



South Norfolk Finance, Resource, Audit and Governance Committee

Agenda

Members of the South Norfolk Finance, Resource, Audit and Governance Committee:

Cllr Phil Hardy (Chairman)
Cllr Chris Brown
Cllr Barry Duffin
Cllr Daniel Elmer
Cllr Clayton Hudson

Cllr Stephen Ridley (Vice-Chair)
Cllr Keith Kiddie
Cllr Terry Laidlaw
Cllr Nigel Legg

Date & Time:

Friday, 24 March 2023
9.30 am

Place:

Council Chamber - Thorpe Lodge, 1 Yarmouth Road, Thorpe St Andrew, NR7 0DU

Contact:

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Email: committee.snc@southnorfolkandbroadland.gov.uk
Website: <http://www.southnorfolkandbroadland.gov.uk/>

Public Attendance:

If a member of the public would like to attend to speak on an agenda item, please email your request to committee.snc@southnorfolkandbroadland.gov.uk, no later than 5.00pm Tuesday, 21 March 2023.

Large print version can be made available

If you have any special requirements in order to attend this meeting, please let us know in advance.

AGENDA

Glossary	(Pages 3 - 6)
1. Apologies for absence To report apologies for absence and to identify substitute members	
2. Urgent Items Any items of business which the Chairman decides should be considered as a matter of urgency pursuant to section 100B(4)(b) of the Local Government Act, 1972. Urgent business may only be taken if, "by reason of special circumstances" (which will be recorded in the minutes), the Chairman of the meeting is of the opinion that the item should be considered as a matter of urgency.	
3. Declarations of interest To receive declarations of interest from Members (guidance attached)	(Pages 7 - 8)
4. Minutes To confirm the minutes from the meeting of the Finance, Resources, Audit and Governance Committee held on 20 January 2023.	(Pages 9 - 15)
5. Strategic Risk Update	(Pages 16 - 35)
6. Review of Local Government Ombudsman Report 2022	(Pages 36 - 39)
7. Strategic and Annual Internal Audit Plans 2023/24	(Pages 40 - 64)
8. Annual Report of the Finance, Resources, Audit and Governance Committee	(Pages 65 - 69)
9. Self-Assessment of the Finance, Resources, Audit and Governance Committee 2022/23	(Pages 70 - 79)
10. Finance, Resources, Audit and Governance Committee Work Programme	(Pages 80 - 81)

Glossary

General Terms

AGS – *Annual Governance Statement* – This is a statement prepared by the Council each year to summarise the governance and assurance framework, and highlight any significant weaknesses in that framework

BAD DEBT PROVISION - To take account of the amount of debt which the Council estimates it will not be able to collect.

Build Insight – The Council's Approved Inspector company, authorised under the Building Act 1984 to carry out building control work in England and Wales.

CIPFA – *the Chartered Institute of Public Finance and Accountancy* – the accountancy body for public services

CoCo - *Code of Connection* – a list of security controls that the Council has to have in place in order to undertake secure transactions with other government bodies

CNC - a joint venture established with Norwich City Council, Broadland Council and Kings Lynn and West Norfolk Borough Council to deliver the Council's building control functions, ensuring buildings and developments comply with building regulations

CNC CS – CNC consultancy services, the private company administered by CNC

CREDITOR - A person or organisation which the Council owes money to for a service or goods.

CSO – *Contract Standing Orders* – outline the Council's rules when entering into contracts and buying large value goods

GIG - Gaining Independence Grant – a small grant to support residents with adaptations to allow them to live independently

GNDP – *Greater Norwich Development Partnership* – a partnership with Norwich City and Broadland Councils that manages delivery of the Government's growth strategies

GNGB – *Greater Norwich Growth Board* – a partnership with Broadland Council, Norwich City Council, Norfolk County Council and New Anglia Local Enterprise Partnership providing strategic direction, monitoring and coordination of both the City Deal and the wider growth programme for the Greater Norwich area

JCS – *Joint Core Strategy* – sets out the general vision and objectives for delivering the local development framework

JOURNAL - The transfer of a transaction to either a different cost centre or a different categorisation within the finance system e.g. transfer of an item of expenditure between HR and Planning or the transfer of expenditure from electricity to water. These are used to correct input errors, share costs/income between cost centres or to record expenditure or income which has not yet been invoiced.

KPI - Key Performance Indicator

LASAAC – *Local Authority (Scotland) Accounts Advisory Committee* – this Committee develops proper accounting practice for Scottish Local Authorities

LDF – *Local Development Framework*- outlines the management of planning in the Council

LEDGER - A module within the finance system e.g. Sales Ledger, Purchase Ledger, General Ledger.

LGA – *Local Government Association* – a lobbying organisation for local councils

LGPS – *Local Government Pension Scheme*- Pension Scheme for all public sector employees

LSVT - *Large Scale Voluntary Transfer* - the transfer of the Council's housing stock to Saffron Housing Trust

Moving Forward Together – The Council's internal programme to improve performance in a number of key areas

NFI – *National Fraud Initiative* – A national exercise to compare data across public sector organisation to aid identifying potential frauds

NHB – *New Homes Bonus* - grant paid by central government to local councils for increasing the number of homes and their use

NI – *National Indicator* – a measure used to identify how the Council is performing that is determined by central government

NNDR/NDR – *(National) Non-Domestic Rates* – commonly known as Business Rates

PI – *Performance Indicator* – measure used to identify how the Council is performing

PSN – *Public Services Network* - provides a secure private internet for organisations across Central Government and the Wider Public Sector and standardised ICT infrastructure

RAD - Rent Assisted Deposit scheme.

