

# **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 16 January 2023 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](mailto:committee.bdc@southnorfolkandbroadland.gov.uk), no later than 5.00pm Monday 13 March 2023.

## **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
K Kelly	09/06/2022
D King	20/06/2019
K Leggett	09/06/2022
M Murrell	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	
<b>AGS</b>	<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
<b>BAD DEBT PROVISION</b>	To take account of the amount of debt which the Council estimates it will not be able to collect
<b>CIPFA</b>	<i>The Chartered Institute of Public Finance and Accountancy</i> – The accountancy body for public services
<b>CREDITOR</b>	A person or organisation which the Council owes money to for a service or goods
<b>KPI</b>	Key Performance Indicator
<b>LDF</b>	<i>Local Development Framework</i> – Outlines the management of planning in the Council
<b>LEDGER</b>	A module within the finance system e.g. Sales Ledger, Purchase Ledger, General Ledger
<b>LGA</b>	<i>Local Government Association</i> – a lobbying organisation for local councils
<b>LGPS</b>	<i>Local Government Pension Scheme</i> - Pension Scheme for all public sector employees
<b>NFI</b>	<i>National Fraud Initiative</i> – A national exercise to compare data across public sector organisation to aid identifying potential frauds
<b>NHB</b>	<i>New Homes Bonus</i> – Grant paid by central Government to local councils for increasing the number of homes and their use
<b>NI</b>	<i>National Indicator</i> – A measure used to identify how the Council is performing that is determined by central Government
<b>NNDR/NDR</b>	<i>(National) Non-Domestic Rates</i> – Commonly known as Business Rates
<b>PI</b>	<i>Performance Indicator</i> – Measure used to identify how the Council is performing
<b>PSN</b>	<i>Public Services Network</i> – Provides a secure private internet for organisations across central Government and the Wider Public Sector and standardised ICT infrastructure
<b>RAD</b>	Rent Assisted Deposit scheme
<b>SLA</b>	<i>Service Level Agreement</i> – An agreement that sets out the terms of reference for when one organisation provides a service to another
<b>MTFP</b>	<i>Medium Term Financial Plan</i> – Sets out the future forecast financial position of the Council
<b>SUNDRY DEBTOR</b>	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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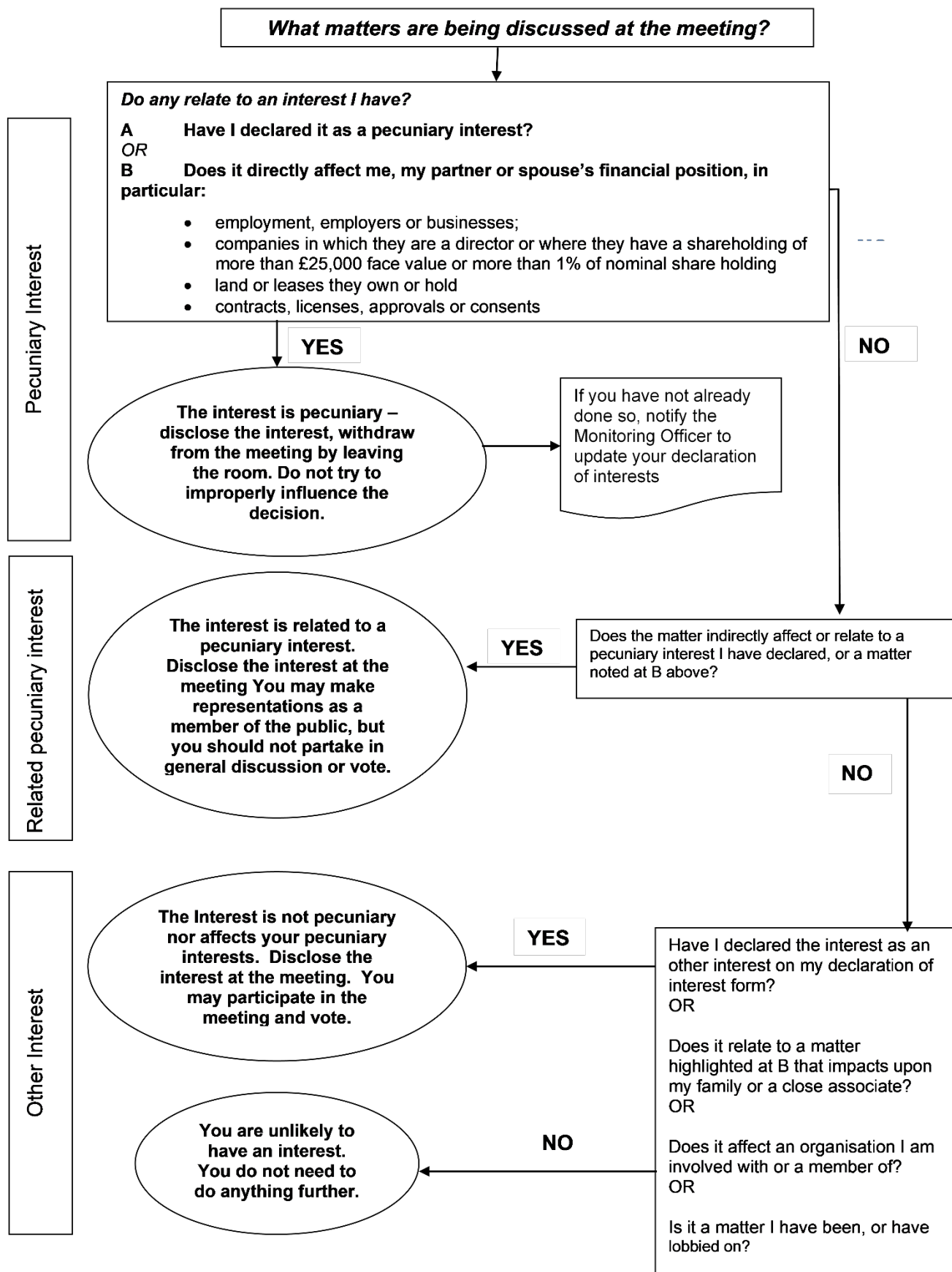
## DECLARATIONS OF INTEREST AT MEETINGS

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"> <li>1. affect yours, or your spouse / partner's financial position?</li> <li>2. relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner?</li> <li>3. Relate to a contract you, or your spouse / partner have with the Council</li> <li>4. Affect land you or your spouse / partner own</li> <li>5. Affect a company that you or your partner own, or have a shareholding in</li> </ol> <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 26 January 2023 at 10.01am.**

**Committee Members Present:** Councillors: G Nurden (Chairman), P Bulman, A Crotch, S Holland and K Vincent

**Officers in Attendance:** The Managing Director (T Holden), the Director of Resources (D Lorimer), the Assistant Director of Finance (R Fincham), the Chief of Staff (E Hodds), the Assistant Director of Planning (H Mellors), the Head of Internal Audit (F Haywood), the Strategy and Intelligence Manager (S Carey), the Internal Audit Trainee (E Voinic) and the Democratic Services Officer (J Hammond)

**Also in Attendance:** Councillors: N Brennan, J Copplestone, J Leggett and S Vincent

### **24 DECLARATIONS OF INTEREST**

No declarations of interest were received.

### **25 APOLOGIES FOR ABSENCE**

No apologies for absence were received.

### **26 MINUTES**

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

### **27 MATTERS ARISING**

*Comments regarding the Peer Review*

Members discussed the comments made by the Peer review, which stated that “the external auditors recognised the Audit Committee at South Norfolk

Council was more effective in its oversight of financial reporting, internal controls and risk, with a good approach to support and challenge.”

The Chairman advised the Committee that clarification had been sought from Ernst and Young (EY) but no response had been received to date.

He then requested that the Committee be informed of the South Norfolk's Finance, Resources, Audit and Governance (FRAG) Committee's future meeting dates, so that they can attend to observe the Committee. FRAG Committee members would also be invited to attend Broadland's Audit Committee so that both sets of members may learn from each other. The Committee felt that this would demonstrate to the Peer Review that members were taking on board their comments.

*Minute No: 35 – Strategic and Annual Internal Audit Plans 2022/23*

The Committee thanked the Head of Internal Audit for presenting the results of the Risk Management Policy Review during an informal member workshop.

*Minute No: 14 – Internal Audit update – Progress and Follow Up*

Members queried whether the Internal Audit Contractor (TIAA) had met its Key Performance Indicators (KPIs) since the last meeting or whether officers were considering retaining 10% of the fee. The Head of Internal Audit explained that TIAA's performance as a whole would be considered as part of a year-end review. It would then be for the Corporate Leadership Team (CLT) to decide whether any of the fee would be retained. The Audit Committee would have an opportunity to feed in to CLT's decision. The Committee were informed that all quarter 3 audits had been progressed or finalised and TIAA had indicated it was on track to complete all quarter 4 audits within the deadlines.

Turning to the Cyber Essentials and Cyber Essentials Plus accreditation, the Director of Resources explained that the Council had begun the process to obtain both accreditations.

*Minute No: 22 – Audit Results Report 2020/21*

With regard to the member related party declarations for 2022/23, members queried how unreceived declarations from resigned and deceased members would be managed in the accounts. The Assistant Director of Finance explained that written requests would be issued to resigned members asking them to complete the declaration. With regard to deceased members, there was nothing that the Council could do.

It was highlighted that Mr Paylor had advised the final Value for Money (VFM) commentary would be presented to the Committee today as part of the



Auditor's Annual Report. The Assistant Director of Finance confirmed that the 2020/21 Audit Letter (including VFM) had been received and was due to be placed on the Council's website shortly. He added that the letter was positive with no significant issues raised.

Members queried whether work on the 2021/22 audit had commenced on 16 January, as previously advised by Mr Paylor. The Assistant Director of Finance stated that the audit work had not commenced, as EY were currently working on South Norfolk's 2020/21 audit. A revised start date had not yet been agreed but was likely to be after May 2023. It was noted that EY were experiencing a significant backlog due to a lack of resources, the Committee felt that EY had a contractual obligation to complete the work in a timely manner and suggested that the Chairman write to EY to express the Committee's dissatisfaction.

## **28 STRATEGIC RISK UPDATE**

Members considered the report of the Strategy and Intelligence Manager, which provided an overview of the current position in terms of Strategic Risk for Broadland District Council.

The Strategy and Intelligence Manager outlined the salient points of the report, drawing attention to the changes in the status of risks and additions to the register, since the last update to the Committee.

Members were informed that three new risks had been added onto the Risk Register since the last update to the Committee, these were:

- BDC SI3 – risk of insufficient private and social housing stock to meet growing demand on the Council and Temporary Accommodation.
- BDC P2 – inability to find Gypsy and Traveller sites to meet the need and enable the Greater Norwich Local Plan (GNLP) to be found sound.
- BDC SI13 – impacts on demand for council services as a result of the cost-of-living crisis.

Discussion turned to the three risks which had been either escalated, de-escalated, or closed from the Strategic Risk Register, these were:

- BDCM4 – Capability and capacity does not meet organisational requirements. This risk score was increased from 12 to 16 due to current market pressures and the retention and recruitment risks this brought to the Council.

- BDC SI1 – Risk of the council being unable to respond effectively to further waves of the Covid-19 Pandemic. This risk was de-escalated to the Directorate Risk Register as it was within the Councils risk appetite.
- BDC A1 – Our ICT Infrastructure fails due to running old infrastructure at near capacity with intention of increasing the load. The risk was closed due to mitigations being implemented.

The Strategy and Intelligence Manager advised members that alongside the Strategic Risk Register, teams were also managing operational risk within their Directorate Risk Registers. At present there were 53 risks identified on these registers, which were being managed by Directors and Assistant Directors.

In response to a question, the Head of Internal Audit advised the Committee of the responsibilities of the Audit Committee, Cabinet and CLT in terms of risk management. She informed the Committee that:

- The Audit Committee were responsible for scrutinising the scope and effectiveness of the risk management systems in place.
- Cabinet had responsibility for:
  - Setting the culture for risk management at the Council
  - Approving the Risk Management Policy
  - Development and approving the Risk Appetite
- CLT were responsible for identifying, evaluating and reporting on significant strategic risks faced by the Council.

It was then queried how Portfolio Holders were kept informed of risks and mitigations. Officers explained that all Cabinet members were updated on Council business, including risks, at monthly informal cabinet meetings. The Chief of Staff added that she held monthly catch ups with her directorates Portfolio Holder, as well as joint quarterly meetings with the Portfolio Holders of both Councils. The Assistant Director of Planning advised members that she held weekly joint meetings to ensure that both Portfolio Holders were aware of all important planning matters. Officers assured the Committee that all other Assistant Directors held similar meetings with the Portfolio Holders responsible for their directorates.

The Chairman invited the Cabinet members present at the meeting to provide comments on how effective they felt the Strategic Risk process was. The Cabinet members present raised a number of concerns on how the Strategic Risk Register was presented to both the Audit Committee and Cabinet.

The Leader of the Council highlighted a risk he had previously raised with CLT, which had not been included in the register presented today. The Chief of Staff informed Cabinet that the risk in question had been discussed by CLT, who determined it did not qualify as a strategic risk for the Council. The Cabinet members felt that there was too much of a delay in being updated when CLT made a decision regarding strategic risk.

The Audit Committee noted that whilst significant improvements had been made towards risk management and the reporting process, there were still improvements which could be made. The Committee suggested that stronger wording be considered within the risk management policy to ensure the rationale for risks that were assessed by CLT and found to be operation and not strategic were formally fed back to members. It was also agreed that the Strategic Risk Register would reflect the portfolio(s) associated with each of the risks in the register. The CLT officers present highlighted a concern that a fixed protocol on communication could restrict 'organic communication' between officers and members but agreed to investigate the suggestion further.

After further discussion it was

## **RESOLVED**

To note the Strategic Risk Register update for the Council.

## **29 DRAFT STATEMENT OF ACCOUNTS 2021/22**

The Assistant Director of Finance formally presented the draft Statement of Accounts 2021/22. The Committee had informally reviewed the draft Statement of Accounts on 22 September 2022.

Regarding the bad debt provision for sundry debtors, the Assistant Director of Finance confirmed that it would be included in the Statement of Accounts before they were finalised.

It was highlighted that the Related Party Transactions section of the statement had omitted reference of one councillor being a Director of Norse Environmental Waste Services Limited (NEWS). The Assistant Director of Finance confirmed that it would be added.

Discussion turned to the comprehensive income and expenditure account where it was noted that for the Corporate Costs account, the 2021/22 gross income was significantly higher than the previous year. The Assistant Director of Finance advised that this was due to the receipt of the Council's share of the gain from the pooling of business rates income across Norfolk (in previous

years any pooling gain was retained corporately across Norfolk to fund projects across the county).

In response to a question the Assistant Director of Finance informed the Committee that a loss on disposal of assets related to both an asset becoming obsolete, and a loss being made on the sale of the asset.

It was then

## **RESOLVED**

To note the draft Statement of Accounts for 2021/22

### **30 INTERNAL AUDIT UPDATE – PROGRESS AND FOLLOW UP**

The Head of Internal Audit presented her report which reviewed the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2022/23 during the period 13 September 2022 to 16 January 2023.

The Head of Internal Audit explained that since the plan's approval in March 2022, the BRD2316 Network Security and Infrastructure Management audit had been deferred to 2023/24, as a security posture review had recently been completed to provide third party assurance over the controls. In order not to duplicate the work, the audit would be rescheduled post the move to the Horizon Centre.

Members noted that during the period of the report, 85 days of programmed work had been completed which equated to 59% of the Internal Audit Plan for 2022/23, and that two reports (Community Assets and Community Activity) had been issued as final, with 11 recommendations raised by Internal Audit. No Operational Effectiveness Matters had been proposed to management for consideration. Members were concerned that 41% of the audit work had not yet been completed. The Head of Internal Audit advised members that audit work was not equally profiled across the 4 quarters, a larger proportion of the work had been scheduled for quarter 4. She added that she was having weekly conversations with TIAA, who confirmed that they were on schedule to complete all work within the deadlines.

Turning to section 5 of the report regarding the outstanding internal audit work from 2021/22, the Head of Internal Audit explained that the report regarding Cyber Security had now been issued and formal management responses provided. Members were advised that the detailed management responses had not been included within report as they contained sensitive information regarding the Council's cyber security. It was confirmed that the full report would be circulated to the Committee outside of the meeting.

