responses have highlighted that there are no significant governance issues and governance arrangements are mainly consistent across the Council. However, ADs have highlighted some development areas which are service specific in relation to *risk and control; business continuity; and procurement*, which will be reviewed over the forthcoming months.

4. Proposed action

- 4.1 The Committee is requested to review the Annual Governance Statement for 2021/22 to ensure that it reflects the reports that have been considered over the past year and that it supports the Committees general understanding of the Council's governance arrangements.

5. Issues and risks

- 5.1 **Resource Implications** – any resource requirements are picked up through the completion of the assurance statements.
- 5.2 **Legal Implications** – the Annual Governance Statement is required to be completed as part of the Annual Statement of Accounts and is reported to this Committee for review and sign off.
- 5.3 **Equality Implications** – none
- 5.4 **Environmental Impact** – none
- 5.5 **Crime and Disorder** – none
- 5.6 **Risks** – the risks are assessed by the senior managers as part of the supporting assurance statements that are completed at year end and reviewed every six months. The statements then feed into this Annual Governance Statement.

6 Recommendations

- 6.1 To approve the Annual Governance Statement for 2021/22.

BROADLAND DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT 2021/22

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, within the Constitution, 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 2021/22 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 2022 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.

The Code of Corporate Governance has been in place for the 2021/22 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:

The Council works in collaboration with South Norfolk Council and as a result we share a Strategic Plan (2020 – 2024) and Delivery Plan (2021/22). These set out our joint Vision and Priorities:

THE VISION: Working together to create the best place and environment for everyone, now and for future generations

OUR PRIORITIES, OUR PEOPLE, OUR APPROACH:

1. Growing the economy;
2. Supporting individuals and empowering communities;
3. Protecting and improving the natural and built environment, whilst maximising quality of life; and
4. Moving with the times, working smartly and collaboratively.

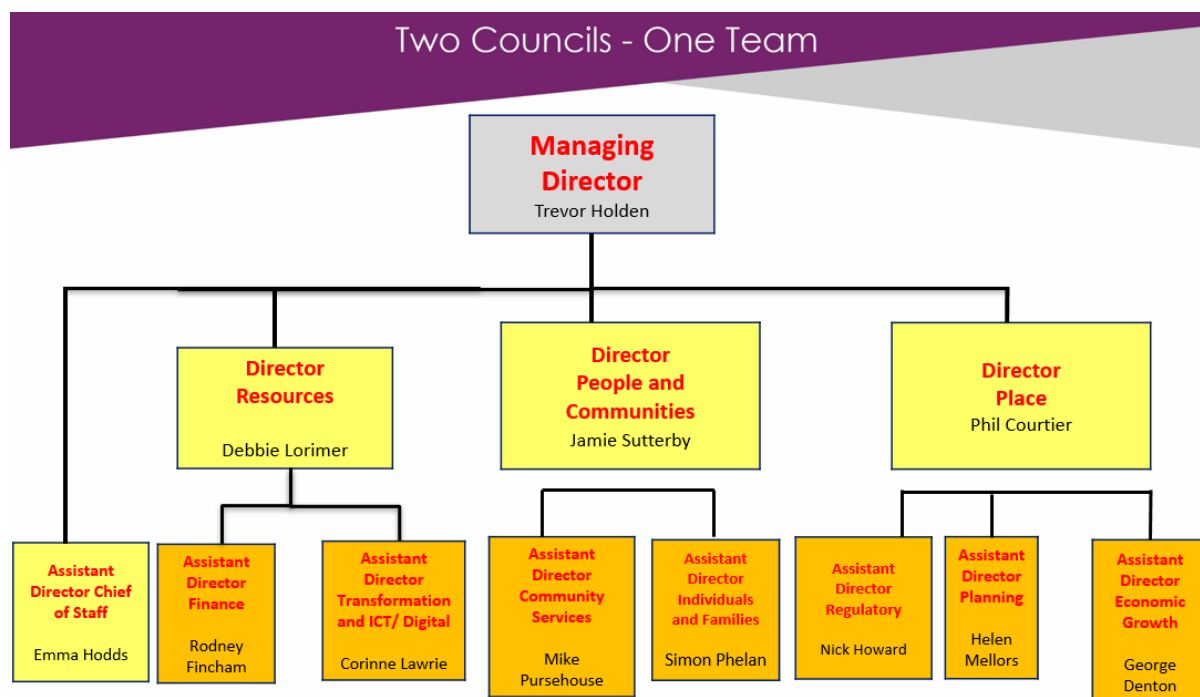
The Strategic Plan is a digital and interactive document which acts as a gateway for more in-depth details of the priorities and work of the Council and can be found [here](#).