RFG – *Rules of Financial Governance* – the Council's rules governing the day-to-day financial activities undertaken

SLA – *Service Level Agreement* – an agreement that sets out the terms of reference for when one organisation provides a service to another

MTP – *Medium Term Plan* – sets out the future forecast financial position of the Council

SOLACE – *Society of Local Authority Chief Executives* – society promoting public sector management and development

SPARSE – *Sparsity Partnership for Authorities Delivering Rural Services* – an organisation that benchmarks and supports local rural councils

SUNDRY DEBTOR - A customer who owes the Council money for a service they have received prior to payment, this excludes Council Tax or NDR. The term can also refer to the system used to record money owed to the council e.g. the Sundry Debtors system which is a module within the financial system.

Audit Terminology

APB – *Auditing Practices Board* – the body that sets the standards for auditing in the UK

COUNT – *Count Once, Use Numerous Times* – a system used for data collection and analysing, which works to avoid duplication by assuming the principle that a piece of data should be recorded once but used several times in different ways

ISA – *International Auditing Standard* – Provides external auditors with a required framework that dictates work to be undertaken before awarding an opinion on the statement of accounts

VFM Conclusion – *Value for Money Conclusion* – the Audit Commission are required to give an annual conclusion on the Council's arrangements for providing value for money in addition to the opinion given on the statement of accounts.

Accounting Terminology

BRRS – *Business Rates Retention Scheme* - provides a direct link between business rates growth and the amount of money councils have to spend on local people and local services (the Council retains a proportion of the income collected as well as growth generated in the area)

CFR – *Capital Financing Requirement* – a calculated figure that establishes the amount of money the Council needs to borrow

Collection Fund – a separate account statement that records the transactions relating to the collection and redistribution of council tax and business rates

GAAP – *Generally Accepted Accounting Practice* – this provides the overall framework for accounting principles prior to IFRS adoption in local government (also “UK GAAP” – specific to the United Kingdom)

IAS – *International Accounting Standards* – these were the precursors for international financial reporting standards (see below).

IFRS – *International Financial Reporting Standards* – the underlying standards for the Council's accounting policies and treatment of balances

IPSAS – *International Public Sector Accounting Standards* – these set out the accounting standards for public sector bodies, and are based on the international financial reporting standards.

MRP – *Minimum Revenue Provision* – the amount of money the Council needs to set aside each year to fund activities from revenue balances

Non-current assets – assets from which benefit can be derived by the Council for more than one year (formerly known as Fixed Assets)

RSG – *Revenue Support Grant* - one source of Council funding from Central Government

SeRCOP – *Service Reporting Code of Practice* – outlines how Council should classify income and expenditure across different services

SSAP – *Statement of Standard Accounting Practice* – preceded the financial reporting standards in the UK

The Code – *Code of Practice on Local Authority Accounting in the UK* – main guidance on accounting treatment required for the statement of accounts

Virement – The process of transferring a sum of money from one part of the Council's budget to another, subject to appropriate approval.

WGA – *Whole of Government Accounts* – an exercise undertaken to consolidate all the accounting records of government bodies

International Accounting and Financial Reporting Standards Reference Numbers

IAS1 – *Presentation of Financial Statements* – sets out the prescribed format for statements of accounts

IAS19 – *Employee Benefits* – essentially provides the basis for accounting for the pension fund

IAS20 – *Accounting for Government Grants* – establishes the accounting treatment for receiving government grants

IAS40 – *Investment Property* – how organisations should account for properties held as an investment

IPSAS16 – *Investment Property* – how public sector organisations should account for properties held as an investment

IPSAS23 – *Revenue from non-exchange transactions (taxes and transfers)* – this determines how monies from taxes should be treated in the accounts

Council Systems

ALBACS CS – The Council's system to make payments to other organisations

AXIS - Income receiving system which interacts directly with Integra

Clubrunner – System used to manage bookings and activities at the leisure centres

eXpress – the electoral registration system

FAM – the system used by the accountancy team to record the Council's assets and associated transactions

IBS – the Revenues system, maintains all Council Tax, Business Rates and Benefits records

IDOX Uniform – IT platform covering Planning, Building Control, Environmental Services, Land Charges, Licensing, Estates, Street Naming and Numbering and Address Gazetteer.

Integra – general ledger used to record all accounting transactions, including purchases made by the Council and income received by the Council

LALPAC – system used to record licensing details

DECLARATIONS OF INTEREST AT MEETINGS

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

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

Does the interest directly:

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

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

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

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

If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public, but you should not partake in general discussion or vote.