The Head of Internal Audit informed the Committee that the risk management position statement had been completed and the team were awaiting CLT responses.

Moving on, the Head of Internal Audit drew members' attention to Appendices 4, 5 and 6 of the report which detailed the status of agreed internal audit recommendations and outstanding recommendations for 2020/21 and 2021/22. Member discussed a number of the outstanding recommendations, including:

- HR and Payroll – Recommendation 3

The Committee noted that progress was being made to appoint a new provider and a business case had recently been approved. In response to queries, the Director of Resources confirmed that a new system would be in place by the deadline of 31 March 2024, she further explained that the current service provided by Suffolk County Council would cease on 1 April 2024.

- Remote Access – Recommendation 1

The Head of Internal Audit informed the Committee that this recommendation had now been completed and she was awaiting evidence from officers. She added that the recommendation would be removed from the report before the next meeting.

- Disaster Recovery – Recommendations 3 and 6

The Chairman queried whether the deadlines for these recommendations needed to be amended until after the move to the Horizon Centre. The Head of Internal Audit confirmed that they would need to be changed. The Director of Resources then updated members on the position regarding the office move. She explained that the 'fit out' contractors had been appointed and dates for the work to be undertaken agreed.

The Committee noted that recommendation 3 – regular DR tests be scheduled and undertaken, was an urgent priority however testing was being delayed until after the move. The Director of Resources advised that this was per the advice of the ICT team, she explained that a number of controls and mitigations had been put into place, including system mirroring and system back-ups.

In response to the suggestion that testing be started before the move, the Director of Resources explained that all ICT officers were involved in the 3 current projects, which were:

- Horizon Centre move

- Digital requirements for the Election
- Office 365 installation

In order to free up resource to carry out the DR testing, officers would have to be diverted from one of these projects, which ran the risk of delaying the project, and in turn delaying the move to the Horizon Centre. The Head of Internal Audit stressed the importance of the Audit Committee raising these potential risks and issues but noted that it was for CLT to determine the level of risk it was willing to accept. She also reminded members of the successful outcomes of the recent penetration tests carried out.

One member queried why the testing was not carried out before both Councils occupied Thorpe Lodge, the Director of Resources advised that as new infrastructure was being implemented as part of the joint occupation of Thorpe Lodge, it was not considered appropriate to carry out DR testing at that time.

- Counter Fraud and Corruption – Recommendations 3-7 and 9

The Assistant Director of Finance updated members on the appointment of the Anglia Revenue Partnership (ARP) as the Council's Counter Fraud Service. ARP were going through the formal approval process with its current members before the contracts could be signed. He added that the new fraud service was still expected to 'go-live' on 1 April 2023.

In response to a question, the Assistant Director of Finance acknowledged that, had he been aware of the delays in progressing with ARP, more mitigations would have been put in place by the Council.

After further detailed discussion it was

## **RESOLVED**

To receive the progress report covering progress in delivering the Internal Audit Plan for the 2022/23 financial year.

## **31 AUDIT COMMITTEE – INDEPENDENT PERSONS**

Members considered the report of the Head of Internal Audit which outlined the proposal for appointing Independent Person's to the Audit Committee.

Members were reminded that at a meeting of the Audit Committee in October 2019 it was agreed that there were benefits to be gained from having an Independent Person on the Committee. However, it was not felt necessary to progress at that time.

Since that meeting in 2019, CIPFA had released further guidance which stipulated that *“Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise”*

The Head of Internal Audit informed the Committee that whilst it was not yet a legislative requirement to appoint Independent Persons onto the Committee, two other district Councils in Norfolk had appointed independent persons to their Audit Committee, those being Breckland Council and Norwich City Council. Both Councils offered a modest committee attendance allowance together with reimbursement for travelling and subsistence expenses.

It was explained that the Head of Internal Audit would work in collaboration with the Committee to determine the criteria used to evaluate the suitability of candidates and that the criteria would likely look to fill any perceived skills gaps and add desirable qualities.

The Independent Person should not currently be involved in the running of the Council as either a Councillor or employee. Former Councillors could not serve as an Independent Person until 5 years after they ceased being a Councillor.

It was queried what role the Independent Person would have on the Committee. They were informed that the Independent Person would have an advisory position only and would not be a voting member of the Committee. One member noted the similarity between the proposed Independent Person and the co-opted members of the Standards Committee, one member highlighted that attendance by the co-opted members had been a reoccurring issue.

Members further queried the likelihood of finding a suitable candidate for the role, the Head of Internal Audit speculated that suitable applicants may become harder to find in the event that it became a legislative requirement and more local authorities began seeking candidates.

Suggestion was made that both Broadland and South Norfolk appointed the same Independent Person onto their respective Audit Committees, as collaborative working meant that similar reports were being presented to both Committees. Additionally, the cost of the Independent Person could be shared between the two Councils. Officers noted the benefit of a shared Independent Person, but It was noted that this may make finding candidates harder, as any candidate would have to commit to attend 8 meetings per year instead of 4.

Discussion turned to the best time to appoint an Independent Person onto the Committee. It was noted that there could be a number of changes to the

membership following the District Elections in May 2023. Members considered that there was benefit in waiting until after the elections, when the Committee membership was known, and potential skill gaps assessed.

Members expressed their support in principle for appointing an Independent Person onto the Committee and endorsed the potential benefits this would have. But it was felt that further investigation was required before candidates were sought.

It was then

## **RESOLVED**

To recommend to Council that steps be taken to fully investigate the appropriateness of appointing an Independent Person to the Audit Committee

## **32 AUDIT COMMITTEE WORK PROGRAMME**

The Committee considered each item within the Work Programme.

The Head of Internal Audit explained that at its meeting on 16 March 2023, the Committee was due to consider the Strategic and Annual Internal Audit Plans for 2023/24.

Members were advised that the Democratic Services Officer would be producing the Annual Report of the Audit Committee, to be presented by the Chairman at the 16 March 2023 meeting.

Discussion turned to the self-assessment of the Audit Committee; members queried whether this was still required given the potential change in membership following the May elections. It was suggested that a self-assessment would benefit the future members of the Committee.

The Chairman requested that the Committee be updated on the Risk Management Review once the position statement had been finalised. The Head of Internal Audit agreed to circulate the report to the Committee and hold an informal meeting with the Committee to discuss outcomes.

The Assistant Director of Finance informed the Committee that it was unlikely the External Audit Plan 2023/24 and the Audit Results Report 2021/22 / formal approval of the Statement of Accounts 2021/22 would be brought to the next meeting of the Committee.

(The meeting concluded at 11.57am)



## **Strategic Risk Register**

<b>Report Author(s):</b>	Sinead Carey Strategy and Intelligence Manager 01508 533661 <a href="mailto:Sinead.carey@southnorfolkandbroadland.gov.uk">Sinead.carey@southnorfolkandbroadland.gov.uk</a>
<b>Portfolio:</b>	Transformation and Organisational Development
<b>Ward(s) Affected:</b>	None

### **Purpose of the Report:**

The purpose of this report is to provide an overview of the current position of the Strategic Risk Register for Broadland District Council.

### **Recommendations:**

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

## **1 SUMMARY**

- 1.1 This report provides the committee with an update and overview of the current position in terms of strategic risk for Broadland District Council.

## **2 BACKGROUND**

- 2.1 The Risk Management Policy sets out the approach for the Council in terms of how it will identify, manage, reduce and mitigate risks of all levels to the organisation.
- 2.2 To facilitate the management of risk throughout the organisation, the Council maintains a system of risk registers. The risks are identified through the Corporate Leadership Team's (CLT) assessment of the risks to the delivery of the Council's Strategic Plan and Delivery Plan. The Strategic Risk Register records the strategic risks faced by the Council. Attached to this report is the latest update of the Strategic Risk Register.
- 2.3 The Strategic Risk Register forms part of the Council's quarterly (reported formally to Cabinet in Q2, Q3 and Q4) performance, risk and finance reports. The Strategic Risk Register is a document which is reviewed on a regular basis and subject to change depending upon the current circumstances in which the Council is operating.
- 2.4 As set out in the Policy, Cabinet has ultimate responsibility for:
- Setting the culture for risk management at the Council
  - Approving the Policy
  - For developing and approving Risk Appetite
- 2.5 Detailed oversight of the risk management process is delegated to the Audit Committee, who are responsible for scrutinising the scope and effectiveness of the risk management systems in place.
- 2.6 In developing the Strategic Risk Register, CLT (including Assistant Directors in conjunction with Portfolio Holders) are responsible for identifying, evaluating and reporting on significant strategic risk faced by the Council. Strategic risks are risks that are significant in size, impact and duration and could impact on the performance of the Council as a whole. This may include operational risks escalated from particular services to the leadership level due to the potential scale of their impact.
- 2.7 Risks in the Strategic Risk Register are assessed for both their likelihood (on a scale of 1-5) and their impact if they were to happen (on a scale of 1-5), which are then combined to give each risk a severity score. Once all ongoing and planned mitigating actions are taken in consideration, each risk's "residual severity score" is recorded. The higher the severity score, the more significant the risk is.
- 2.8 Alongside the Strategic Risk Register, each directorate across the Council manages their Directorate Risk Registers. Directorate Risk Registers detail the

more operational risks to the organisation and are the responsibility of the Director and Assistant Directors in that directorate to manage. If a risk on a Directorate Risk Register scores a high severity score above our risk appetite as a Council, this will be escalated to the Strategic Risk Register and reported to Cabinet and the Committee. There is also support, guidance and templates on identifying and managing risk (including project risk) available on our internal intranets for staff.

### **3 CURRENT POSITION/FINDINGS**

- 3.1 During Q3 2022/23, CLT have reviewed and updated the Strategic Risk Register to ensure we are managing the risks effectively and that we are taking the right action to prevent the risk from escalating and ultimately reduce the risk where possible. As part of reviewing the register, CLT take into consideration:
- Whether risks are still relevant
  - Any emergent risks which have been identified
  - Whether the likelihood and impact of risks has changed
  - Whether controls which are in place are still effective
- 3.2 Since the risk register was last seen by the committee there have been no new risks identified and added to the register.
- 3.3 There is 1 strategic risk that has been removed from the Strategic Risk register:
- BDC GE1 – Regulatory Function – this has been de-escalated from the Strategic Risk Register to the Directorate Risk register as the risk is now within the appetite of the council.
- 3.4 There are 2 strategic risks that have had their risk scores reduced:
- BDC P1 - Nutrients Neutrality advice impacts – as progress has been made on mitigating actions
  - BDC P2 – Gypsy and Traveller sites - as progress towards consultation is being made
- 3.5 There are 2 strategic risks that have been merged into strategic risk BDC S13 – Housing stock - as all the measures are in regard to the demand and pressures on housing stock:
- BDC S12 – Ukrainian refugees
  - BDC S14 – Cost of Living
- 3.6 The below heatmap provides an overview of the current risk register with the risks which are being managed at a strategic level. A full version of the Strategic Risk Register can be found in appendix 1, alongside a summary of the key changes to the risks since the last committee meeting.

Risk Scoring Matrix		1	2	3	4	5
		Insignificant	Minor	Moderate	Significant	Severe
5	Expected					
4	Highly Likely				BDCP1 – Nutrients Neutrality Impacts (risk score reduced) BDCM4 - One Team Capacity and Capability (no change)	
3	Likely			BDCM3 – Collaborative Working (no change)	BDCM2 – Reform and Devolution (no change)	BDCM5 – Cyber attack (no change)  BDCS13 – Housing stock (no change)
2	Not Likely					BDCM1 – Financial (no change) BDCP2 - Gypsy/Traveller site identification (risk score reduced)
1	Rare					

3.7 Following the internal audit position statement on risk management we are commencing a whole council approach to risk management training. There will be tailored training available for every level of the council. Currently the risk management modules on our training platform Skillsgate are being updated with the aim to roll these out council wide to all staff, managers, and Members. A new training package is currently being formulated specifically for managers and project managers in the identification and evaluation of project-level risk.

#### 4 PROPOSED ACTION

4.1 The Strategic Risk Register, alongside the Directorate Risk Registers will continue to be managed and reviewed into the next quarter.

#### 5 OTHER OPTIONS

5.1 None.

#### 6 ISSUES AND RISKS

6.1 **Resource Implications** – each risk has associated resources aligned to each action.

6.2 **Legal Implications** – no implications.

6.3 **Equality Implications** – no implications.

6.4 **Environmental Impact** – no implications.

6.5 **Crime and Disorder** – no implications.

6.6 **Risks** – no implications.

## **7 RECOMMENDATIONS**

1. Review and note the Strategic Risk Register update for the Council.

## **Broadland District Council – Strategic Risk Register**

**Last reviewed – February 2023**



## Broadland District Council – Strategic Risk Management

The risk appetite of the Council is outlined by a risk appetite statement as set out below:

***South Norfolk and Broadland are both dynamic, innovative and commercially minded Council's that empower staff to make well-rounded decisions and take proportionate risks within our boundaries based on intelligence, reason and insight, seizing opportunities to enhance the wellbeing of our communities, economy and staff, reimagining the role of local government.***

The statement outlines the Council's approach to risk appetite and is accompanied by a risk scoring matrix (see below) which indicates whether the combined risk likelihood and impact score is above the appetite of the Council. The appropriate approach for managing the risk is then highlighted depending on the combined score.

Any risk with a combined score of 10-25 is outside the risk appetite and action must be taken to reduce the score down to an acceptable level to protect the achievement of the Council's strategic aims and objectives. The following pages of this report sets out the current Strategic Risks to the Council, their current risk scores and the actions being taken to reduce the scores.

Risk Scoring Matrix		1	2	3	4	5
		Insignificant	Minor	Moderate	Significant	Severe
5	Expected	Medium 5	Medium 10	High 15	Very High 20	Very High 25
4	Highly Likely	Low 4	Medium 8	High 12	High 16	Very High 20
3	Likely	Low 3	Medium 6	Medium 9	High 12	High 15
2	Not Likely	Very Low 2	Low 4	Medium 6	Medium 8	Medium High 10
1	Rare	Very Low 1	Very Low 2	Low 3	Low 4	Medium 5
Very High 20-25		Risks scored here represent a severe threat to the delivery of the Council's objectives and service delivery and are outside of the risk appetite of the Council. Risks scored at this level should be treated as a priority and should either be reduced to a score within tolerance or removed. Reporting on progress will be required at Cabinet/Audit Committee and at CMLT until risk level is reduced to tolerance.				
High/Medium High 10-16		Risks scored here represent a significant threat to the delivery of the Council's objectives and service delivery and are outside the risk appetite. Action is required to reduce the rating to a score within tolerance. Reporting on progress is required at Cabinet/Audit Committee and CMLT until risk level is reduced to tolerance.				
Medium 5-10		Risks scored here represent a moderate threat to the delivery of the Council's objectives and service delivery and are within the risk appetite of the Council with some proportionate mitigation and regular monitoring required. These risks can be managed at operational/service level but regular management review of assurance on control effectiveness should occur. Routine reviews should also be carried out to ensure there is no change.				
Low 3-4		Risks here represent a minor threat to the delivery of the Council's objectives and service delivery and are within the risk appetite. Review required to ensure risk score does not change/increase, however these risks can be managed at operational/service level.				
Very Low 1-2		Risks scored here represent an insignificant threat to the delivery of the Council's objectives/service delivery and are within the risk appetite. No further action is required.				


## Key Changes to Strategic Risks

The most recent review of the of the strategic risk has generated the following changes:

Risk Ref	Risk Score Change	Risk description change	Risk consequence change	Risk mitigations change	Risk owner change	New Strategic Risk	Commentary
BDCM1							
BDCM2				✓			Additional mitigating action added.
BDCM3							
BDCM4							
BDCGE1							Risk to be de-escalated to the Place Directorate Risk Register as the risk score is within our risk appetite.
BDCM5							
BDC P1	✓						Risk score reduced from 20 to 16 as decisions are starting to be released and good progress is being made towards a longer term mitigation strategy
BDC SI2							This risk has been folded into BDCSI13. The Ukraine programme is embedded into the Council and is part of core business. The main risk from the programme is associated with BDCS13 therefore these risks has been merged.
BDCSI3		✓	✓	✓			This risk now incorporates cost of living and Ukraine risks due to the main strategic risk to the Council from both these issues being the increased demand on housing services which this risk covers.
BDCP2	✓						Risk score reduced from 15 to 10 as progress towards consultation is being make
BDCSI4							This risk has been folded into BDC S13. Whilst the cost of living remains an issue, the strategic risk to the Council is increased demand on housing services, therefore the risks have been combined.