The vision and priorities are communicated through the Delivery 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.

To underpin the Strategic Plan, a detailed Delivery Plan is produced annually. This describes our intended activities for the 12 months from April to March each year to support the priorities set out in the Strategic Plan. This plan is produced as an integrated process with the Council's annual budget setting and Medium-Term Financial Plan revision. The 2021/22 Plan can be accessed [here](#).

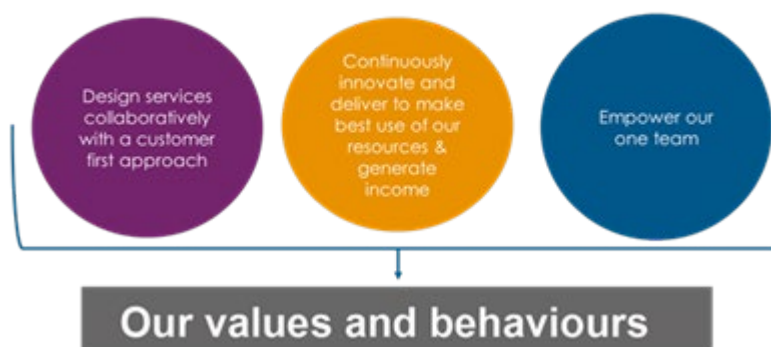
Review of the Council's Governance Arrangements:

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, the Monitoring Officer (Chief of Staff) and the Section 151 Officer (the Assistant Director Finance). CMLT is also supported by six Assistant Directors, as follows:



The SPARK transformation programme has continued through the past year, with key transformational programmes being delivered across the Council. The One Team has internal consultants in place across the organisation to lead on changes and work with the service areas to drive forwards efficiencies. The transformational approach is designed around the three key philosophies outlined below.

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 Strategic Plan sets out our Priorities together with targets for success over this time. The 2021/22 Delivery Plan uses these priorities and shows the 'Delivery Measures' which aim to track the performance of our services and how well we are achieving our key ambitions. The Delivery Measures are tracked and reported regularly to Cabinet as part of our Performance Framework.

The Delivery Plan sets out the proposed activities and 'business as usual' operational services that will be undertaken for the financial year ahead commencing 1 April. A new performance management scheme has been launched, with the end of year discussions being held to reflect on the past year and then to set objectives for the forthcoming year in line with the delivery plan. The objectives will be reviewed through continuous conversations over the course of the year.

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 financial procedure rules and council procedure rules 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.

CIPFA Financial Management Code

The Council has assessed itself against the CIPFA Financial Management code and has concluded that it complies with the key requirements therein, alongside this conclusion an action plan has been developed to make further improvements.

The Audit Committee

The Committee met regularly during the year. Its key tasks are to monitor the work of Internal and External Audit, support risk management, to approve the statutory

accounts, and to oversee the work in supporting the production of this Annual Governance Statement.

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

Responsibilities for statutory obligations are formally established. Statutory instruments are disseminated 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. The Council's Whistleblowing Policy and Procedure were reviewed and updated during 2020/21 and updated versions were formally approved at the beginning of 2021/22.

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. This was last reviewed in 2020/21 and updated versions were formally approved at the beginning of 2021/22.

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 Delivery Plan and staff Performance Reviews. The Council has made extensive investment in training in line with its Organisational Development Strategy for staff, which also includes an online platform that allows staff to undertake learning remotely, at a time that is convenient to them, a Management & Leadership

Development Programme and the roll out of MBTI assessments for all managers, with individual feedback provided and group sessions also held to better understand team dynamics. The online platform has been extremely useful during the COVID-19 pandemic and ensured that we can continue to provide training and development as required. This has also included more informal sessions on stress awareness etc.

In relation to Members, they undertook a rigorous training schedule in 2019/20 after they were elected, which began with a general induction programme and continued throughout the year on more specific topics to ensure Members can take on all aspects of their role confidently and legally. The majority of training undertaken by Members has been online, and often centred on regulatory matters that provide them with the relevant accreditation to sit on specific Committees. Members also have access to the online training platform referred to above.

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

The Council works with Norfolk County Council, other Norfolk District Councils, the Police, NHS, Central Government departments, businesses, and voluntary and community groups. This has increased due to the need for various agencies to work together during the COVID-19 pandemic and more recently in regard to supporting refugees from Ukraine.

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. The Council, alongside South Norfolk Council, is currently looking to establish a 'Customer Panel', which will be made up of residents and those who work in the districts. This Panel will provide valuable feedback on services with a view to ensure continued improvement and a first-class customer experience. We aim to start recruiting to the Panel in June 2022.

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 its Policy Development Panels.