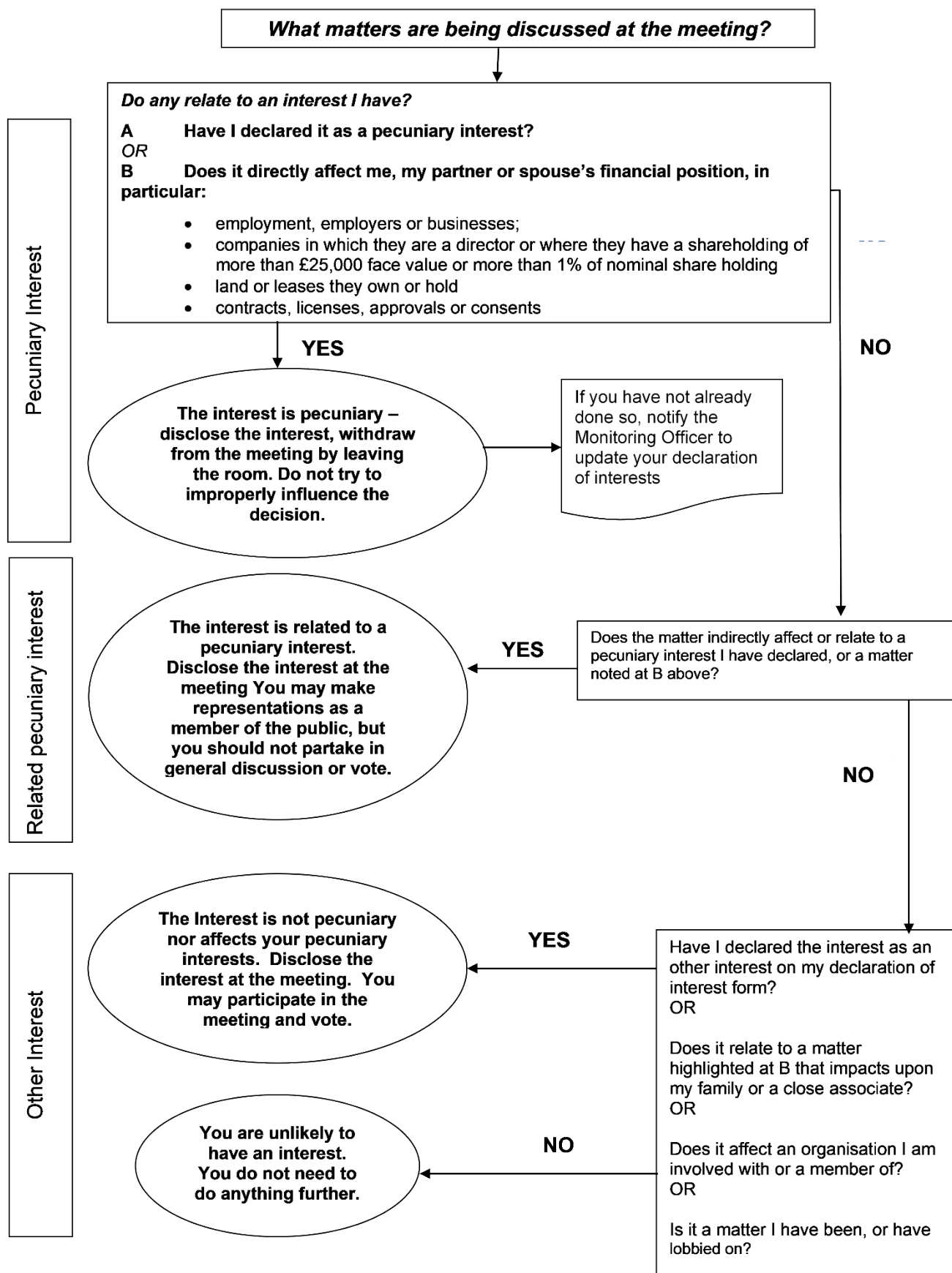
Is the interest not related to any of the above? If so, it is likely to be an other interest. You will need to declare the interest, but may participate in discussion and voting on the item.

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

FOR GUIDANCE REFER TO THE FLOWCHART OVERLEAF.

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

DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF





SOUTH NORFOLK FINANCE, RESOURCE, AUDIT AND GOVERNANCE COMMITTEE

Minutes of a meeting of the South Norfolk Finance, Resource, Audit and Governance Committee of South Norfolk Council, held on Friday, 20 January 2023 at 9.30 am.

Committee Members Present: Councillors: S Ridley (Vice-Chair, in the Chair), C Brown, K Kiddie, T Laidlaw and N Legg

Apologies for Absence: Councillors: P Hardy (Chairman), B Duffin and C Hudson

Cabinet Member in Attendance: Councillor: A Dearnley

Officers in Attendance: T Holden (Managing Director), P Courtier (Director of Place), D Lorimer (Director of Resources), R Fincham (Assistant Director of Finance), C Lawrie (Assistant Director of Transformation and ICT/Digital), F Haywood (Head of Internal Audit), S Carey (Strategy and Intelligence Manager), J Brown (Finance Manager), E Voinic (Internal Audit Trainee) and J Hammond (Democratic Services Officer)

Also in Attendance: S Burrell (The Development Director for Big Sky)

Other Members in Attendance *For minute item 320 only:*
M Dewsbury, Ellis, T Holden, J Hornby, K Mason-Billig, S Nuri-Nixon, I Spratt and A Thomas

312. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs Duffin, Hardy and Hudson.

313. DECLARATIONS OF INTEREST

No declarations of interest were received.

314. MINUTES

The minutes of the meeting of the Finance, Resources, Audit and Governance Committee held on 7 October 2022 were confirmed as a correct record.

315. 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 South Norfolk 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 noted that two risks had been de-escalated or removed since the last update to the Committee, these were:

- SNC A1 – risk of failure of our ICT Infrastructure

This risk had been closed and removed from the risk register as the mitigating actions had now been completed

- SNC SI1 – risk of the council being unable to respond effectively to further waves of the Covid-19 Pandemic

This risk had been de-escalated and removed from the risk register as the risk was now within an acceptable range. The risk continued to be monitored at an operational level.