## Strategic Risk Register

						Risk with existing Controls							Current Risk		
Objective	Ref	Risk description	Existing Controls	Likelihood	Impact	Severity score	Risk Response	Planned mitigating actions	Risk Owner	Delivery timescales	Likelihood	Impact	Severity score	Within Risk Appetite?	Comments and progress on actions during Quarter 3
Moving with the times, working smartly and collaboratively	<b>BDC M1</b>	<p><b>Risk</b> - Financial - The Council fails to anticipate and respond to large scale changes in the external environment that impacts on our ability to deliver our MTFP.</p> <p><b>Consequence</b> - A negative impact on the Council's finances, either from reductions in income or funding, or from increased cost pressures.</p>	<p>Medium Term Financial Plan (MTFP) budget process and scenario planning.</p> <p>Quarterly review of performance and risks to the organisation.</p> <p>Regular Horizon Scanning.</p> <p>CMLT relationship building and liaison with key stakeholders such as central Government departments and professional bodies.</p> <p>Implementing Broadland/South Norfolk Collaboration.</p> <p>Active Membership of different groups such as the DCN, LGA, RSN etc.</p>	2	5	<b>10</b>	<b>Monitor</b>	<p>1. Lobby government for adequate funding, acknowledging impact on costs &amp; demand of cost-of-living rises.</p> <p>2. Respond to Government Consultations to ensure any potential impact on the Council finances is conveyed to Government.</p> <p>3. Feed into any relevant networks e.g. LGA and DCN to influence policy creation.</p> <p>4. Ensure local MPs are aware of the Council financial position and potential impact of any forthcoming Government policies as part of the regular MP briefings.</p> <p>5. Continued regular horizon scanning and policy updates to CMLT and management team to ensure we stay abreast of changes and are able to have influence.</p> <p>6. Regular monitoring of our current position and</p>	<b>Director of Resources</b>	<p>1. Prior to Autumn budget</p> <p>2. As appropriate when consultations open</p> <p>3. As Appropriate</p> <p>4. At regular MP Briefings</p> <p>5. Monthly</p> <p>6. Quarterly</p>	2	5	<b>10</b> 	<b>No</b>	<p><b>No change to the risk score</b></p> <p>1. Requirement to continue to lobby for a multi-year settlement in future &amp; recognition that cost-of-living rise will squeeze council budgets as both costs &amp; demand for services increase.</p> <p>2. As appropriate when consultations open.</p> <p>3. As Appropriate.</p> <p>4. At regular MP Briefings.</p> <p>5. Monthly horizon scanning and policy reports are developed for CMLT.</p> <p>6. Completed on a quarterly basis.</p>

						Risk with existing Controls							Current Risk		
Objective	Ref	Risk description	Existing Controls	Likelihood	Impact	Severity score	Risk Response	Planned mitigating actions	Risk Owner	Delivery timescales	Likelihood	Impact	Severity score	Within Risk Appetite?	Comments and progress on actions during Quarter 3
								reporting to Members.							
Moving with the times, working smartly and collaboratively	BDC M2	<p><b>Risk</b> - The Council fails to take advantage and act quickly and proactively on the opportunities of Local Government Reform and devolution.</p> <p><b>Consequence</b> - Failure to achieve potential for greater devolved funding and/or decision making to the region and the benefits this would bring for residents and businesses in our area.</p>	<p>Regular Horizon Scanning.</p> <p>Active Membership of different groups such as the DCN, LGA, RSN etc</p> <p>Implementing Broadland/South Norfolk Collaboration.</p> <p>Quarterly review of performance and risks to the organisation.</p> <p>CMLT relationship building and liaison with key stakeholders such as central Government departments and professional bodies.</p>	3	4	12	Reduce	<p>1. Review the outcomes of the Devolution White Paper when it is released (completed)</p> <p>2. Continued regular horizon scanning and policy updates to CMLT, management team and Members to ensure we stay abreast of changes and are able to have influence.</p> <p>3. Lobby MPs on specific policy issues and the implications for our residents.</p> <p>4. Work with our partners where appropriate to present a collaborative response to political changes.</p> <p>5. Respond to the Deal for Norfolk consultation</p>	Director of Resources	<p>1. Expected in Autumn 2021 (completed)</p> <p>2. Monthly</p> <p>3. As appropriate</p> <p>4. As appropriate</p> <p>5. April 2023</p>	3	4	12	No	<p><b>No change to the risk score</b></p> <p>1. The draft Norfolk County Deal has been released and Norfolk County Council are holding a consultation process starting on 6 February which the Council will be responding to.</p> <p>2. Regular policy updates are presented to CMLT and the wider organisation to ensure we stay abreast of key changes. A new monthly horizon scanning report is produced for CMLT.</p> <p>3. This is ongoing and done as appropriate, with MPs briefed on the levelling up option that would be favoured as Districts to deliver the best outcome for our residents.</p> <p>4. This is ongoing and done as appropriate.</p>
Moving with the times, working smartly and collaboratively	BDC M3	<p><b>Risk</b> - The Council is unable to take advantage of the benefits and opportunities from collaborative working with South Norfolk Council and other key partners through autonomous policy decision-making.</p>	<p>Transformation approach and programme of work in place based on the collaboration roadmap.</p> <p>ICT/Digital Strategy in place which aligns systems and transformation to deliver a First Class Customer Service, with</p>	3	4	12	Reduce	<p>1. Embed the SPARK transformation programme across the organisation.</p> <p>2. Establish a corporate Programme and Projects Office to provide support to the Project Programmes, to</p>	Director of Resources	<p>1. Through 22/23</p> <p>2. Amend approach during Q1/2 22/23</p> <p>3. Continue through 22/23</p> <p>4. Continue to implement through 22/23.</p> <p>5. Relocate Jan 2023</p>	3	3	9	Yes	<p><b>No change to risk score</b></p> <p>1. Transformation guides and toolkits continue to be developed and cascaded to teams through Connect. We have also introduced Improvement Apprenticeships across the transformation network to drive forward projects.</p> <p>2. New resource had been recruited to (Project Management Officer Lead) to take forward the project and programme office approach.</p>

						Risk with existing Controls							Current Risk		
Objective	Ref	Risk description	Existing Controls	Likelihood	Impact	Severity score	Risk Response	Planned mitigating actions	Risk Owner	Delivery timescales	Likelihood	Impact	Severity score	Within Risk Appetite?	Comments and progress on actions during Quarter 3
		<b>Consequence</b> - Failure to achieve efficiency savings through economies of scale and increased chance of not delivering the collaboration Feasibility Roadmap.	increased resilience, while enabling efficiencies and savings to be realised at the same time.  Customer Service Strategy developed and agreed by Council which sets out our approach to enhancing and providing a consistent customer service.  SIEC committee has Member oversight and steering of the collaboration programme.  Regular updates and briefings to CMLT (6 weekly) and SIEC on the collaboration.  Collaboration costs and savings tracked half yearly.					ensure that we manage our resources efficiently to deliver the collaboration roadmap. 3. Following agreement of ICT/Digital Strategy, business cases to be developed and taken through for approval for each IT system. 4. Implementation of the Customer Service Strategy. 5. Purchase and relocation to a single office at the Horizon Centre 6. Minimise office costs during transition to the Horizon Centre and Disposal of Thorpe Lodge.		6. Minimise costs Q2/3 & Dispose of site Q3					Programme portfolios for Transformation now taking shape. 3. The joint Finance and Income systems have been implemented and are now being embedded, although work continues on training, processes and procedures. Work continues on the implementation of the Idox project covering planning, food & licensing, environmental health and elements of waste. 4. The Customer Services Strategy and Charter has been approved by Cabinet and is in the process of being implemented. 5. The agreement by both Councils to purchase and move to a single office at the Horizon Centre will deliver significant savings together with cultural and environmental benefits. The closure of South Norfolk House & temporary relocation to Thorpe Lodge has assisted in minimising costs during the transition period. 6. System consolidation continues to release efficiencies with the progression of the HR and Payroll system, the Revenues and Benefits system and Planning and Regulatory system
Moving with the times, working smartly and collaboratively	BDC M4	<b>Risk</b> -Capability and capacity does not meet organisational requirements.  <b>Consequence</b> -Poor standards of service delivery, service disruption, slow or minimal transformation and inability to meet savings targets as a result. This could also	Four-year Strategic Plan developed and in place which sets out the ambitions for the Council over the coming years.  Delivery Plan for the Council developed and in place which sets out the detailed projects and BAU for the Council in the coming year to 2022.	4	4	16	Reduce	1. Scope and develop a talent management programme. 2. Build our own talent - Develop projects to consider our use and opportunities of apprenticeships, internships, career placement, graduates etc. 3. Succession	1 - 4 Chief of Staff  5 - 6 Director of Resources  7 - 8 Chief of Staff	1. April 2022 - March 2023 2. March 2021 - completed strategy, ongoing placements are now BAU 3. April 2022 - March 2023 4. New recruitment approach now in place and being	4	4	16	No	<b>No change to risk score</b> 1. This work will continue into the next financial year and be part of an updated OD Strategy, likely to be completed by September 2023. 2. BAU 3. This work will need to continue into the new financial year, as succession planning will be part of the year end discussions. 4. BAU 5. New resource had been recruited to (Project Management Officer Lead) to take forward the project and

						Risk with existing Controls							Current Risk		
Objective	Ref	Risk description	Existing Controls	Likelihood	Impact	Severity score	Risk Response	Planned mitigating actions	Risk Owner	Delivery timescales	Likelihood	Impact	Severity score	Within Risk Appetite?	Comments and progress on actions during Quarter 3
		lead to budget underspends if the lack of capacity leads to projects being delayed.	Management/Leadership Training and Development in progress.  Regular Budget Monitoring.					planning to ensure capacity is maintained. 4. Implement successful recruitment campaigns particularly in service areas where there are specific needs for skills which are hard to recruit to or shortage of resource available (e.g. nationally). Agile Working Policy enables a broader approach to recruitment. 5. Amendments to programme and project management processes to improve how we manage our capacity to deliver. 6. Additional financial monitoring of key projects. 7. Delivery of agile working approach and cultural shift to better attract and retain talent. 8. Local authority benchmarking across the region and wider to ensure pay and benefits on a role specific basis remain comparable and competitive.		actively progresses as part of BAU - complete. 5. Amend approach during Q1/2 22/23 6. From Aug 22. 7. June 2022 onwards - now part of BAU and the way we work - complete 8. Data submission and access available from August 2022 - data now to be analysed and reviewed for further action.					programme office approach. 6. New governance structure is in operation with a reviewed guidance to project management documents. Dedicated resource secured for embedding and enhancing project and programme management skills 7. BAU 8. Information through local benchmarking is progressing slowly and other avenues are being explored

						Risk with existing Controls							Current Risk		
Objective	Ref	Risk description	Existing Controls	Likelihood	Impact	Severity score	Risk Response	Planned mitigating actions	Risk Owner	Delivery timescales	Likelihood	Impact	Severity score	Within Risk Appetite?	Comments and progress on actions during Quarter 3
Growing the Economy	BDC GE1	<p><b>Risk</b> - Failure to provide a regulatory function that meets the demand and statutory requirements arising from a fast changing external environment. Big resignation, labour market is shrinking, employee driven labour market.</p> <p><b>Consequence</b> - Detrimental impact on local businesses and residents, including unmanageable demands on council services.</p>	<p>Two councils staffing resources provide resilience.</p> <p>Regular horizon scanning and professional networking.</p> <p>Recruitment to apprenticeships within regulatory services to provide additional support.</p> <p>Regular response to consultations to ensure we play an active influencing role in changing regulatory policies.</p>	4	3	12	Reduce	<p>1. Collaborate locally and nationally to ensure a collective response and optimised sharing of burdens is available in the event that sudden re-training or changes in resource deployment become necessary. Understand One Team demographic and succession plan accordingly i.e. invest in skills development in area which has an aging workforce (long term). Offer skills development for mid careers movers (short/med term). Apply Hybrid Working Policy to positively attract Talent from any region to asset with skills shortages (short term).</p> <p>2. Optimise development of environmental health, planning, surveyor apprentices to help secure future workforce.</p> <p>3. Identify scope for market supplements to enhance ability to attract professional recruits, and to help retain existing staff. (Equally applies to Regulatory and</p>	Assistant Director Regulatory	<p>1. Ongoing - short/med/long term solutions</p> <p>2. Ongoing over five year minimum qualifying period, 21/22 to 26/27.</p> <p>3. Raised currently for CMLT consideration.</p> <p>4. Service reviews due to be reported with recommendations in Q2 2023-24</p> <p>5. Ongoing</p>	3	3	9	Yes	Risk to be de-escalated to the Place Directorate Risk Register as the risk score is within our risk appetite.

						Risk with existing Controls							Current Risk		
Objective	Ref	Risk description	Existing Controls	Likelihood	Impact	Severity score	Risk Response	Planned mitigating actions	Risk Owner	Delivery timescales	Likelihood	Impact	Severity score	Within Risk Appetite?	Comments and progress on actions during Quarter 3
								Planning professionals). 4. Temporary contractor support secured, and service reviews underway for Licensing and Food & Safety regulation. 5. Temporary additional resources secured over short term (22/23) for Community Protection to help meet exceptional demand.							
Moving with the times, working smartly and collaboratively	BDC M5	<p><b>Risk</b> - There is a heightened threat of a successful cyber-attack in the current climate due to the volatile situation in Ukraine and the potential for state-sponsored attacks to NATO members, including the UK.</p> <p><b>Consequence</b> - A successful cyber-attack could render the ICT infrastructure and line of business systems unusable for a protracted period of time, significantly impacting the Council's ability to function.</p>	<p>Geo-blocking of traffic originating from black-listed countries.</p> <p>Timely application of security updates to all software and firmware</p> <p>Ensuring Anti-Virus software updated and functioning</p> <p>Monitoring of adherence to security policy ensuring there are no exceptions</p>	3	5	15	Reduce	<p>1. Ensure the effectiveness of the Controls - commission a third-party review of the Council's security posture</p> <p>2. Review the organisation structure to ensure clear accountability for the effective implementation of security controls and the day to day monitoring and management of security events</p> <p>3. Raise awareness of the risk of cyber-attack with the business and the importance of adhering to the security policy</p> <p>4. Ensure ICT staff adequately trained</p>	Director of Resources	Ongoing	3	5	15	No	<p><b>No change to the risk score</b></p> <p>1. Final version of the cyber maturity assessment report received and reviewed by the ICT and Digital Manager and summary findings and action plan presented to CMLT</p> <p>2. An existing vacant post within the IT Structure to create a dedicated CISO role. Role is out to advert with interviews scheduled by the end of Jan</p>