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 and routine pre-scrutiny of items of the cabinet agenda)
- 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 (such a report has not been required).
- 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 2021/22.

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.

During 2021/22 Norwich City Council expressed its wish to join the Consortium, with the Head of Internal Audit role only being provided during this financial year and the City becoming a full member of the Consortium from 2022/23.

In addition, the Head of Internal Audit role only is now provided to the Borough of Kings Lynn and West Norfolk.

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 next external assessment is planned to be undertaken at the end of 2022.

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. The auditors give their opinion on whether the financial statements of the Council give a true and fair view of the financial position as at the year end and of the income and expenditure for the year then ended; and they also provide an opinion on the Council's arrangements to secure economy, efficiency and effectiveness (Value for Money). 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 Ltd formed in March 2014.

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. The company has not undertaken any developments in this financial year and is actively pursuing new opportunities.

Governance Issues

Managers' Assurance Statements

On an annual basis, Assistant Directors (AD) across the Council complete an Assurance Statement relating to their service area. The Assurance Statements have remained consistent since 2019/20, which presents a broadened reflection compared to previous years. The statements are then signed off by either the Managing Director or Director responsible for the service area.

Assurance Statements - looking back on the issues raised in 2020/21

A number of service areas highlighted the need for their Business Continuity Plans to be updated, which was also an issue of note in the previous year. We reported last year that work was ongoing in terms of a joint template, and this is now complete.

The joint template has been rolled out and a handful of teams are still to complete their Plans (as highlighted below also).

A number of ADs referred to the need of further development of registers for operational risks within their Directorate. Further training took place during 2021/22 in this regard, which appears to have addressed the issues partially, which is further explored below.

Assurance Statements for 2021/22

The Assurance Statement asked specific questions about: policy and procedure, effectiveness of key controls, alignment of services with the Delivery 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 to be noted. Each AD also needed to note any issues that they felt represented a significant control item or governance issue.

In terms of emerging themes for the organisation, two areas have been highlighted as requiring further attention to become fully compliant for numerous teams:

Risk and control

As referred to above, a number of ADs highlighted issues with risk management. Due to work undertaken in the last year, this does appear to have been addressed to a degree, with only two ADs highlighting this as a governance issue for the current year. It is reported that work is underway to update and implement relevant risk registers to ensure compliance with the corporate risk management policy, therefore this should not be an issue next year.

Business Continuity

Business Continuity remains an issue that is highlighted by a number of service areas as only reaching partial compliance. The joint templates have been agreed and rolled out to the business, therefore it is hoped that the small number of teams that are yet to develop their plans will do so by June 2022, at the latest.

Procurement

A small number of ADs have reported that they are aware that the Council's contracts register is not up to date. This is a statutory register that requires review and publication on a quarterly basis. So we hope to see positive progress with this when ADs provide feedback later in the year with regard to progress to compliance.

Crucially, 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 2021/22, with updates being sought from ADs in early Autumn 2022.

Internal Audit

To be confirmed at the meeting of the Audit Committee in July 2022.

Risk Management

A risk management framework is in place to ensure a consistent approach at the Council with regard to risks. The risk management strategy was reviewed during 2019/20, which resulted in a new Risk Strategy being finalised towards the end of 2020/21. The Audit Committee has regular oversight of the strategic risks, which are also considered by the Cabinet.

Review and Approval of the Annual Governance Statement

The annual review of governance is coordinated by the Chief of Staff, 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

Agenda Item: 9

Audit Committee Work Programme

21 July 2022

Progress Report on Internal Audit Activity
Annual Governance Statement 2021/22
Head of Internal Audit's Annual Report and Opinion for 2021/22
Report on Counter Fraud Activity (if anything to report)

Faye Haywood
Emma Hodds
Faye Haywood
Rodney Fincham

22 September 2022

Progress Report on Internal Audit Activity
Internal Audit Follow Up Report
Strategic Risk Register

Faye Haywood
Faye Haywood
Sinead Carey

26 January 2023

Progress Report on Internal Audit Activity
Internal Audit Follow Up Report
Statement of Accounts 2021/22
Audit Results Report 2021/22
Strategic Risk Register
Q2 Performance Report
Rules of Financial Governance (tbc)

Faye Haywood
Faye Haywood
Rodney Fincham
External Audit
Sinead Carey
Rodney Fincham/Sinead Carey
Rodney Fincham

16 March 2023

Strategic and Annual Internal Audit Plans 2022/23
Annual Report of Audit Committee
Self Assessment of the Audit Committee
External Audit Plan 2023/24
Strategic Risk Register

Faye Haywood
Faye Haywood/Erika Voinic
Faye Haywood
External Audit
Sinead Carey