Discussion turned to the three new risks which had been added onto the risk register since the last update to the Committee, these were:

- SNC SI14 – risk of insufficient private and social housing stock to meet growing demand on the Council and Temporary Accommodation
- SNC P2 – inability to find Gypsy and Traveller sites to meet the need and enable the Greater Norwich Local Plan (GNLP) to be found sound
- SNC SI15 – impacts on demand for council services as a result of the cost-of-living crisis

With regard to risk SNC P2, one member queried whether this risk should be downgraded, considering that sufficient sites had been identified to progress to a public consultation. The Director of Place explained to the Committee that whilst sufficient sites had been identified, they had not yet been agreed, which meant that there was a possibility that a site could be reclassified as 'unsuitable' following the consultation exercise. As such it was considered that this risk could not be removed from the register at this stage.

Discussion turned to Big Sky, where it was noted that Big Sky was not included in the current register, despite the added risks posed by nutrient neutrality on its ability to develop properties. One member felt that Big Sky's score on the Council's risk scoring matrix should be sufficient enough to warrant its inclusion on the register. The Head of Internal Audit agreed that a risk should be considered, as agreed by Big Sky as part of the Internal Audit position statement, she explained that its exclusion could be as a result of a timing issue as the

register presented to the Committee related to quarter 2. With regard to Big Sky's risk score, the Head of Internal Audit explained that it was for CMLT to evaluate the risk score and the Committee should consider that Big Sky did not represent the totality of the Council's investment risk. The scoring of the risk should therefore be scored to reflect the amount of risk to the Council achieving its overall aims and objectives.

The Director of Place updated members on the progress made with regard to nutrient neutrality mitigation. He explained that Cabinet had agreed to the creation of a Joint Venture who would source a portfolio of mitigations, which would then be sold as credits to developers to enable them to demonstrate their housing schemes were nutrient neutral. He further advised that the Joint Venture was due to 'go live' in April 2023 with a phasing in of schemes.

One member queried the risk of industrial action by the Council's staff, in light of the recent strikes held by other public sector workers. The Assistant Director of Finance advised members that the Council had already agreed its pay deal for 2022/23, with the negotiations for the 2023/24 pay deal starting. It was considered too early to judge whether industrial action was likely to occur. Members were also advised that funding for an increase in salary costs had been put aside in the upcoming budget.

The Committee thanked officers for the changes that had been made to the layout of the Strategic Risk Register, which they felt had greatly improved the understanding and tracking of risks.

It was then

RESOLVED

To note the Strategic Risk Register update for the Council.

316. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Members considered the report which reviewed the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2022/23 during the period 27 September 2022 to 11 January 2023.

The Head of Internal Audit explained that since the plan's approval in March 2022, the SNC2316 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, 82 days of programmed work had been completed which equated to 52% of the Internal Audit Plan for 2022/23, and that two reports (Community Assets and Community Activity) had been issued, with 11 recommendations raised by Internal Audit. No Operational Effectiveness Matters had been proposed to management for consideration.

One member queried why Community Assets had not previously been audited. The Head of Internal Audit explained that as part of the audit planning process she spoke with all services to assess their needs and ascertain where assurances were required. She added that a tree incident at another Council had prompted the audit to provide assurance over the strength of relevant controls.

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. She further confirmed the full and final report should be circulated to the Committee as a limited assurance grading overall had been concluded.

The recent cyber-attacks at the Post Office were highlighted by members and it was queried whether the number of attempts to access the Council's servers had increased. The Assistant Director of ICT/Digital and Transformation informed members there had not been any increase in the number of attempts made against the Council. However, it was agreed that the likelihood of this happening had increased, and as such had been reflected within the Strategic Risk Register.

She further reassured members that recent penetration tests carried out had prevented access to the network. The Council's policies relating to cyber security were in the process of being reviewed and strengthened and additional training was due to be provided to officers.

The Head of Internal Audit informed the Committee that the risk management position statement had been completed and the findings would be shared at an informal briefing, to be scheduled soon.

Moving on, the Head of Internal Audit drew members' attention to Appendices two and three of the report which detailed the status of agreed internal audit recommendations and outstanding recommendations for 2020/21 and 2021/22. She highlighted that the number of outstanding recommendations was higher than at this time last year. It was agreed that she would continue to monitor the situation and feedback to the Committee as required.

It was unanimously

RESOLVED

To note

1. The report on progress in relation to the completion of the Internal Audit Plan for 2022/23
2. The position in relation to the completion of agreed internal audit recommendations as at 11 January 2023.

317. FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE – INDEPENDENT PERSONS

The Head of Internal Audit presented the report which outlined the proposal for

appointing Independent Person's to the Finance, Resources, Audit and Governance (FRAG) Committee.

Members were reminded that at a meeting of the FRAG Committee in 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.

A number of members queried what criteria would be used to evaluate the suitability of candidates. The Head of Internal Audit explained that she would work in collaboration with the Committee to determine the criteria used. She added that the criteria would likely look to fill any perceived skills gaps and add desirable qualities or diversity to the Committee. It was also considered that different sector risk management experience or commercial experience would also be beneficial. Officers clarified that the Independent Person should not currently be involved in the running of the Council as either a Councillor or employee.

Members further 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.

In response to a query regarding 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.

Discussion turned to the best time to appoint an Independent Person onto the Committee. It was noted that whilst there was stability in terms of the makeup of the Committee, there could be a number of changes made 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.

With regard to the options available to the Committee, the Assistant Director of Finance summarised that the Committee could make one of three recommendations to Cabinet/Council, those being:

1. Recommend that steps be taken to appoint an Independent Person now (as outlined in the recommendation)
2. Recommend that no Independent Person be appointed onto the FRAG Committee at this time

3. Recommend that the proposal be investigated further, will a look to appointing an Independent Person in the future, potentially after the District Elections

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 Cabinet and Council that steps be taken to fully investigate the appropriateness of appointing an Independent Person to the Finance, Resources, Audit and Governance Committee

318. FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

Members noted the Finance, Resources, Audit and Governance Committee's Work Programme.