						Risk with existing Controls							Current Risk		
Objective	Ref	Risk description	Existing Controls	Likelihood	Impact	Severity score	Risk Response	Planned mitigating actions	Risk Owner	Delivery timescales	Likelihood	Impact	Severity score	Within Risk Appetite?	Comments and progress on actions during Quarter 3
								and skilled to apply security control and manage security events 5. Ensure Members are aware of Cyber-security risks through the completion of SkillsGate							
Protecting and improving our natural and built environment, whilst maximising quality of life	BDC P1	<p><b>Risk</b> – Nutrients Neutrality advice impacts all planning decisions for overnight accommodations.</p> <p><b>Consequence</b> – Potential adverse impact upon the ability to demonstrate delivery of sites in Five Year Land Supply leading to speculative development pressures outside of the affected catchment area.</p>	Working with NE and key stakeholders to understands the implications and potential mitigation measures.	5	4	20	Reduce	1. Lobbying Govt to suspend Housing Delivery Test and housing land supply 2. Working with partners and stakeholders on mitigation measures 3. Regular briefing for members 4. Regular engagement with applicants 5. Regular monitoring of position	Director of Place	1. Ongoing, via PAS and other organisations 2. Short-term mitigation of impact on planning - ongoing, Long term mitigation strategy 9-12 months 3. Ongoing 4. Ongoing 5. Ongoing	4	4	16 ↓	No	<p><b>Risk score reduced from 20 to 16</b></p> 1. Ongoing. We continue to meet with local MPs to raise these points. Changes to the housing delivery test and housing land supply are currently being consulted upon as part of the changes to the NPPF. 2. Good progress being made by consultants in identifying the nutrient load. Long term mitigation strategy expected in Feb 23. Regular meetings are held with all interested parties to progress short term mitigation options and NE are actively looking at mitigation in Norfolk area. Approvals are being progressed for the establishment of a Joint Venture. 3. Portfolio Holders and Leaders are regularly updated at scheduled fortnightly/weekly catch ups 4. Regular contact and update meetings with strategic site promoters. Some developers are now coming forward with their own mitigation schemes. 5. Ongoing
Supporting individuals and empowering communities/Growing the Economy	BDC SI2	<b>Risk-</b> The safeguarding and welfare of Ukrainian refugees arriving in South Norfolk and Broadland. The reputational risk and extra strain on Council	Housing suitability and welfare visits are being undertaken prior to the Ukrainian family arriving to ensure suitability to prevent these breakdowns.	4	5	20	Reduce	1. Regular updates, actions and discussion at Internal Steering Group, Bronze Group and wider County groups to ensure the most	Assistant Director of Individuals and Communities	1. Ongoing 2. Ongoing 3. In place	3	5	15	No	<p><b>The Ukraine programme is embedded into the Council and is part of core business. The main risk from the programme is associated with BDCS13 and these risk has been merged.</b></p>

						Risk with existing Controls							Current Risk		
Objective	Ref	Risk description	Existing Controls	Likelihood	Impact	Severity score	Risk Response	Planned mitigating actions	Risk Owner	Delivery timescales	Likelihood	Impact	Severity score	Within Risk Appetite?	Comments and progress on actions during Quarter 3
		services if placements breakdown.  <b>Consequence-</b> Besides reputational risk to the Councils and the extra pressure on already strained temporary accommodation services, there is potential for Ukrainians to be abused intentionally or unintentionally by host families and suffer further displacement and loss.	Temporary accommodation options are being investigated and agreed for emergency accommodation in the event of placement breakdown and lack of contact with Home Office prior to Visas being granted.  Email address provided to send placement failures to alert the Home Office to lack of suitable placement.  A list of visiting officers is being compiled with the intention of getting priority fuel for those officers undertaking visits to ensure they can be carried out.  Requested MPs assistance with pushing for information from the Home Office.  Keeping up to date with Home Office information and guidance.					ffective joined-up approach is being taken. 2. Keep track of updates and information from the Home Office. 3. Additional staffing and temporary accommodation resources put in place, with the money made available by Govt, to manage additional demand on the housing, benefits and housing standards and communities teams							
Supporting individuals and empowering communities	BDC SI3	<b>Risk</b> - There is insufficient private and social housing stock to meet the demand on the Council, and temporary accommodation  <b>Consequence</b> -	Well managed allocation policy, and clear banding guidelines  Online form to allow early access to support, including linking to help hub infrastructure.	4	5	20	Reduce	1. Maintain current staff resource levels, which is being worked through in customer journey report. 2. Additional funding to provide temporary accommodation to	Assistant Director of Individuals and Families	1. Staff resource in place by April 2023. 2. In place from Oct 2022 (completed) 3. Report due Nov/Dec 22(completed)	3	5	15	No	<b>No change to risk score</b> Report agreed in Q2, a project board and action plan will be set up in Q3 to take project forward. This measure now incorporates cost of living and Ukraine risks due to the main corporate risk to the Council from both these issue is the increased demand



						Risk with existing Controls							Current Risk		
Objective	Ref	Risk description	Existing Controls	Likelihood	Impact	Severity score	Risk Response	Planned mitigating actions	Risk Owner	Delivery timescales	Likelihood	Impact	Severity score	Within Risk Appetite?	Comments and progress on actions during Quarter 3
		Unable to provide a housing throughput which results in blockages to temporary accommodation. This will result in increased costs and poorer outcomes for vulnerable residents. This will also have an impact on our partners and the wider system such as care leaver and the system will rapidly become silted up.	Current team resources in place and funded. Ukraine and cost of living programmes establishment and working well  Housing enablement partnership in place to consider options to increase additional stock.					ensure adequate emergency options are available to residents (completed) 3. TA review looking at future housing options including buying more property which will offset longer term costs. (completed) 4. More strategic approach to future housing strategy and delivery, including being confidence to explore new and different options. 5. Manage housing register more closely to reflect reality and demand alongside support. 6. Long term move on plan for Ukraine residents in place. 7. Cost of living demand monitored.		4. Ongoing 5. Ongoing. 6. Ongoing. 7. Ongoing.					on housing services which this risk covers
Protecting and improving our natural and built environment, whilst maximising quality of life / Growing the Economy	BDC P2	<b>Risk-</b> The inability to find Gypsy and Traveller sites to meet the need and enable the Greater Norwich Local Plan to be found sound  <b>Consequence-</b> The local plan will not be found sound which leaves the Council without an adopted local plan and open to	Working with Greater Norwich partners to identify appropriate G&T sites.	4	5	20	Reduce	1. Continue to work with partners to find suitable sites	Assistant Director Planning	1. Ongoing	2	5	10 ↓	No	<b>Risk score reduced from 15 to 10.</b> 1. G&T sites proposals are expected to be agreed for consultation by the end of January. Inspectors have accepted Partnerships proposed process which should enable adoption in or around Q4 2023/24.

						Risk with existing Controls							Current Risk		
Objective	Ref	Risk description	Existing Controls	Likelihood	Impact	Severity score	Risk Response	Planned mitigating actions	Risk Owner	Delivery timescales	Likelihood	Impact	Severity score	Within Risk Appetite?	Comments and progress on actions during Quarter 3
		speculative development													
Supporting individuals and empowering communities	BDC S14	<p><b>Risk</b> - As a consequence of the cost of living crisis, there may be a significantly increased demand for council services</p> <p><b>Consequence</b> - This could lead to service areas becoming overwhelmed meaning the council is unable to support residents in need with both statutory and discretionary support.</p>	<p>One Team staffing resource provides resilience</p> <p>A programme manager is in post to manage the council's humanitarian and community response to the cost-of-living crisis.</p>	4	5	20	Reduce	<p>1. We are currently looking at options to maintain supernumerary staffing levels in the housing team utilising external funding, to support possible Ukraine placement breakdowns.</p> <p>2. An options appraisal on methods to provide for the projected levels of required temporary accommodation sustainably is being conducted.</p> <p>3. We are proactively targeting and prioritising support for those estimated to be most greatly affected by hardship using council data (the 'LIFT' - Low Income Family Tracker)</p> <p>4. The council officer team is providing place leadership to partners to ensure complementary and effective collective use of resources in other statutory and voluntary sector agencies.</p>	Assistant Director Individuals and Families	<p>1. Q4 2022/23</p> <p>2. Q4 2022/23</p> <p>3. Ongoing</p> <p>4. Ongoing</p>	3	4	12	No	This risk is folded into BDC S13. Whist cost of living remains an issue, the strategic risk to the Council is increased demand on housing services

### De-escalated/closed risks in 22/23

Risk Ref	Reason risk was de-escalated/closed	Quarter risk was de-escalated/closed
BDC SI1Risk -The Council is unable to respond effectively to further waves of the Covid-19 Pandemic. Quarter 1 22/23	Risk was de-escalated to People and Communities Directorate Risk Register as it is within our risk appetite.	Quarter 1 22/23
BDCA1Risk -Our ICT Infrastructure fails due to running old infrastructure at near capacity with intention of increasing the load. Delay in our new Infrastructure project due to global shortage in switches	Risk was closed due to mitigating actions being implemented.	Quarter 1 22/23
BDC GE3 Risk - Failure to provide a regulatory function that meets the demand and statutory requirements arising from a fast changing external environment. Big resignation, labour market is shrinking, employee driven labour market.	Risk de-escalated to the Place Directorate Risk Register as the risk score is within our risk appetite.	Quarter 3 22/23

## **STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2023/24**

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**Portfolio Holder:** Finance

**Wards Affected:** All

**Purpose of the Report:** This report provides an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2023/24 to 2026/27 and the Annual Internal Audit Plan for 2023/24. It will also provide 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.

### **Recommendations:**

1. To note and approve:
  - The Internal Audit Charter for 2023/24;
  - The Internal Audit Strategy for 2023/24;
  - The Strategic Internal Audit Plans 2023/24 to 2026/27; and
  - The Annual Internal Audit Plan 2023/24.

## **1 SUMMARY**

- 1.1 This report provides an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2023/24 to 2026/27 and the Annual Internal Audit Plan for 2023/24. The Annual Internal Audit Plan will then serve as the work programme for the Council's Internal Audit Services contractor; TIAA Ltd. It will also provide 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.

## **2 BACKGROUND**

- 2.1 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 standards or guidance'.
- 2.2 Those standards are set out in the Public Sector Internal Audit Standards (PSIAS) which came into effect in April 2013.

## **3 CURRENT POSITION / FINDINGS**

- 3.1 The attached report contains:
- The Internal Audit Charter outlining the Internal Audit Purpose, Authority and Responsibilities;
  - The Internal Audit Strategy, which is a strategic high-level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities;
  - The Strategic Internal Audit Plan, which details the plan of work for the next four financial years;
  - The Annual Internal Audit Plan, which details the timing and the purpose of each audit agreed for inclusion in 2023/24.

## **4 PROPOSED ACTION**

- 4.1 For the Audit Committee to review and approve the Internal Audit Strategy and planned scope of work for the 2023/24 financial year for Internal Audit Services.

## **5 ISSUES AND RISKS**

- 5.1 **Resource implications** – the Internal Audit Service is provided by way of a Partnership Agreement with South Norfolk Council, whereby South Norfolk

Council provide the role of the Contract Manager to Broadland District Council, and the service provision i.e. delivery of the audits, is provided through a contract with TIAA Ltd.

- 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** – the Risk Based Internal Audit approach will ensure that the Council's key risks are accurately reviewed and updated and thus the Internal Audit Service is adding value and auditing the key risk areas.

## **6 CONCLUSION**

- 6.1 The attached report provides the Council with Internal Audit Plans that will ensure key business risks will be addressed by Internal Audit, thus ensuring that appropriate controls are in place to mitigate such risks and also ensure that the appropriate and proportionate level of action is taken.

## **7 RECOMMENDATIONS**

- 7.1 The Audit Committee is requested to note and approve:
  - The Internal Audit Charter;
  - The Internal Audit Strategy;
  - The Strategic Internal Audit Plans 2023/24 to 2026/27; and
  - The Annual Internal Audit Plan 2023/24.

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## **Background Papers**

None

# Eastern Internal Audit Services



## BROADLAND DISTRICT COUNCIL

### Strategic and Annual Internal Audit Plans 2023/24

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

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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 The Public Sector Internal Audit Standards (PSIAS) mandate a periodic preparation of a risk-based plan, which must incorporate or be linked to a strategic high-level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities, this is set out in the Internal Audit Strategy.
- 1.3 The development of a risk-based plan takes into account the organisation's risk management framework. The process identifies the assurance (and consulting) assignments for a specific period, by identifying and prioritising all those areas on which objective assurance is required. This is then also applied when carrying out individual risk-based assignments to provide assurance on part of the risk management framework, including the mitigation of individual or groups of risks.
- 1.4 The following factors are also taken into account when developing the internal audit plan:
  - The risk profile and maturity of the Council;
  - Previous assurance gradings given in each area;
  - Any declarations to avoid conflicts of interest;
  - The requirements of the use of specialists e.g., IT auditors;
  - Striking the right balance over the range of reviews needing to be delivered, for example systems and risk-based reviews, specific key controls testing, value for money and added value reviews;
  - Allowing contingency time to undertake ad-hoc reviews or fraud investigations as necessary;
  - The time required to carry out the audit planning and delivery phases effectively;
- 1.5 In accordance with best practice the Audit Committee should *‘review and assess the annual internal audit work plan’*.

## 2. INTERNAL AUDIT CHARTER

- 2.1 There is an obligation under the PSIAS for the Charter to be periodically reviewed and presented. This Charter is therefore reviewed annually by the Head of Internal Audit to confirm its ongoing validity and completeness, and presented to Senior Management and Audit Committee. The Charter is provided as part of this report for approval at **Appendix 1**. Please note that no significant changes have been made to the Charter since its approval in 2022.
- 2.2 As part of the review of the Audit Charter the Code of Ethics are also reviewed by the Head of Internal Audit, and it is ensured that the Internal Audit Services contractor staff, as well as the Head of Internal Audit and Internal Audit Trainee adhere to these, specifically with regard to: integrity, objectivity, confidentiality, and competency. Formal sign off to acceptance of the Code of Ethics is retained by the Eastern Internal Audit Services.

## 3. INTERNAL AUDIT STRATEGY

- 3.1 The purpose of the Internal Audit Strategy (**see Appendix 2**) is to confirm:



- How internal audit services will be delivered;
- How internal audit services will be developed in accordance with the internal audit charter;
- How internal audit services link to organisational objectives and priorities; and
- How the internal audit resource requirements have been assessed and how these will be enhanced.

#### **4. STRATEGIC INTERNAL AUDIT PLAN**

- 4.1 The overarching objective of the Strategic Internal Audit Plan (**see Appendix 3**) is to provide a comprehensive programme of review work over the next four years, with each year providing sufficient audit coverage to give annual opinions, which can be used to inform the organisation's Annual Governance Statement.
- 4.2 The coverage over the forthcoming four years has been discussed with the Corporate Leadership Team to ensure audits are undertaken at the right time, at a time where value can be added, as well as ensuring sufficient coverage for an Annual Opinion on the framework of governance, risk management and control. The discussions also went into greater detail in relation to the scope of the audits for the forthcoming financial year.

#### **5. ANNUAL INTERNAL AUDIT PLAN**

- 5.1 Having developed the Strategic Internal Audit Plan, the Annual Internal Audit Plan is an extract of this for the forthcoming financial year (**see Appendix 4**). The plan includes the areas being reviewed by Internal Audit, the number of days for each review, the quarter during which the audit will take place and a brief summary and purpose of the review.
- 5.2 The Annual Internal Audit Plan for 2023/24 totals 162 days in total, encompassing 16 Internal Audit reviews, two of which cover IT processes.
- 5.3 All 16 internal audit reviews will be carried out jointly with South Norfolk Council this year allowing Internal Audit to provide assurance that people and processes are working together for the same goal, supporting collaboration and that any inconsistencies can be remedied through formal recommendations where appropriate.
- 5.4 Audit verification work concerning audit recommendations implemented to improve the Council's internal control environment will also be undertaken throughout the financial year.
- 5.5 Depending on any changes to the control environment over the year, the annual internal audit plan may need to be revised to respond to emerging risks. The Head of Internal Audit will regularly review the Strategic Risk Register and report through to the Committee any necessary changes to the plan of work.

#### **6. ASSURANCE MAPPING**

- 6.1 The 2022/23 External Quality Assessment of the Internal Audit function has now concluded, and a report produced demonstrating the service is delivered in conformance with the Public Sector Internal Audit Standards. Assurance Mapping has been highlighted as an area requiring development.

- 6.2 Assurance mapping is an emerging area of internal audit practice which involves mapping a visual representation of assurance activities as they apply to a specific set of risks or compliance requirements facing an organisation.
- 6.3 This exercise is particularly useful to undertake as part of Internal Audit Planning as it allows Internal Audit to determine to what extent it can rely on and co-ordinate its activities with other assurance providers to enhance value and prevent duplication.
- 6.4 Following discussions with Senior Management, the Internal Audit team have been able to map the types of assurance available for the top five strategic risks facing the Council in each of the three assurance categories listed below.

6.5 **Three lines of defence**

1. The first line of defence (functions that own and manage risks)	2. The second line of defence (functions that oversee or who specialise in compliance o the management of risk)	3. The third line of defence (functions that provide independent assurance)
Assurances in this area are provided by managers and staff who are responsible for identifying and managing risk as part of their accountability for achieving objectives.	Assurances in this area are provided by those that monitor frameworks, enable risk and compliance to be managed in the first line. Second line assurance functions are often involved in monitoring the effectiveness in the first line ensuring risks are managed consistently.	Assurances at this level are typically provided by internal audit. Sitting outside the risk management processes of the first two lines of defence. The main role of this defence line is to provide an evaluation of the effectiveness of the organisations approach to governance, risk management and control.

- 6.6 The assurance map provided at **Appendix 5** of this report highlights what assurances are available in each of the three lines for the top 5 scoring strategic risks. This has been used to provide justification to the areas included within the strategic and annual internal audit plans.

## APPENDIX 1 – INTERNAL AUDIT CHARTER

### EASTERN INTERNAL AUDIT SERVICES

#### INTERNAL AUDIT CHARTER FOR 2023/24

##### 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1 April 2013, these provide a consolidated approach across the public sector encouraging continuity, sound corporate governance and transparency.
- 1.2 The Standards require all internal audit services to implement, monitor and review an internal audit charter; this formally defines the internal audit's purpose, authority and responsibility, and is a mandatory document.
- 1.3 The charter also displays formal commitment to and recognises the mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the Standards, i.e., the International Professional Practices Framework (IPPF).
- 1.4 This Internal Audit Charter is applicable to each of the following internal audit consortium members covered by Eastern Internal Audit Services (EIAS).
- Breckland District Council;
  - Broadland District Council;
  - Great Yarmouth Borough Council;
  - North Norfolk District Council;
  - Norwich City Council;
  - South Norfolk Council; and
  - Broads Authority.
- 1.5 The term Local Authority will be used to describe the above consortium members throughout the Charter.

##### 1.6 Mission

Standards require the Internal Audit Function to articulate its overall purpose and summarise the way it will provide value to the organisation. The mission statement for EIAS is as follows:

*“Protecting each of our consortium members ability to enhance value through the provision of independent risk-based assurance and advice”*

##### 1.7 This charter:

- Establishes the position and reporting lines of internal audit;
- Outlines provision for unrestricted access to information, officers, management and members as appropriate;
- Sets the tone for internal audit activities;
- Defines the nature and scope of internal audit services, in particular assurance and consultancy services; and
- Sets out the nature and scope of assurance provided to other parties.

- 1.8 The charter is to be periodically reviewed and presented to Senior Management and the Board for approval annually. The charter will be reviewed by the Chief Audit Executive to confirm its ongoing completeness and validity and presented to Senior Management and the Board.

## **2 Purpose, Authority and Responsibility**

### **2.1 Purpose**

- 2.1.1 Internal auditing is best summarised through its definition with the Standards, *“an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”*.
- 2.1.2 Internal audit will provide reasonable assurance to each member of the Internal Audit Consortium, that necessary arrangements are in place and operating effectively, and to identify risk exposures and areas where improvements can be made.

### **2.2 Authority**

- 2.2.1 The Accounts and Audit Regulations (England) 2015, states that the relevant body 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”*. The statutory requirement for internal audit is recognised in the Constitution of each Local Authority and the internal auditing standards in this regard are the Public Sector Internal Audit Standards.

### **2.3 Responsibility**

- 2.3.1 The responsibility for maintaining an adequate and effective internal audit to evaluate risk management, control and governance processes lies with each Local Authority’s Chief Finance Officer (the Section 151 Officer or Section 17 Officer).
- 2.3.2 The Local Authority and its Members must be satisfied about the adequacy of the advice and support it receives from internal audit.
- 2.3.3 Internal audit is provided by Eastern Internal Audit Services, with the Chief Audit Executive being responsible for ensuring the internal audit activity is undertaken in accordance with the definition of internal auditing, the code of ethics and the standards for all consortium members.
- 2.3.4 Senior management are responsible for ensuring that internal control, risk management and governance arrangements are sufficient to address the risks facing the Local Authority. Accountability for responding to internal audit rests with senior management who either accept and implement the recommendations, or formally reject them. Any advice that is rejected will be formally reported to senior management and the respective Audit Committee.

## **3 Key Relationships and Position in the Organisation**

- 3.1 The standards require the terms ‘Chief Audit Executive’, ‘Board’ and ‘Senior Management’ to be defined in the context of the governance arrangements in each public sector organisation in order to safeguard the independence and objectivity of internal audit. The following interpretations are applied within Eastern Internal Audit Services.

### 3.2 Chief Audit Executive

- 3.2.1 The Chief Audit Executive is based at South Norfolk Council and provides the Head of Internal Audit role to all consortium members.

At South Norfolk Council, the Chief Audit Executive reports to the Chief of Staff who reports to the Managing Director of South Norfolk and Broadland.

- 3.2.2 The Head of Internal Audit also report functionally to each Section 151 Officer or Section 17 Officer at all other members of the consortium.
- 3.2.3 The Head of Internal Audit has a direct line of reporting and unfettered access to each Chief Executive, the Senior Management Team at each Local Authority and the Chair of the Board at each Local Authority.
- 3.2.4 The delivery of the Annual Audit Plans for all consortium members and any specified ad-hoc assignments is provided by an external contractor, TIAA Ltd from 1 April 2022. The Head of Internal Audit manages this contract.

### 3.3 Board

- 3.3.1 In the context of overseeing the work of Internal Audit at each Local Authority, the 'Board' will be the Audit Committee (or equivalent) of the Local Authority, which has been established as part of the governance arrangements. The Audit Committee's responsibilities are discharged through each of the Local Authority's Constitution's and explicitly referred to in each terms of reference.
- 3.3.2 This functional reporting includes;
- Approving the audit charter, audit strategy and risk based annual plans on an annual basis;
  - Receiving regular reports on the outcomes of internal audit activity and performance;
  - Receiving regular reports on management action in relation to agreed internal audit recommendations;
  - Receiving the Annual Report and Opinion of the Head of Internal Audit, alongside a conclusion as to the effectiveness of internal audit;
  - Overseeing External Assessments of the Internal Audit Service, at least once every 5 years.
- 3.3.3 Internal Audit work closely with the chair and members of the Audit Committee to facilitate and support their activities, part of which includes facilitating a self- assessment and providing training.

### 3.4 Senior Management

- 3.4.1 'Senior Management' is those individuals responsible for the leadership and direction of the organisation, and are responsible for specific aspects of internal control, risk management and governance arrangements. There is effective liaison between internal audit and senior management to ensure that independence remains, and provides for a critical challenge.
- 3.4.2 The Internal Audit Manager meets regularly with the Section 151 Officer or Section 17 Officer to ensure organisational awareness is maintained, to discuss progress with the agreed Internal Audit Plan and to maintain a good working relationship. These arrangements facilitate

discussions in relation to the current and emerging risks and issues to ensure that the internal audit plan of work remains reflective and responds as required.

### **3.5 External Audit**

- 3.5.1 Regular liaison is maintained with External Audit to consult on audit plans, and to discuss matters of mutual interest. The external auditors have the opportunity to take account of the work of internal audit where appropriate.

### **3.6 Other Internal Audit Service Providers**

- 3.6.1 Where appropriate internal audit will liaise with other internal audit providers, where shared arrangements exist. In such cases, a dialogue will be opened with the Chief Audit Executive to agree a way forward regarding the auditing of such shared services. This is to ensure an efficient and effective approach, and enable reliance on each other's outcomes. Where formal arrangements are entered into, a protocol will be determined and agreed by both Chief Audit Executives.
- 3.6.2 Internal audit will also co-operate with all external review and inspection bodies that are authorised to access and evaluate the activities of the Local Authority, to determine compliance with regulations and standards. Assurances arising from this work will be taken into account where applicable.

## **4 Rights of Access**

- 4.1 Internal audit, with strict accountability for confidentiality and safeguarding records and information, is authorised to have the right of access to all records, assets, personnel and premises and has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. This access is full, free and unrestricted and is set out in each Local Authority's Constitution.
- 4.2 Such access shall be granted on demand and shall not be subject to prior notice, although in principle, the provision of prior notice will be given wherever possible and appropriate, unless circumstances dictate otherwise.

## **5 Objective and Scope**

- 5.1 The provision of assurance services is the primary role of Eastern Internal Audit Services, thus allowing the Head of Internal Audit to provide an annual audit opinion on the adequacy and effectiveness of the Local Authority's framework of governance, risk management and control, together with reasons if the opinion is unfavourable.
- 5.2 Internal audit will also provide consultancy services, at the request of management. These reviews are advisory in nature and generally performed to facilitate improved governance, risk management and control. This work may contribute to the annual audit opinion.
- 5.3 Whichever role / remit is carried out by internal audit the scope is to be determined by internal audit, through discussions with senior management, however this scope will not be unduly bias nor shall it be restricted.
- 5.4 A risk based Strategic Internal Audit Plan will be developed each year to determine an appropriate level of risk based audit coverage required to generate an annual audit opinion. The plan will be derived from risk assessments, discussions with Senior Management and Audit Committee taking prior year's assurance results into account.

- 5.5 Each audit review will be designed to provide evidence based assurance over the management of risk and controls within that area. The results of each review will be shared with management so that any required improvements can be actioned to restore satisfactory systems of internal control.
- 5.6 It is management's responsibility to control the risk of fraud and corruption; however internal audit will be alert to such risks in all the work that is undertaken. In addition, the Head of Internal Audit are either responsible for, or is consulted on, related policy and strategy. These include for example; Counter Fraud, Corruption, Anti-Bribery, Whistleblowing, Anti-Money Laundering and includes the related promotion and training for officers and councillors.
- 5.7 Through the contract in place with TIAA Ltd, there are other services that can be provided, these include: fraud investigations, grant certification and digital forensics.

## **6 Independence and Objectivity**

- 6.1 Internal Audit must be sufficiently independent of the activities that are audited to enable an impartial, unbiased and effective professional judgement. All internal auditors working within Eastern Internal Audit Services, annually confirm their adherence the Code of Ethics, which sets out the minimum standards for performance and conduct. The four core principles are integrity, objectivity, confidentiality and competency.
- 6.2 The Internal Audit Team at South Norfolk Council, consisting of the Head of Internal Audit and the Internal Audit Trainee do not have any responsibility or authority over any activities outside of Internal Audit.
- 6.3 As contractors the TIAA Internal auditors have no operational responsibility or authority over any of the activities which they are required to review. They do not engage in any other activity, which would impair their judgement, objectivity or independence.
- 6.4 If the independence or objectivity of the Head of Internal Audit is impaired, or appears to be, the details of the impairment will be disclosed to senior management. The nature of the disclosure will depend upon the impairment.

## **7 Professional Standards**

- 7.1 The Internal Audit Service and all Internal Audit staff operate in accordance with all mandatory guidance within the PSIAS including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and Definition of Internal Auditing. Internal Auditors also have regard for the principles contained within the Standards of Public Life.

## **8 Internal Audit Resources**

- 8.1 The Head of Internal Audit will be professionally qualified (CMIIA, CCAB or equivalent) and have wide ranging internal audit management experience to enable them to deliver the responsibilities of the role.
- 8.2 The Head of Internal Audit is supported by the Internal Audit Trainee in ensuring the Internal Audit Service has access through the contract to a team of staff who have the appropriate range of knowledge, skills and experience to deliver the audit service.

## **9 Audit Planning**

- 9.1 The Internal Audit Manager develops a strategy, alongside a strategic and annual internal audit plan, using a risk-based approach.
- 9.2 The Internal Audit Strategy provides a clear direction for internal audit services and creates a link between the Charter, the strategic plan and the annual plan.
- 9.3 The annual internal audit plan of work, developed as per the Internal Audit Strategy, is derived using a risk-based approach, discussed with Senior Management and approved by the Audit Committee. The Internal Audit Manager is responsible for the delivery of the internal audit plan, which will be kept under regular review and reported to the Audit Committee.

## **10 Audit Reporting**

- 10.1 On conclusion of each assurance review included within the annual internal audit plan, a report will be provided to management giving an opinion on the adequacy of controls in place to manage risk. This report will provide an assurance level and associated recommendations to ensure that risks are appropriately addressed.
- 10.2 Management can choose not to accept / implement the recommendations raised, in all instances this will be reported through to Senior Management and the Audit Committee, especially in instances whereby there are no compensating controls justifying the course of action.
- 10.3 A Progress Report is periodically presented to the Audit Committee which includes the Executive Summary of all final reports, any significant changes to the approved plan and the performance of the contractor relative to completing the agreed plan.
- 10.4 A Follow Up Report is also periodically produced for the Audit Committee showing management progress against the implementation of agreed recommendations arising from internal audit assurance reports. The Internal Audit Team will verify and obtain evidence to demonstrate recommendation completion from responsible officers.
- 10.5 An Internal Audit Annual Report and Opinion is produced for Senior Management and the Audit Committee following the completion of the annual audit plan each financial year.
- 10.6 This report includes a summary of all Internal Audit work carried out, details of recommendations that have been implemented by management and the Annual Opinion.
- 10.7 The Annual Opinion is based on the overall adequacy and effectiveness of the Local Authority's framework of governance, risk management and control during the financial year, together with reasons if the opinion is unfavourable. This opinion is reached by considering the results from assurance reviews undertaken throughout the year.
- 10.8 The report also highlights any issues that are deemed particularly relevant to the Annual Governance Statement (AGS) and the results of the review of the effectiveness of internal audit.

## **11 Quality Assurance and Improvement Programme**

- 11.1 The standards require a quality assurance and improvement programme to be developed that covers all aspects of internal audit; including both internal and external assessments.



11.2 If an improvement plan is required as a result of the internal or external assessment, the Head of Internal Audit will coordinate appropriate action and report this to Senior Management and the Audit Committee, as part of the annual report and opinion.

### 11.3 Internal Assessment

11.3.1 Internal assessment includes the ongoing monitoring of the performance of the contractor through the performance measures. These form a key part of service management of the contract and are subject to quarterly reporting to the Head of Internal Audit for review.

11.3.2 On conclusion of audit reviews a feedback form is provided to the key officer identified during the audit process. Outcomes are reviewed and relevant improvements discussed with the contractor.

11.3.3 The standards also require periodic self-assessment in relation to the effectiveness of internal audit, the detail and outcomes of which are then forwarded to the Section 151 Officer or Section 17 Officer for their independent scrutiny, before the summary of which is provided to the Audit Committee as part of the annual report and opinion. This information enables the Committee to be assured that the internal audit service is operating in accordance with best practice.

### 11.4 External Assessment

11.4.1 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Organisation. This can be in the form of a full external quality assessment that involves interviews with relevant stakeholders, supported by examination of the internal audit approach and methodology leading to the completion of an independent report, or a validated self-assessment, which the Internal Audit Manager compiles against the PSIAS assessment tool, which is then validated by an external assessor/team. The full external quality assessment is the chosen option for Eastern Internal Audit Services.

11.4.2 An external assessment will:

- Provide an assessment on the internal audit function's conformance to the standards;
- Assess the performance of the internal audit activity in light of its charter, the expectations of the various boards and executive management;
- Identify opportunities and offer ideas and counsel for improving the performance of the internal audit activity, raising the value that internal audit provides to the organisation; and
- Benchmark the activities of the internal audit function against best practice.

11.4.3 In October 2022 Eastern Internal Audit Services was fully assessed by the Chartered Institute of Internal Auditors. The conclusion of the review was:

*"EIAS conforms with the vast majority of the Standards, as well as the Definition, Core Principles and the Code of Ethics, which form the mandatory elements of the PSIAS and the Institute of Internal Auditors' International Professional Practices Framework (IPPF), the globally recognised standard of quality in Internal Auditing".*

11.4.4 The next External Quality Assessment is scheduled for October 2027.

## APPENDIX 2 – INTERNAL AUDIT STRATEGY



### EASTERN INTERNAL AUDIT SERVICES

#### INTERNAL AUDIT STRATEGY FOR 2023/24

#### 1. Introduction

- 1.1 The Internal Audit Strategy is a high-level statement of;
- how the internal audit service will be delivered;
  - how internal audit services will be developed in accordance with the internal audit charter;
  - how internal audit services links to the organisational objectives and priorities; and
  - how the internal audit resource requirements have been assessed.

The provision of such a strategy is set out in the Public Sector Internal Audit Standards (the standards).