The Head of Internal Audit suggested that Democratic Services would be best placed to produce the Annual report of the FRAG Committee instead of Internal Audit. It was agreed that officers would consider outside of the meeting who was best placed to deliver the report.

The Assistant Director of Finance updated members on the progress made by Ernst & Young in finalising the Statement of Accounts for 2020/21. He explained that he was optimistic the accounts would be brought to the Committee at its meeting on 24 March 2023, but that he could not guarantee they would be ready.

319. EXCLUSION OF THE PRESS AND PUBLIC

It was

RESOLVED

To exclude the public and press from the meeting under Section 100A of the Local Government Act 1972 for the following items of business on the ground that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended)

320. FUNDING COMMITMENT FOR THE BIG SKY BUSINESS PLAN

The Development Director and Managing Director presented the Big Sky Group Business Plan and proposed funding commitment, where they advised the Committee of the following:

- The governance structure of the Big Sky Group

- A summary of the key priorities within the plan
- The budgets for Big Sky Property Management Ltd and Big Sky Developments Ltd, including projected profits or losses.
- Housing delivery for 2020 to 2030
- Funding requirements
- Equity and loan position.

The Assistant Director of Finance outlined the role of South Norfolk Council as the Shareholder and Lender for Big Sky Group, which included the main responsibilities:

- Agreeing the level of resources invested in the company, and the terms of these investments.
- Ensuring its investments comply with its key Investment Principles of Security, Liquidity and Yield.

He then advised members of the implications the business plan and funding requirements had on South Norfolk Council as well as the potential risk and return of the three types of investment made to the Big Sky Group, which were:

1. Equity Shareholding in Big Sky Ventures Ltd
2. Loans to Big Sky Property Management Ltd
3. Loans to Big Sky Development Ltd

Following an in-depth discussion on the financial implications of the proposed funding commitment alongside questions relating to nutrient neutrality mitigation and the risks surrounding inflation, housing markets and the construction industry, it was unanimously

RESOLVED

To recommend to Council the approval of the proposed funding commitment for the Big Sky Business Plan.

Verbal Report

(The meeting concluded at 11.38 am)

Chairman

Agenda Item 5



Finance, Resources, Audit and Governance Committee
24 March 2023

Strategic Risk Update

Report Author(s): Sinead Carey
Strategy and Intelligence Manager
01508 533661
Sinead.carey@southnorfolkandbroadland.gov.uk

Portfolio: Governance and Efficiency

Ward(s) Affected: None

Purpose of the Report:

The purpose of this report is to provide an overview of the current position of the Strategic Risk Register and approach for South Norfolk Council.

Recommendations:

1. Review and endorse 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 South Norfolk 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 three times a year 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 Finance, Resources, Audit and Governance 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 22/23, CMLT 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, CMLT have taken 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:
- SNC GE3 – 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:
- SNC P1 - Nutrients Neutrality advice impacts – as progress has been made on mitigating actions
 - SNC 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 SNC S14 – Housing stock - as all the measures are in regard to the demand and pressures on housing stock:
- SNC S13 – Ukrainian refugees
 - SNC S15 – 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				SNCP1 – Nutrients Neutrality Impacts (risk score reduced to 4x4) SNCGE1 – Leisure Memberships (no change) SNCM11 – One Team Capacity and Capability (no change)	
3	Likely			SNCM9 – Collaborative Working (no change)	SNCM6 – Reform and Devolution (no change) SNCSI2 – Energy costs and disruption (no change)	SNCM12 – Cyber Attack (no change) SNCSI4 – housing demand
2	Not Likely					SNCM1 – Financial (no change) SNCP2 Gypsy/Traveller site identification (reduced to 5x2)
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 endorse the Strategic Risk Register update for the Council.

South Norfolk Council – Strategic Risk Register

Last reviewed – February 2023



South Norfolk 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 strategic risk register 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
SNCM1				Yes			
SNCM6							
SNCM9							Additional mitigating action added
SNCM11							
SNCGE1							
SNCGE3							Risk to be de-escalated to the Place Directorate Risk Register as the risk score is within our risk appetite.
SNCM12							
SNCSI2							
SNCP1	Yes	Yes	Yes	Yes			Likelihood score reduced as some decisions are starting to be released and good progress is being made towards a longer term mitigation strategy. Risk has been updated to include the risk impact on Big Sky.
SNCSI3							This risk has been folded into SNCSI4. The Ukraine programme is embedded into the Council and is part of core business. The main risk from the programme is associated with SNCSI4 therefore these risks has been merged.
SNCSI4		Yes	Yes	Yes			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.
SNCP2	Yes						Risk score reduced from 15 to 10 as progress towards consultation is being make
SNC I15							This risk has been folded into SNCSI4. 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	SNC M1	<p>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.</p> <p>Consequence - 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	10	Reduce	<p>1. Lobby government for adequate funding, acknowledging impact on costs & 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>	Director of Resources	<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	10	No	<p>No change to the risk score</p> <p>1. Requirement to continue to lobby for a multi-year settlement in future & recognition that cost of living rise will squeeze council budgets as both costs & 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	SNC M6	<p>Risk - The Council fails to take advantage and act quickly and proactively on the opportunities of Local Government Reform and devolution.</p> <p>Consequence - Failure to achieve potential for greater devolved funding and/or decision making to the region and the benefits this would bring for residents and businesses in 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.</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. 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> <p>6. Minimise costs Q2/3 & Dispose of site Q3</p>	3	3	9	No	<p>No change to the risk score</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. Programme portfolios for Transformation now taking shape.</p> <p>3. The joint Finance and Income systems have been implemented and are now being embedded, although work continues training, processes and procedures. Work continues the implementation of the Idox project covering planning, food & licensing, environmental health and elements of waste.</p> <p>4. The Customer Services Strategy and Charter has been approved by Cabinet and is in the process of being implemented.</p> <p>5 / 6 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.</p>
Moving with the times, working	SNC M9	Risk - The Council is unable to take advantage of the benefits and	Transformation approach (SPARK) and programme of work in place based on the	3	4	12	Reduce	1. Embed the SPARK transformation	Director of Resources	1. Through 22/23	3	3	9	No	<p>No change to risk score</p> <p>1. Transformation guides and toolkits continue to be developed and cascaded to teams through Connect.</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
smartly and collaboratively		opportunities from collaborative working with Broadland Council and other key partners through autonomous policy decision-making. Consequence - Failure to achieve efficiency savings through economies of scale and increased chance of not delivering the collaboration Feasibility Roadmap.	collaboration roadmap. ICT/Digital Strategy in place which aligns systems and transformation to deliver a First-Class Customer Service, with 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. CTCF committee has Member oversight and steering of the collaboration programme. Regular updates and briefings to CMLT (6 weekly) and CTCF on the collaboration. Collaboration costs and savings tracked half yearly.					programme across the organisation. 2. Establish a corporate Programme and Projects Office to provide support to the Project Programmes, to 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 South Norfolk House.		2. Amend approach during Q1/2 22/23 3. Continue through 22/23 4. Continue to implement through 22/23. 5. Relocate Jan 2023 6. Minimise costs Q2/3 & Dispose of site Q3					We have also introduced Improvement Apprenticeships across the transformation network to drive forward projects. 2. New resource had been recruited to (Project Management Officer Lead) to take forward the project and programme office approach. 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 / 6 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.
Moving with the times, working smartly and collaboratively	SNC M11	Risk - Capability and capacity does not meet organisational requirements. Consequence - Poor standards of service	Four-year Strategic Plan developed and in place which sets out the ambitions for the Council over the coming years.	4	4	16	Reduce	1. Scope and develop a talent management programme. 2. Build our own talent - Develop projects to consider	1 - 4 Chief of Staff 5 - 6 Director of Resources	1. April 2022 - March 2023 2. March 2021 - completed strategy, ongoing placements are	4	4	16 	No	No change to risk score 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

						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
		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.	<p>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.</p> <p>Management/ Leadership Training and Development in progress.</p> <p>Regular Budget Monitoring.</p>					<p>our use and opportunities of apprenticeships, internships, career placement, graduates etc.</p> <p>3. Succession planning to ensure capacity is maintained.</p> <p>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.</p> <p>5. Amendments to programme and project management processes to improve how we manage our capacity to deliver.</p> <p>6. Additional financial monitoring of key projects.</p> <p>7. Delivery of agile working approach and cultural shift to better attract and retain talent.</p> <p>8. Local authority benchmarking across the region and wider to ensure</p>	7 - 9 Chief of Staff	<p>now BAU</p> <p>3. April 2022 - March 2023</p> <p>4. New recruitment approach trialled summer 2021 through apprenticeships. This is to be reviewed and rolled out across the board for all appointments.</p> <p>5. Amend approach during Q1/2 22/23</p> <p>6. From Aug 22.</p> <p>7. June 2022 onwards, formal policy before moving to the Horizon Centre Jan 2023.</p> <p>8. Data submission and access available August 2022.</p>					<p>3. This work will need to continue into the new financial year, as succession planning will be part of the year end discussions.</p> <p>4. BAU</p> <p>5. New resource had been recruited to (Project Management Officer Lead) to take forward the project and programme office approach.</p> <p>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</p> <p>7. BAU</p> <p>8. Information through local benchmarking is progressing slowly and other avenues are being explored</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
								pay and benefits on a role specific basis remain comparable and competitive.							
Growing the Economy/ Supporting individuals and empowering communities	SNC GE1	Risk – The Council is unable maintain memberships and income levels at its Leisure Centres as a consequence of Covid-19. Consequence – Membership levels decrease. Expenditure levels exceed income levels and the commercial viability of the service decreases.	Detailed Covid-19 procedures in place Regular contact with existing members Marketing campaigns to increase membership Review of existing member offer and pricing structures Budget monitoring	4	5	20	Reduce	1. Provide a range of incentives to encourage existing and new members to return 2. Delivery of the savings through reduced staff resources and utility costs 3. Look for further income generating opportunities and review of membership offer	Assistant Director Community Services	All timelines are in line with the Leisure Recovery Plan to March 2024 1. Ongoing 2. Ongoing 3. Ongoing	4	4	16 	No	No change to risk score 1 and 3 - The service continues to provide a range of incentives and marketing campaigns in conjunction with TA6 to encourage membership take up. A review of the future pricing structure is underway for implementation from April 2023. and a new more interactive website is being developed. 2. The increase in utility costs, particularly electricity has continued to have a negative impact upon expenditure currently projected to be in the order of c£150k by Q4 but the installation of solar panels will help to reduce the impacts.
Growing the Economy	SNC 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. Consequence - Detrimental impact on local businesses and residents, including unmanageable demands on council services.	Two councils staffing resources provide resilience. Regular horizon scanning and professional networking. Recruitment to apprenticeships within regulatory services to provide additional support. Regular response to consultations to ensure we play an active influencing role in changing regulatory policies.	4	3	12	Reduce	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	Assistant Director Regulatory	1. Ongoing - short/med/long term solutions 2. Ongoing over five-year minimum qualifying period, 21/22 to 26/27. 3. Raised currently for CMLT consideration. 4. Proposed for reporting in Q4 21/22 (Licensing service review) and Q3 22/23 (Food & Safety service review). 5. Ongoing	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
								Working Policy to positively attract Talent from any region to assist with skills shortages (short term). 2. Optimise development of environmental health, planning, surveyor apprentices to help secure future workforce. 3. Identify scope for market supplements to enhance ability to attract professional recruits, and to help retain existing staff. (Equally applies to Regulatory and Planning professionals). 4. Temporary contractor support secured, and service reviews planned for Licensing (in 21/22) and Food & Safety regulation (in 22/23). 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	SNC M12	Risk - There is a heightened threat of a cyber-attack in the current climate due to the volatile situation in Ukraine and the	Geo-blocking of traffic originating from black-listed countries. Timely application of security updates to all	3	5	15	Reduce	1. Ensure the effectiveness of the Controls - commission a third-party review of the Council's security	Director of Resources	Ongoing	3	5	15 	No	No change to the risk score 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