- 1.2 The purpose of the strategy is to define the objectives, function, the approach, resources and processes needed to achieve Internal audit service, providing a clear link between the Charter and the annual plan.
- 1.3 Throughout this strategy the term 'The Authority' or 'Authority' references any member of the Eastern Internal Audit Services Consortium. The term 'Audit Committee' is used throughout to refer to each Authorities Audit Committee or equivalent.

#### 2. How the internal audit service will be delivered

- 2.1 The Role of the Head of Internal Audit and contract management is provided by South Norfolk Council to; Breckland, Broadland, North Norfolk and South Norfolk District Councils, Great Yarmouth Borough Council, Norwich City Council and the Broads Authority. All Authorities are bound by a Partnership Agreement.
- 2.2 The delivery of the internal audit plans for each Authority is provided by an external audit contractor, who reports directly to the Head of Internal Audit at South Norfolk Council. The internal audit work is delivered by an outsourced provider, TIAA Ltd. The contract for this service commenced from 1 April 2022 ending 31 March 2027 with the option to extend for a further term of two plus two.

#### 3. How internal audit services will be developed in accordance with the internal audit charter

##### 3.1 Internal Audit objective and outcomes

- 3.1.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Authority's operations. It helps the Authority accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- 3.1.2 The outcomes of the internal audit service are detailed in the Internal Audit Charter and can be summarised as; delivering a risk-based audit plan in a professional, independent manner, to provide the Authority with an opinion on the level of assurance it can place upon the internal control environment, systems of risk management and corporate governance arrangements, and to make recommendations to improve these provisions, where further development would be beneficial.
- 3.1.3 The reporting of the outcomes from internal audit is through direct reports to senior management in respect of the areas reviewed under their remit, in the form of an audit report. The Audit Committee and the S151/S17 Officer also receive:
- The Audit Plans Report, which is risk based and forms the next financial year's plan of work; and
  - The Annual Report and Opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.
- 3.2 Internal Audit Planning
- 3.2.1 A risk-based internal audit plan (RBIA) is established in consultation with senior management that identifies where assurance and consultancy is required.
- 3.2.2 The audit plan establishes a link between the proposed audit areas and the priorities and risks of the Authority considering:
- Stakeholder expectations, and feedback from senior and operational managers;
  - Objectives set in the strategic plan and business plans;
  - Risk maturity in the organisation to provide an indication of the reliability of risk registers;
  - Management's identification and response to risk, including risk mitigation strategies and levels of residual risk;
  - Legal and regulatory requirements;
  - The audit universe – all of the audits that could be performed; and
  - Previous Internal Audit plans and the results of audit engagements.
- 3.2.3 In order to ensure that the internal audit service adds value to the Authority, assurance should be provided that major business risks are being managed appropriately, along with providing assurance over the system of internal control, risk management and governance processes.
- 3.2.4 Risk based internal audit planning starts with the Authority's Business Plan, linking through to the priority areas and the related high-level objectives. The focus is then on the risks, and opportunities, that may hinder, or help, the achievement of the objectives. The approach also focuses on the upcoming projects and developments for the Authority.
- 3.2.5 The approach ensures; better and earlier identification of risks and increased ability to control them; greater coherence with the Authority's priorities; an opportunity to engage with stakeholders; the Committee and Senior Management better understand how the internal audit service helps to accomplish its objectives; and this ensures that best practice is followed.
- 3.2.6 The key distinction with establishing plans derived from a risk based internal audit approach is that the focus should be to understand and analyse management's assessment of risk and to base audit plans and efforts around that process.

3.2.7 Consultation with the S151/S17 Officer and Senior Management takes place through discussion during which current and future developments, changes, risks and areas of concern are considered and the plan amended accordingly to take these into account.

3.2.8 The outcome of this populates the annual internal audit plan, which is discussed with and approved by senior management prior to these being endorsed by the Audit Committee. In addition, External Audit is also provided with details of the plans.

### 3.3 Internal Audit Annual Opinion

3.3.1 The annual opinion provides Senior Management and the Audit Committee with an assessment of the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

3.3.2 The opinion is based upon:

- The summary of the internal audit work carried out;
- The follow up of management action taken to ensure implementation of agreed action as at financial year end;
- Any reliance placed upon third party assurances;
- Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
- The Annual Review of the Effectiveness of Internal Audit, which includes;
  - A statement on conformance with the Public Sector Internal Audit standards 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.

3.3.3 In order to achieve the above, Internal Audit operates within the standards and uses a risk based approach to audit planning and to each audit assignment undertaken. The control environment for each audit area reviewed is assessed for its adequacy and effectiveness of the controls and an assurance rating applied.

## **4. How internal audit services links to the organisational objectives and priorities**

4.1 In addition to the approach taken as outlined in section 3.2 (Internal Audit Planning), which ensures that the service links to each Authorities objectives and priorities and thereby through the risk based approach adds value, internal audit also ensure an awareness is maintained of local and national issues and risks.

4.2 The annual audit planning process ensures that new or emerging risks are identified and considered at a local level. This strategy ensures that the planning process is all encompassing and reviews the records held by the Authority in respect of risks and issue logs and registers, reports that are taken through the Authority Committee meetings, and through extensive discussions with senior management.

4.3 Awareness of national issues is maintained through the contract in place with the external internal audit provider through regular "horizon scanning" updates, and annually a particular focus provided on issues to be considered during the planning process. Membership and subscription to professional bodies such as the Institute of Internal Auditors and the CIPFA on-line query service, liaison with External Audit, and networking, all help to ensure developments are noted and incorporated where appropriate.

- 4.4 Each Authorities risk profile will be evaluated throughout each year, and if required, amendments to the Internal Audit Plan will suggested for approval to ensure that Internal Audit coverage continues to focus on providing assurance over the Authorities key risks.
- 4.5 Coverage and testing plans for each audit are determined using the following principles:
- The number of days allocated to each review is considered based on the complexity of the area being audited factoring in audit scoping, testing time and quality assurance processes.
  - Key management assurance controls will be prioritised during testing to confirm that risks identified by the service area and internal audit during scoping are being monitored and managed.
  - Ordinarily, samples for each control tested will be selected to cover a 12-month period to ensure that internal audit coverage supports the annual internal audit opinion.
  - Testing sample sizes will ordinarily be based on the frequency of the control. By way of example; for each key financial control carried out weekly, a sample of four, one in each quarter across the year will be selected.
  - Testing samples will be selected randomly and objectively to provide a balanced view on the strength of the controls in place.
  - Where applicable data analytics will be used to test 100% of the available sample. The Internal Audit team will aim to increase the opportunities to adopt data analytics in their work to provide greater levels of assurance.

## **5. How internal audit resource requirements have been assessed**

- 5.1 The in-house Internal Audit team at South Norfolk Council consists of the Head of Internal Audit who is a Chartered professional and an Internal Audit Trainee, currently training to become part qualified with the Chartered Institute of Internal Auditors.
- 5.2 These resources are used to contract manage the outsourced provider effectively, ensuring that the key performance measures of the service are met on behalf of consortium members. The team also provides Internal Audit management support to one other Council outside of the Consortium.
- 5.3 The Internal Audit Trainee has recently been appointed to enhance continuity arrangements and contribute towards building succession opportunities within the Consortium.
- 5.4 Through utilising a contractor, the risk based internal audit plan can be developed without having to take into account the existing resources, as you would with an in-house team, thus ensuring that audit coverage for the year is appropriate to the Authority's needs and not tied to a particular resource.
- 5.5 A core team of staff is provided by the contractor to deliver the audit plan, and these staff bring with them considerable public sector knowledge and experience. These core staff can be supplemented with additional staff should the audit plan require it, and in addition specialists, e.g. information technology auditors, contract auditor, fraud specialists, can be drafted in to assist in completing the internal audit plan and focusing on particular areas of specialism.
- 5.6 All audit professionals are encouraged to continually develop their skills and knowledge through various training routes; formal courses of study, in-house training, seminars and

webinars. As part of the contract with TIAA Ltd the contractor needs to ensure that each member of staff completes a day's training per quarter.

- 5.7 The recent External Quality Assessment has highlighted that the internal audit service needs to invest in skills relating to Data Analytics to ensure audits are carried out to take full advantage of the benefits that can be realised from this audit technique.
- 5.8 In 2022/23, the team made the first steps to develop a data analytics strategy by undertaking training in this area. The contractor has also been developing data analytic capabilities within its auditing of financial key controls audits. A commitment has been made to ensure that by 2025/26 each internal audit review regardless of area will incorporate some data analytics testing. Where systems data is not available to support such tests, a recommendation will be highlighted with the aim of encouraging the development of data maturity.
- 5.9 In addition to the above, in order to support the internal audit function to deliver the service using the latest best practice from the internal auditing profession, subject matter leads have been assigned to each new subject area such as climate and sustainability, culture and AI Data Analytics. Each subject matter lead will proactively seek training and guidance for their assigned area and will be responsible for upskilling the rest of the team.
- 5.10 The above-mentioned arrangements ensure that the Internal Audit Service can respond effectively to the assurance needs of each Authority whilst ensuring that the core team used are sufficiently qualified and experienced.  
and experience.

## APPENDIX 3 – STRATEGIC INTERNAL AUDIT PLAN

Audit Area	Last review & assurance	Associated Risk	Justification	2023/24	2024/25	2025/26	2026/27
<b>Annual Opinion / Governance audits</b>							
Key Controls and Assurance	2021/22 - Reasonable 2022/23 - TBC		Annual assurance required for annual opinion	30	20	30	20
Corporate Governance inc GDPR	2019/20 - Reasonable 2020/21 - Reasonable		Regular assurance required for annual opinion.	20			18
FOIs and Complaints	New area		Regulatory and reputational risks associated with this area.	12			
Business Continuity, Emergency Planning	2022/23 - TBC					16	
Performance Management, Business Planning	2016/17 - Substantial 2021/22 - Reasonable				16		
Procurement and Contract Management	2020/21 Position Statement 2022/23 - TBC				30		
Project Management	New area			14			
Risk Management	2022/23 - Position Statement					24	
Covid-19 relief grants	2022/23 - TBC						
Counter Fraud and Corruption Framework	2021/22 - Limited				15		
Annual Governance Statement	2021/22 - Substantial						15
Collaboration Feasibility/Accommodation	New area	Medium risk - The Council is unable to take advantage of the benefits and opportunities from collaborative working and other key partners through autonomous policy decision-making	Review scheduled for 2024/25 to provide independent assurance covering the original benefits and opportunities identified.		20		
South Norfolk only - Big Sky	2022/23 - Position Statement						15
Broadland only - Broadland Growth	2019/20 Reasonable				10		
Corporate Health and Safety	2021/22 - Substantial					20	
<b>Fundamental Financial Systems</b>							
Accountancy Services - includes control accounts, banking, bank reconciliation, asset register, budgetary control and treasury management	2019/20 - Reasonable 2021/22 - Reasonable	Medium High Risk - Financial - the Council fails to anticipate and respond to large scale changes in the external environment that impacts on our ability to deliver our MTFP	Regular assurance provided on controls relating to budgeting, financial management of assets and treasury management.	30		30	
Accounts Payable (insurance)	2018/19 - Reasonable 2022/23 - Limited				20		20
Accounts Receivable/Income	2019/20 - Substantial 2021/22 - Limited			24		24	
Payroll and Human Resources	2018/19 Reasonable 2022/23 - TBC	Medium High Risk - Capability and capacity does not meet organisational requirements	Audit planned for 2024/25 covering recruitment and retention.		16		16
Council Tax and NNDR	2018/19 Substantial 2022/23 - TBC				24		30
Covid-19 Business Grants	2021/22 - Reasonable						
Housing Benefit and Local Council Tax Support	2018/19 Reasonable 2022/23 - Reasonable				24		30

Audit Area	Last review & assurance	Associated Risk	Justification	2023/24	2024/25	2025/26	2026/27
<b>Service Area Audits</b>							
<b>Economic Growth</b>							
Economic Development	2020/21 - Position Statement 2022/23 - TBC	High Medium Risk - The Council fails to take advantage and act quickly and proactively on the opportunities of Local Government Reform and devolution	Audit covering mitigation of this risk being completed for 2022/23.			20	
Housing Strategy Affordable Housing	2022/23 Deferred	High Medium - There is insufficient private and social housing stock to meet the demand of the Council, and temporary accommodation.	Audit covering Council's ability to manage homelessness and temporary accommodation in 2022/23. Review of Housing Strategy planned for 2024/25 once strategy has been re-defined to manage this risk.		14		
Environmental Strategy	New area				16		
Community Assets	2022/23 - Reasonable						18
Car Parking	New area		Management of car parking arrangements and income not reviewed before.	16			
Tourism and Market Towns	New area					20	
<b>Chief of Staff</b>							
Democratic Services, Training, Allowances & expenses	2013/14 - Reasonable 2016/17 - Position Statement						12
Communications and Marketing	New area					16	
Legal services	Not reviewed recently.		Management of legal services arrangements not reviewed recently.	20			
Elections and Electoral Registration	2015/16 - Substantial 2022/23 - Substantial						16
<b>Regulatory</b>							
Environmental - includes emergency planning, community safety, food safety, food Health and Safety enforcement, environmental protection, dog contract out of hours, licensing and pollution control - Deferred from 2020/21	2018/19 Reasonable 2021/22 - Reasonable	Medium Risk - Failure to provide a regulatory function that meets the demand and statutory requirements arising from a fast-changing external environment. Big resignation, labour market is shrinking, employee driven labour market	Regulatory compliance with surveillance highlighted as a risk.	14		20	



Audit Area	Last review & assurance	Associated Risk	Justification	2023/24	2024/25	2025/26	2026/27
<b>Service Area Audits</b>							
<b>Community Services</b>							
Waste Management - includes contract monitoring, income collection & monitoring, pest control, refuse collection, street cleansing, recycling, clinical waste, abandoned vehicles and grounds maintenance - Deferred from 2020/21	2016/17 - Reasonable Broadland 2019/20 - Reasonable South Norfolk	High Medium - Increasing energy costs for leisure and depot, plus unsecure or disruption to supply of fuel (gas/diesel/HVO) (South Norfolk ONLY)	A review of waste management arrangement is scheduled for both Councils in 2023/24.	24			
South Norfolk only - Leisure	2019/20 - Reasonable 2022/23 - TBC	High Medium Risk - The Council is unable to maintain memberships and income levels at its Leisure Centres as a consequence of Covid-19 South Norfolk ONLY  High Medium Risk - Increasing energy costs for leisure and depot, plus unsecure or disruption to supply of fuel (gas/diesel/HVO) – South Norfolk ONLY	A review of Leisure is due to take place Q4 of 2022/23 covering income recovery and operational costs.			15	
<b>Individuals and Families</b>							
Community Activity including Leisure. Assets of Community Value and Early Help Hub.	2022/23 - Reasonable	High Medium Risk - As a consequence of the cost-of-living crisis, there may be a significantly increased demand for Council services	A review of arrangements for managing cost of living crisis is planned for 2023/24	20			18
Private Sector Housing - includes DFGs, grants and loans	2016/17 - Substantial 2019/20 - Substantial				20		
Safeguarding and Wellbeing	New area	High Medium - The safeguarding and welfare of Ukrainian refugees arriving in South Norfolk and Broadland. The reputational risk and extra strain on Council services if placements breakdown.	Discussions with service area indicate this risk has significantly reduced. Internal Audit to monitor and bring forward in plan if necessary.		16		
Homelessness, Home Options and Private Sector Leasing	2019/20 - Limited 2021/22 - Reasonable	High Medium - There is insufficient private and social housing stock to meet the demand of the Council, and temporary accommodation.	Review scheduled for 2023/24 to provide assurance on the management of temporary accommodation assets.	20			20