						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
		<p>potential for state-sponsored attacks to NATO members, including the UK.</p> <p>Consequence - 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>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>					<p>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 and skilled to apply security controls and manage security events</p> <p>5. Ensure Members are aware of Cyber-security risks through the completion of SkillGate</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>
Supporting individuals and empowering communities/ Growing the Economy	SNC SI2	<p>Risk – Increasing energy costs for leisure and depot, plus unsecure or disruption to supply of fuel (gas/diesel/HVO)</p> <p>Consequence – Increase costs of operating the facilities and risk to be able to deliver the waste operations</p>	Energy supplies purchased through ESPO framework agreements and established relationship with fuel supplier	5	4	16	Reduce	<p>1. Purchase of 31K storage tank at depot 200% increase in fuel storage - 3 weeks supply</p> <p>2. Diversification of fuel types being used in vehicles to include HVO</p> <p>3. Regular</p>	Assistant Director Community Services	<p>1. March 2022</p> <p>2. Ongoing</p> <p>3. Ongoing</p> <p>4. Ongoing</p> <p>5. Ongoing - survey completed, procurement commencing, estimated delivery by the end of the calendar year</p>	3	4	12	No	<p>No change to the risk score</p> <p>The costs of diesel and electricity have continued to remain stable across the quarter, while electricity costs will remain high between Oct to March 2023, the unit costs, will then reduce down to pre-inflated levels. The project to install solar panels on the leisure centres is progressing and will help to reduce electricity costs from April 2023.</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
								discussion with suppliers to understand current position in market, availability and costs 4. Develop contingencies to be able to transport staff into depot if there are fuel shortages 5. Investigating installation of PCVs on roofs of leisure centres to reduce reliance upon external electricity supplies							
Protecting and improving our natural and built environment, whilst maximising quality of life	SNC P1	<p>Risk – Nutrients Neutrality advice impacts all planning decisions for overnight accommodations.</p> <p>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.</p> <p>Council's own Development Company (Big Sky) cannot continue to</p>	Working with NE and key stakeholders to understands the implications and potential mitigation measures.	5	4	20	Reduce	<p>1. Lobbying Govt to suspend Housing Delivery Test and housing land supply</p> <p>2. Working with partners and stakeholders on mitigation measures</p> <p>3. Regular briefing for members</p> <p>4. Regular engagement with applicants</p> <p>5. Regular monitoring of position</p> <p>6. Big Sky models scenarios around the impact on its finances & informs the Council, however sales are strong on all phases to date & the company are</p>	Director of Place	<p>1. Ongoing, via PAS and other organisations</p> <p>2. Short-term mitigation of impact on planning - ongoing, Long term mitigation strategy 9-12 months</p> <p>3. Ongoing</p> <p>4. Ongoing</p> <p>5. Ongoing</p> <p>6. Ongoing</p>	4	4	16 ↓	No	<p>Risk score reduced from 20 to 16</p> <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.</p> <p>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.</p> <p>3. Portfolio Holders and Leaders are regularly updated at scheduled fortnightly/weekly catch ups</p> <p>4. Regular contact and update meetings with strategic site promoters. Some developers are now coming</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
		build out at Cringleford, impacting profits and ability to repay Council loans, although most loans are secured on assets apart from working capital.						looking into how they can offset.							forward with their own mitigation schemes. 5. Ongoing 6. Ongoing
Supporting individuals and empowering communities/Growing the Economy	SNC SI3	<p>Risk- 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.</p> <p>Consequence- 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.</p>	<p>Housing suitability and welfare visits are being undertaken prior to the Ukrainian family arriving to ensure suitability to prevent these breakdowns.</p> <p>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.</p> <p>Email address provided to send placement failures to alert the Home Office to lack of suitable placement.</p> <p>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.</p> <p>Requested MPs assistance with pushing</p>	4	5	20	Reduce	<p>1. Regular updates, actions and discussion at Internal Steering Group, Bronze Group and wider County groups to ensure the most affective joined-up approach is being taken.</p> <p>2. Keep track of updates and information from the Home Office.</p> <p>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</p>	Director of People and Communities	<p>1. Ongoing</p> <p>2. Ongoing</p> <p>3. In place</p>	3	5	15	No	The Ukraine programme is embedded into the Council and is part of core business. The main risk from the programme is associated with SNCSI4 and these risk has been merged.