Audit Area	Last review & assurance	Associated Risk	Justification	2023/24	2024/25	2025/26	2026/27
<b>Service Area Audits</b>							
<b>Planning</b>							
South Norfolk only - CNC Building Control	2016/17 - Reasonable 2018/19 - Reasonable				12		
Planning and development management	2017/18 - Reasonable 2019/20 - Reasonable	High Medium - The inability to find Gypsy and Traveller sites to meet the need and enable the Greater Norwich Local Plan to be found sound.	Audit scheduled for 2023/24 to provide assurance on management of planning processes.	20		20	
Nutrient Neutrality	New area	Very High Risk - Nutrients Neutrality advice impacts all planning decisions for overnight accommodations	Position statement suggested for 2023/24 covering governance arrangements for new joint venture.	10		10	
<b>ICT Audits</b>							
Cyber Security	2018/19 Reasonable 2021/22 - Limited	High Medium - there is a heightened threat of a successful cyber attack in the current climate due to the volatile situation in Ukraine and the potential for state-sponsored attacks to NATO members, including in the UK	Security controls were evaluated as part of 2021/22 work and will be followed up in a review covering prevention and recovery in 2023/24 when the Council's system have migrated over to the Horizon Centre.	20		12	
Disaster Recovery	2019/20 - Reasonable 2021/22 - Limited						12
Remote Access	2020/21 - Reasonable					10	
Service Desk	2020/21 - Reasonable			14			
Digital Strategy	New area				20		
Data Centre	2019/20 Position Statement						
Information management	New area				20		
Post-implementation Finance System	2022/23 - Position Statement						
IT audit reviews to be determined						18	28
<b>Follow Up of audit recommendations</b>							
Follow up of agreed audit recommendations				16	16	16	16
<b>Total number of days</b>				<b>324</b>	<b>329</b>	<b>321</b>	<b>304</b>

## APPENDIX 4 - Annual Internal Audit Plan 2023/24

Audit Area	No of days	Q1	Q2	Q3	Q4	Joint	Notes
<b>Annual Opinion Governance Audits</b>							
Key Controls and Assurance	30				30	√	This is an annual review of key financial controls and informs the Head of Internal Audit's overall opinion on the control environment and feeds into the Statement of Accounts. For those systems not subject to a full audit review within the year, assurance will be provided.
Corporate Governance, incl. GDPR	20			20		√	Assurance is typically provided on corporate governance every other year to support the Internal Audit Opinion. The last review was undertaken in 2020/21 and a reasonable assurance grading was given. The Corporate Governance audit for 2023/24 will provide assurance that decision making is undertaken in accordance with each of the Councils' Constitutions and that Cabinet and the supporting committees are functioning adequately in line with their agreed terms of reference. This review will also provide high level assurance on the management of compliance with data protection legislation such as the reporting and investigation of breaches, and retention arrangements.
FOIs and Complaints	12		12			√	A review of this area has not been carried out at the Councils before. A review of Freedom of Information Requests and Complaints will be undertaken evaluate response times, validate performance information to provide assurance that the Councils' procedures, legislative requirements and the expectations of customers are being met.
Project Management	14		14			√	A review of this area has not been carried out at the Councils before. A Position Statement will be completed offering insight into the Councils project management framework covering the resourcing, approval, management and reporting of key projects. Arrangements will be evaluated against best practice and examples of other PMO's across the Consortium.
<b>Fundamental Financial Systems</b>							
Accountancy Services	30			30		√	This key financial system feeds into the Statement of Accounts and requires regular review to confirm the adequacy and effectiveness of controls in this area. The Councils have a medium strategic risk raised on failing to anticipate and respond to large scale changes in the external environment that would impact on the Councils' ability to deliver the MTFP. The Accountancy Services review will provide assurance that budgets are being managed robustly.
Accounts Receivable/Income	24				24	√	This key financial system feeds into the Statement of Accounts and requires regular review to confirm the adequacy and effectiveness of controls in this area.

Audit Area	No of days	Q1	Q2	Q3	Q4	Joint	Notes
<b>Service area audits</b>							
Car Parks	16			16		√	A review of this area has not been carried out at the Councils before. Subject to potential revisions to car parking charges, this review will provide assurance over the application of car parking fees and charges and provide assurance over the arrangements for managing car parking income.
Legal Services	20	20				√	This area has not been reviewed at the Councils before. This audit will provide assurance that legal services' budgets are well managed, legal services are instructed in accordance with agreed procedures and that the SLAs between the Councils and each provider are being upheld.
Surveillance and Investigatory Powers	14	14				√	A review of this area has not been carried out at the Councils before. A Medium Risk has been raised relating to non compliance with regulatory requirements due to resourcing/skills constraints brought about from a fast-changing external environment. The Councils are likely to be subject to a RIPA inspection in 2023/24. In preparation for this, the audit will provide assurance that the Councils are able to demonstrate that they are adhering to the newly revised RIPA policy and its requirements and that staff are well informed of their obligations under the Act.
Waste Management	24			24		2 separate reports to be produced reflecting different arrangements	<p>This area has not been covered at Broadland since 2016/17. A high medium strategic risk has been raised at SNC in regards to increasing energy costs for the depot; and disruption to supply of fuel. In addition to this, a new depot is required at SNC to safeguard the resilience of the service in the long term and to adhere to Health and Safety Requirements. An audit will be carried out covering waste management arrangements separately for both SNC and BDC.</p> <p>For Broadland there will be focus on the robustness of contract management arrangements and at South Norfolk, service management along with a review of management information to support the effectiveness of commercial waste collection services.</p> <p>Both audits will cover the Council's preparedness for any changes that may be required as part of the governments waste consultation.</p>
Early Help Hub	20		20			√	A high medium strategic risk has been raised in the strategic risk register in relation to the cost of living crisis and increased demand for Council services. This review will provide assurance over the measures that have been put in place during winter of 2022/23 to help residents tackle the impacts of cost of living, as well as any lessons learned.

Audit Area	No of days	Q1	Q2	Q3	Q4	Joint	Notes
<b>Service area audits</b>							
Homelessness and Home Options	20	20				√	A high medium strategic risk has been raised in the strategic risk register in relation to insufficient private and social housing stock to meet the demands of the Councils and temporary accommodation. This is due to the impacts from the pandemic, cost of living and Homes for Ukraine initiative. A review was last carried out in 2021/22, resulting in a reasonable assurance grading. An audit will be carried out to review whether the service is being delivered in accordance with statutory obligations such as action taken to prevent homelessness. The audit will also evaluate the Councils management of newly acquired temporary accommodation, providing assurance that Health and Safety obligations are being met.
Planning and Development Management	20				20	√	This area was last reviewed in 2019/20 and was given a reasonable assurance grading. A high medium strategic risk has been raised in the strategic risk register in relation to an inability to find Gypsy and Traveller sites to meet the need and enable the Greater Norfolk Local Plan to be found sound. A new planning system is also due to be in place in the new financial year. This audit will provide assurance that the Councils' planning processes are efficient, effective and consistent across both Councils. We will provide assurance on the management of pre application fees, Committee reporting and decisions, and performance in relation to determining applications within the statutory timeframes. The audit will provide assurance to the progress in mitigating risks raised regarding the identification of new Gypsy and Traveller sites.
Nutrient Neutrality	10				10	√	A very high scoring risk has been identified relating to Nutrients Neutrality advice impacting all planning decisions for overnight accommodation. A Position Statement is proposed to be carried out in the event that a Joint Venture company is set up to mitigate the impact of this risk by supporting local development. The audit will evaluate the robustness of governance arrangements for the new joint venture.
<b>ICT Audits</b>							
Cyber Security and Disaster Recovery	20			20		√	A high medium scoring risk has been raised in the strategic risk register relating to a heightened threat of a successful cyber attack. Both Cyber Security, and Disaster Recovery were last reviewed in 2021/22, resulting in a limited assurance grading. A follow up review will be undertaken providing assurance on any improvements made the Council's ability to prevent and recover IT systems in the event of an incident following the move to the Horizon Centre.
Service Desk	14	14				√	A review of service desk was last carried out in 2020/21, resulting in Reasonable assurance. Our review will provide assurance that the service desk able to demonstrate that it delivers assistance to the Council's in accordance with the SLA for the timely management and resolution of incidents.
<b>Follow Up of audit recommendations</b>							
Follow up of agreed internal audit recommendations Broadland and South Norfolk	16	4	4	4	4	√	Bi-monthly follow up of agreed recommendations and evidence of closure verified.
<b>Total number of days</b>	<b>324</b>	<b>72</b>	<b>50</b>	<b>114</b>	<b>88</b>		
<b>Total number of days Broadland</b>	<b>162</b>						
<b>Total number of days South Norfolk</b>	<b>162</b>						

## APPENDIX 5 – Assurance Map Top 5 Strategic Risks 2023/24

Risk	First Line Assurance	Second Line Assurance	Third Line Assurance
<p><b>Risk – Nutrients Neutrality advice impacts all planning decisions for overnight accommodations.</b></p> <p><b>Consequence – Potential adverse impact upon the ability to demonstrate delivery of sites in Five Year Land Supply leading to speculative development pressures outside of the affected catchment area.</b></p>	<p>The Council is working on mitigating this risk with local planning authorities. A partnership has been set up to explore the options of a joint venture.</p> <p>Regular updates to members and portfolio holder.</p> <p>Options paper to be presented to Council for decision.</p>	<p>Regular updates on progress to mitigate the nutrient neutrality risk are discussed with Natural England through the partnership.</p> <p>Strategic risk monitored at senior management level and at Committee level.</p> <p>Legal advice is received by the Council on the set up of the joint venture.</p>	<p><b>A position statement is proposed for later in 2023/24 to provide assurance over the set up of and governance arrangements for a joint venture arrangement if this progresses.</b></p>
<p><b>Risk - There is insufficient private and social housing stock to meet the demand on the Council, and temporary accommodation</b></p> <p><b>Consequence - Unable to provide housing which results in blockages within temporary accommodation. This will result in increased costs and poorer outcomes for vulnerable residents.</b></p>	<p>Performance measured; Percentage successful intervention to prevent or relieve homelessness for customers who are homeless or at risk of becoming homeless. In Q3 this measure was in green status.</p> <p>Close monitoring of temporary accommodation budget which is overspent in 2022/23.</p> <p>Team looking viability of purchasing temporary accommodation.</p>	<p>A peer review on Temporary Accommodation has been carried out by Steve Williams in Waste Services regarding Health and Safety. The report has not highlighted any major issues.</p> <p>A best practice group is set up which is attended by staff representatives. Information is also regularly passed on from the LGA.</p>	<p><b>Independent assurance to be provided covering the management arrangements of temporary accommodation with a particular focus on Health and Safety in 2023/24.</b></p>
<p><b>The inability to find Gypsy and Traveller sites to meet the need and enable the Greater Norwich Local Plan to be found sound</b></p> <p><b>Consequence- The local plan will not be found sound which leaves the Council without an adopted local plan and open to speculative development</b></p>	<p>Regular progress updates provided to Cabinet.</p>	<p>Working with Greater Norwich partners to identify appropriate G&amp;T sites.</p> <p>The Council's are working with the Planning Inspectorate to understand how potential sites will be considered through Main Modifications, and the impact this will have on the timetable for adoption of the plan.</p>	<p><b>Planning and Development Management will be reviewed by Internal Audit in 2023/24. An update on local plan consultation arrangements will be provided.</b></p>



Risk	First Line Assurance	Second Line Assurance	Third Line Assurance
<p><b>As a consequence of the cost-of-living crisis, there may be a significantly increased demand for Council services</b></p>	<p>Performance measure reported against - Numbers of vulnerable residents supported by our discretionary prevention services. This measure was in green status for Q3 2022/23.</p> <p>Programme manager is in post to manage the council's humanitarian and community response to the cost-of-living crisis.</p>	<p>A report will be taken to Scrutiny Committee in August/September 2023, to outline outcomes/successes/lessons learned from the measures that have been put in place over winter 2022/23 to help residents tackle impacts of cost of living.</p>	<p><b>A review is due to be carried out in 2023/24 to support the September 2023 lessons learned work covering the cost of living interventions over winter 2022/23.</b></p>
<p><b>Risk - Capability and capacity does not meet organisational requirements. Consequence - Poor standards of service delivery, service disruption, slow or minimal transformation and inability to meet savings targets as a result. This could also lead to budget underspends if the lack of capacity leads to projects being delayed.</b></p>	<p>Management, Leadership Training and Development in progress.</p> <p>Regular Budget Monitoring.</p> <p>Performance measures regularly reported against for; Percentage of the organisations workforce who are apprentices and graduate entry roles. Retention, staff satisfaction, absence/sickness reporting also produced for CLT and Cabinet.</p>	<p>Independent staff surveys carried out regularly to take temperature of workforce.</p> <p>Local authority benchmarking across the region and wider to ensure pay and benefits on a role specific basis remain comparable and competitive.</p>	<p><b>Bi-annual review of HR and Payroll undertaken. Audit scheduled for 2024/25 covering retention/recruitment practice.</b></p>

## **Annual Report of the Audit Committee 2022/2023**

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**Portfolio:** Finance

**Wards Affected:** All

### **Purpose of the Report:**

This report summarises the work of the Audit Committee during 2022/23, confirms that it has operated in accordance with its Terms of Reference, has sought to comply with best practice and has demonstrated effective challenge during its meetings.

### **Recommendations:**

1. To recommend that Council approves the content of the Annual Report of the Audit Committee.



## **1 SUMMARY**

- 1.1 The Terms of Reference of the Audit Committee require 'A formal Annual Report of the Committee's work and performance during the year to Council.'
- 1.2 The purpose of this report is, therefore, to summarise the work of the Audit Committee during 2022/23, confirm that it has operated in accordance with its Terms of Reference, has sought to comply with best practice and has demonstrated effective challenge during its meetings.
- 1.3 This report looks back over 2022/23 and examines the range of reports which have been brought to the attention of the Committee by Finance, Internal Audit and External Audit.

## **2 BACKGROUND**

- 2.1 Broadland District Council's Audit Committee has been meeting on a regular basis since its inaugural meeting on the 23 August 2012, following approval of the Terms of Reference by Council.
- 2.2 The Committee was established to play a pivotal role in the delivery of corporate governance at the authority, improve standards of internal control, review financial information including such items as the Annual Statement of Accounts, and to allow for more specialist consideration to be given to Internal and External Audit related matters, and Risk Management provisions. This wide-ranging remit ensures that the Committee is meeting best practice.
- 2.3 This is the eleventh year that an Annual Report has been produced, which sets out to analyse the work of the Audit Committee and in doing so fulfil the requirements within the Terms of Reference of the Committee and to demonstrate compliance with best practice.

## **3 CURRENT POSITION**

- 3.1 The Committee have met on four occasions so far in 2022/23, (July 2022, September 2022, October 2022 and January 2023). A further meeting is scheduled for March 2023. A review of the minutes from meetings highlights that attendance by members is high, with apologies provided where needed. There has also been a consistently strong level of officer support throughout the year, with representation from Finance, Internal Audit, the Council's External Auditors and officers attending to present reports as required.
- 3.2 The Terms of Reference of the Audit Committee are established in the Constitution and emphasise how the Committee is to champion governance arrangements at the authority and follow best practice.
- 3.3 The Committee also ensures that it operates to the highest standards, and with this in mind, a self-assessment exercise is undertaken. The assessment ensures

that the Committee continues to meet best practice and identifies where improvements would be beneficial.

- 3.4 The Committee is due to carry out its annual self-assessment exercise again at the March 2023 meeting.
- 3.5 A rolling work programme is in place which is reviewed and discussed at each meeting, to ensure reports are considered and received by the Committee at appropriate times over the course of the year.
- 3.6 The Committee have discussed the comments made by the Peer Review in 2022, which stated that “the external auditors recognised the Audit Committee at South Norfolk Council was more effective in its oversight of financial reporting, internal controls and risk, with a good approach to support and challenge”. The Committee have taken onboard the comments made and have sought further clarification from the external auditors Ernst & Young (EY). They have also resolved to attend meetings of South Norfolk’s Finance, Resources, Audit and Governance (FRAG) Committee.

#### **Overview of key items considered and reviewed**

##### **3.7 Annual Governance Statement 2021/22**

The Annual Governance Statement was considered at the July 2022 meeting where members considered the current governance arrangements of the Council. The Chief of Staff explained that the Statement was subject to the outcome of the Head of Internal Audit’s Opinion Report. The statement was approved at the meeting, subject to suggested amendments.

##### **3.8 Counter Fraud Service**

In July 2022, the Assistant Director of Finance updated members on the Counter Fraud Service following the Limited Assurance received from Internal Audit. He explained that Anglia Revenue Partnership (ARP) had been commissioned to carry out a review and provide options as to how the counter fraud service could be delivered in future, these options were then presented to Cabinet for decision.

##### **3.9 Independent Persons of the Audit Committee**

The Committee considered a report which outlined the proposal for appointing Independent Person’s to the Audit Committee, as per CIPFA guidance. Members expressed their support in principle for appointing an Independent Person onto the Committee and endorsed the potential benefits this would have. They then recommended to Council that steps be taken to fully investigate the appropriateness of appointing an Independent Person to the Audit Committee.

### 3.10 Statement of Accounts

At its meeting in October 2022, the Committee received the final Statement of Accounts for 2020/21. Officers advised of the changes made to the Statement since the draft version. With regard to the inclusion of a bad debt provision for sundry debtors, members were advised that it would not be included for the 2020/21 statement of accounts. However, it would be included in future years. The Committee noted the adjustments made and resolved to delegate to the Chairman of the Audit Committee to sign the letter of representation.

In January 2023, the Assistant Director of Finance presented the draft Statement of Accounts for 2021/22 and highlighted key areas of the accounts. Members noted that the gross income for the Corporate Costs account was significantly higher than in previous years, and it was explained that this was due to the receipt of the Council's share of the gain from the pooling of business rates income across Norfolk.

### 3.11 External Audit

There had been delays to the external audit work as a result of the ongoing effects of the Covid-19 Pandemic as well as EY's resource shortages. The Committee and officers had been regularly monitoring the effect of these delays. A verbal update was presented to the Committee at its meeting in September 2022 where it was highlighted that the Chairman, alongside the Chairman of South Norfolk's FRAG Committee, wrote to Public Sector Audit Appointments (PSAA) Ltd (as the appointing body) to express both Council's disappointment in the delays to the 2020/21 external audit.

The Audit Results Report for 2020/21 was presented by EY at the Audit Committee meeting on 27 October 2022. Members were informed of the recommendations made by EY with regard to internal control. It was noted that EY were recommending a clean unqualified audit opinion for 2020/21.

### 3.12 Internal Audit

On an annual basis the Committee reviews and approves the Strategic and Annual Internal Audit Plan for the forthcoming year. The Committee then regularly receives updates on the progress of the completion of the plan of work and the position with the action taken by management to progress audit recommendations. Finally, at the end of the financial year, the Annual Report and Opinion of the Head of Internal Audit is considered by the Committee in terms of the conclusions made in relation to the adequacy and effectiveness of the Council's framework of governance, risk management and control.

The Audit Plan was received and approved by the Committee in March 2022. Although there have been some delays with issuing reports, the Head of Internal Audit has been keeping a close eye on the progress and continues to report this to

the Committee. At the January 2023 meeting there were two important recommendations outstanding for 2020/21 and for 2021/22 there were 3 urgent and 13 important recommendations outstanding.

### 3.13 Strategic Risk Update

The Committee met informally in early January 2023 to discuss the results of the recent risk maturity assessment undertaken by the Internal Audit team. A subsequent meeting was held between the Audit Committee and Cabinet to discuss the suggested actions. It was agreed that the Strategic Risk Register (SRR) was added onto the Audit Committee agenda for the January 2023 meeting.

The Committee reviewed the SRR at the January 2023 meeting and were due to consider it again at the March 2023 meeting.

At the meeting in January 2023, the Committee suggested that the risk management policy be revised to outline how Cabinet would be kept up to date on risks and mitigations by the Corporate Leadership Team (CLT). It was also agreed that the SRR be updated to reflect the portfolio(s) associated with each risk.

### 3.14 The following items will be considered at the March 2023 meeting:

- Strategic and Annual Internal Audit Plan 2023/24
- Annual Report of the Audit Committee
- Self-Assessment of the Audit Committee
- Strategic Risk Update

## 4 PROPOSED ACTION

- 4.1 To receive the report on the work undertaken by the Audit Committee during 2022/23 and approve the contents of the Annual Report.

## 5 OTHER OPTIONS

- 5.1 Not applicable to this report.

## 6 ISSUES AND RISKS

- 6.1 **Resource Implications** –not applicable to this report.
- 6.2 **Legal Implications** – not applicable to this report.
- 6.3 **Equality Implications** – not applicable this report.

6.4 **Environmental Impact** – not applicable to this report.

6.5 **Crime and Disorder** – not applicable to this report.

6.6 **Risks** - not applicable to this report.

## **7 CONCLUSION**

7.1 This report highlights that the Committee continues to operate in accordance with best practice. It plays an important part in the Council's governance framework, remaining an active Committee and ensuring that it delivers its remit and reviews a wide range of items, providing an appropriate level of support.

## **8 RECOMMENDATIONS**

8.1 To recommend that Council approves the content of the Annual Report of the Audit Committee.

## **SELF ASSESSMENT AUDIT COMMITTEE**

**Report Author:** Faye Haywood  
Head of Internal Audit  
01508 533873  
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**Portfolio:** Finance

**Wards Affected:** All

### **Purpose of the Report:**

It is considered good practice for audit committees to complete a regular self-assessment exercise, to be satisfied that the committee is performing effectively. This report provides the results of the assessment undertaken in March 2022 for review and update.

### **Recommendations:**

1. That the Audit Committee discuss the attached checklist at Appendix 1 from 2022 and consider whether any of the scoring requires amending or whether improvement actions need to be developed in any areas.

## Background

- 1.1 The Chartered Institute for Public Finance and Accountancy (CIPFA) document on “audit committees - practical guidance for local authorities and police” sets out the guidance on the function and operation of audit committees. It represents CIPFA’s view of best practice. The guidance states “the purpose of an audit committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes”.
- 1.2 In 2022 CIPFA updated its advice and guidance for Local Authority Audit Committee’s and a new Audit Committee self-assessment template is now available. It is suggested that the March 2024 assessment is undertaken using the new interactive template following the May 2023 elections.
- 1.3 The Section 151 Officer has overarching responsibility for discharging the requirement for sound financial management, and to be truly effective requires an audit committee to provide support and challenge.
- 1.4 Good audit committees are characterized by; balanced, objective, independent knowledgeable and properly trained members, a membership that is supportive of good governance principles, a strong independently minded chair, an unbiased attitude and the ability to challenge when required.
- 1.5 It is therefore good practice for audit committees to complete a regular self-assessment exercise, to be satisfied that the Committee is performing effectively.
- 1.6 In addition, the Public Sector Internal Audit Standards also call for the audit committee to assess their remit and effectiveness, in relation to Purpose, Authority and Responsibility, to facilitate the work of this Committee.
- 1.7 The Audit Committee has regularly carried out the self-assessment exercise annually and has acted where necessary to ensure full compliance with best practice.
- 1.8 The guidance provides two tools against which the Committee can assess itself, the first (self-assessment of good practice) supports an assessment against recommended practice to inform and support the Committee. The second assessment tool (evaluating the effectiveness of the audit committee) helps Audit Committee members to consider where it is most effective and where there may be scope to do more. To be effective the Audit Committee should be able to identify evidence of its impact or influence.
- 1.9 At the meeting held March 2022, Committee members reviewed and completed the two assessment tools, the results of which can be found at **Appendix 1** of this report.

## **2. Issues for discussion**

- 2.1 All of the questions answered within Part A of the 2022 self-assessment were scored yes. During the last assessment, the committee felt it acted in accordance with good practice in the areas of purpose, skills, experience and governance.
- 2.2 The results of part two of the assessment highlighted that the committee felt there was mixed experience in supporting improvements in the area of risk management. The committee felt a score of three out of five should be given until training had been delivered.
- 2.3 Risk Management training has been delivered and was well attended by the Committee, however, in December 2022 a risk maturity position statement was carried out by Internal Audit. This work has highlighted that the committee had not been receiving the strategic risk register in accordance with the risk policy. This has since been addressed; however, the committee may wish to reflect on this area until they can demonstrate they have had the opportunity to review the register more regularly.

## **3. Conclusion**

- 3.1 During the 2022 self-assessment, members of the Audit Committee agreed they were acting in conformance with the CIPFA best practice guidance. Internal Audit invites the committee to review the results of the prior year and update the results if necessary.
- 3.2 Undertaking a regular review of performance against best practice ensures that the Committee has properly assessed the way in which it discharges its duties in accordance with its Terms of Reference.

## **4 Recommendation**

- 4.1 That Audit Committee discuss the attached checklist at **Appendix 1** to this report from 2022 and consider whether any of the scoring requires amending or whether improvement actions need to be developed in any areas.

## **Appendices**

Appendix 1 – Self Assessment Checklist 2022



## Self-assessment of good practice

This evaluation will support an assessment against recommended practice to inform and support the Audit Committee. This is a high-level review that incorporates the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police. Where an Audit Committee has a high degree of performance against the good practice principle's then it is an indicator that the committee is soundly based and has in place knowledgeable membership. These are essential factors in developing an effective Audit Committee.

Good Practice Questions		Yes	Partly	No
<b>Audit Committee purpose and governance</b>				
1	Does the authority have a dedicated audit committee?	√		
2	Does the audit committee report directly to full council?	√		
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's position statement?	√		
4	Is the role and purpose of the audit committee understood and accepted across the authority?	√		
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	√		
6	Are the arrangements to hold the committee to accounts for its performance operating satisfactorily?	√		
	Functions of the committee	√		
7	Do the committee's terms of reference explicitly address all the core area identified in CIPFA's position statement? <ul style="list-style-type: none"> <li>- Good governance</li> <li>- Assurance framework</li> <li>- Internal audit</li> <li>- External audit</li> <li>- Financial reporting</li> <li>- Risk management</li> <li>- Value for money or best value</li> <li>- Counter fraud and corruption</li> </ul>	√		
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	√		
9	Has the audit committee considered the wider areas identified in CIPFA's position statement and whether it would be appropriate for the committee to undertake them?	√		
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	Not applicable		

11	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	√		
<b>Membership and support</b>				
12	Has an effective audit committee structure and composition of the board been selected? This should include: <ul style="list-style-type: none"> <li>- Separation from the executive</li> <li>- An appropriate mix of knowledge and skills among the membership</li> <li>- A size of committee that is not unwieldy</li> <li>- Where independent members are used, that they have been appointed using appropriate process</li> </ul>	√		
13	Does the chair of the committee have appropriate knowledge and skills?	√		
14	Are arrangements in place to support the committee with briefings and training?	√		
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	√		
16	Does the committee have good working relationships with key people and organisations, including external audit, internal audit and the chief finance officer?	√		
17	Is adequate secretariat and administrative support to the committee provided?	√		
<b>Effectiveness of the committee</b>				
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	√		
19	Has the committee evaluated whether and how it is adding value to the organisation?	√		
20	Does the committee have an action plan to improve any areas of weakness?	√		

## Evaluating the Effectiveness of the Audit Committee

This assessment tool helps Audit Committee members to consider where it is most effective and where there may be scope to do more. To be considered effective, the Audit Committee should be able to identify evidence of its impact or influence linked to specific improvements.

Assessment Key:

- 5 Clear evidence is available from a number of sources that the committee is actively supporting the improvement across all aspects of this area. The improvements made are clearly identifiable.
- 4 Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
- 3 The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
- 2 There is some evidence that the committee has supported improvements, but the impact of this support is limited.
- 1 no evidence can be found that the audit committee has supported improvements in this area.

Areas where the audit committee can add value by supporting improvement	Self-evaluation examples, areas of strength & weakness	Assessment 1-5
Promoting the principles of good governance and their application to decision making	<p>The Committee meets regularly to question and challenge as appropriate, as shown through the minutes. Significant control weaknesses identified during the Audit Committee meetings are reported to full Council. The Annual governance statement is reviewed by the committee.</p> <p>The Committee seeks to gain assurance as needed on the reports received. The Committee provides robust review of the Annual Governance Statement and the</p>	5

Areas where the audit committee can add value by supporting improvement	Self-evaluation examples, areas of strength & weakness	Assessment 1-5
	<p>assurances underpinning it. The Audit Committee also discusses any significant constitutional changes.</p> <p>Through the reports received and the questions raised, the Committee supports reviews / audits of governance arrangements. The Committee regularly participates in self-assessments of governance arrangements.</p>	
Contributing to the development of an effective control environment	<p>The Committee monitors the implementation of recommendations made by the auditors, and regularly challenges those that are overdue.</p> <p>The Committee encourages ownership of the internal control framework by appropriate managers and calls managers to account as necessary / required. The Committee raises significant concerns over controls with appropriate senior managers through those presenting the reports.</p> <p>The Committee recently provided feedback on the revised Contract Standing Orders suggesting changes where appropriate to strengthen the control framework. The Commercialisation Strategy was also recently reviewed by the Committee and they have been robust in their challenge of revised deadlines for the completion of recommendations in relation to noncompliance with 'No PO No Pay'.</p>	5
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	<p>Risk registers/reports are now presented to the Committee and are included within their remit of the Committee in its terms of reference. The Committee reviewed, and recommended following amendments that the Risk Policy be approved by Council. Until members have received training on the Risk Management framework, this section will remain at a lower score.</p>	3

<b>Areas where the audit committee can add value by supporting improvement</b>	<b>Self-evaluation examples, areas of strength &amp; weakness</b>	<b>Assessment 1-5</b>
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	The Committee is responsible for assuring itself that internal audit coverage is sufficient when the annual plan is presented each year. The Internal Audit team where possible has been working on ensuring that where possible joint reviews are carried out with South Norfolk to identify inconsistencies in shared processes. Whilst Broadland did not experience any significant delays from EY in relation to delivering external audit work in 2019/20; the Chair of the committee will be kept informed of any future difficulties experienced by EY that could impact on delivery during 2020/21. The Chair has recently attended an EY event in Cambridge.	5
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	<p>The Committee reviews the audit charter and functional reporting arrangements as part of the annual internal audit plans report brought to the Committee by the Internal Audit team.</p> <p>The Committee assesses the effectiveness of internal audit arrangements and supports improvements. The Committee recognises that internal audit is a key source of information for them to consider.</p>	5
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	The Committee reviews and endorses the risk based internal audit plan annually and is involved in reviewing the effectiveness of performance management arrangements through the specific internal audit reviews as appropriate. In addition, external audit provides reports in relation to the financial stability of the Council.	4
Supporting the development of robust arrangements for ensuring value for money	The Committee evaluates the three E's (effectiveness, efficiency and economy) regularly and ensures that assurances on value for money arrangements is included in the assurances received by the Committee. The Committee considers how performance in value for money is evaluated as part of the AGS, contract standing orders and through internal/external audits.	5

<b>Areas where the audit committee can add value by supporting improvement</b>	<b>Self-evaluation examples, areas of strength &amp; weakness</b>	<b>Assessment 1-5</b>
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	<p>The Committee reviews the arrangements in place for countering fraud and corruption through regular review of the relevant policies and receives regular updates from the Fraud team.</p> <p>The Committee recognises that fraud risks and the effectiveness of the organisations strategy to address those risks are highlighted through the reports received from internal audit as necessary and through the Annual Governance Statement.</p>	4

**Audit Committee Work Programme**

16 March 2023

Strategic and Annual Internal Audit Plan 2023/24  
Annual Report of Audit Committee  
Self Assessment of the Audit Committee  
Strategic Risk Update

Faye Haywood  
Jessica Hammond  
Faye Haywood  
Sinead Carey

July 2023 TBC

Internal Audit - Progress and Follow Up  
Strategic Risk Update  
External Audit Plan 2023/24  
Head of Internal Audit's Annual Report and Opinion for 2022/23  
Annual Governance Statement 2022/23  
Rules of Financial Governance (tbc)

Faye Haywood  
Sinead Carey  
External Audit  
Faye Haywood  
Emma Hodds  
Rodney Fincham

September  
2023 TBC

Internal Audit - Progress and Follow Up  
Strategic Risk Update  
Statement of Accounts 2022/23  
Audit Results Report 2022/23

Faye Haywood  
Sinead Carey  
Rodney Fincham  
External Audit

January 2024  
TBC

Internal Audit - Progress and Follow Up  
Strategic Risk Update

Faye Haywood  
Sinead Carey

March 2024  
TBC

Strategic and Annual Internal Audit Plans 2024/25  
Annual Report of Audit Committee  
Self Assessment of the Audit Committee

Faye Haywood  
Jessica Hammond  
Faye Haywood