						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
			for information from the Home Office. Keeping up to date with Home Office information and guidance.												
Supporting individuals and empowering communities	SNC S14	Risk - There is insufficient private and social housing stock to meet the demand on the Council, and temporary accommodation Consequence - 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.	Well managed allocation policy, and clear banding guidelines. Online form to allow early access to support, including linking to help hub infrastructure. Current team resources in place and funded. Housing enablement partnership in place to consider options to increase additional stock.	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 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 confident 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.	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) 4. Ongoing 5. Ongoing. 6. Ongoing. 7. Ongoing..	3	5	15 	No	No change to risk score 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 issues is the increased demand on housing services which this risk covers

						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
								7. Cost of living demand monitored.							
Protecting and improving our natural and built environment, whilst maximising quality of life / Growing the Economy Page 34	SNC P2	Risk- The inability to find Gypsy and Traveller sites to meet the need and enable the Greater Norwich Local Plan to be found sound Consequence- The local plan will not be found sound which leaves the Council without an adopted local plan and open to speculative development	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	Risk score reduced from 15 to 10 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.
Supporting individuals and empowering communities	SNC S15	Risk - As a consequence of the cost of living crisis, there may be a significantly increased demand for council services Consequence - This could lead to service areas becoming overwhelmed meaning the council is unable to support residents in need with both statutory and discretionary support.	One Team staffing resource provides resilience A programme manager is in post to manage the council's humanitarian and community response to the cost-of-living crisis.	4	5	20	Reduce	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. 2. An options appraisal on methods to provide for the projected levels of required temporary accommodation sustainably is being conducted. 3. We are proactively targeting and prioritising support for those	Assistant Director Individuals and Families	1. Q4 2022 2. Q4 2022 3. Ongoing 4. Ongoing	3	4	12	No	This risk is folded into SNCSI4. Whist cost of living remains an issue, the strategic risk to the Council is increased demand on housing services

						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
								estimated to be most greatly affected by hardship using council data (the 'LIFT' - Low Income Family Tracker) 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.							

De-escalated/closed risks in 22/23

Risk Ref	Reason risk was de-escalated/closed	Quarter risk was de-escalated/closed
SNC A1 Risk - 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
SNC SI1 Risk - The Council is unable to respond effectively to further waves of the Covid-19 Pandemic.	Risk was de-escalated to People and Communities Directorate Risk Register as it is within our risk appetite.	Quarter 1 22/23
SNC 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

Agenda Item 6



Finance, Resources, Audit and Governance Committee
24 March 2023

Review of Local Government Ombudsman Report 2022

Report Author(s): Trevor Holden
md@southnorfolkandbroadland.gov.uk

Portfolio: Leader – The Economy and External Affairs

Ward(s) Affected: All

Purpose of the Report:

This report provides a summary of the Local Government & Social Care Ombudsman Report of complaints referred for the year ending 31 March 2022.

Recommendations:

1. That members note the contents of the report and provide any recommendations regarding the Council's approach to dealing with complaints.

1. Summary

- 1.1 The Local Government & Social Care Ombudsman (LGO) investigates complaints about councils and some other authorities and organisations. The service is free, independent, and impartial. In general, a complaint can only be referred to the LGO once it has been through the organisation's own complaints process. The Ombudsman will investigate to see if there is any evidence of maladministration by the Council and make judgement.
- 1.2 The focus for the Ombudsman remains on what can be learned, and they have continued to make changes to improve data and focus statistics on complaints upheld, compliance with recommendations and satisfactory remedies provided by the authority. The LGO report of the complaints referred for 2021/2022 for South Norfolk Council has been published and the outcomes analysed to identify lessons to be learned and to implement any improvements in processes, procedures, or practice.

2. Background

- 1.3 In August 2021, we aligned the process and policy for handling complaints to create a robust and consistent way of handling complaints. Alongside this, we now track our customer satisfaction ratings through our online form and via our contact centre lines. Proactively reaching out to customers who have left feedback that needs attending to and resolving.
- 1.4 South Norfolk Council's policy for complaints is set out on the Council's website [here](#). The complaints policy follows two stages; Stage 1- is where the complaint is investigated and responded to by the Manager of the service and technical officers to which the complaint relates, and Stage 2 follows if the complainant remains dissatisfied with the response received. The complaint along with the stage 1 response is referred to the service Director, who reviews, and responds to the complainant. This concludes the Council's complaint process. Should the complainant remain dissatisfied having completed stage 2 of the Council's complaints process they can refer their complaint to the Local Government Ombudsman.
- 1.5 The Local Government Ombudsman's role is to investigate to see if there is any evidence of maladministration by the Council and make a judgement.

3. Current position/findings

- 1.6 The table below shows the complaints about South Norfolk Council by service area that were referred to the LGO and the decisions made by The Ombudsman after investigation. Bracketed figures provide the comparison to 2020/21 findings.

	Benefit s and Tax	Corporate and Other Services	Environment Services	Housing	Planning and Development	Education & Children's Services	Total
Complaint Referred	1 (0)	0 (1)	5 (3)	1 (0)	6 (1)	1 (0)	14 (6)
LGO Decisions	Incomplete/ Invalid		1 Referred back for local resolution 2 Closed after initial enquires 1 Upheld 1 Not upheld	Referred back for local resolution	5 Closed after initial enquiries 1 referred back for local resolution	Not Upheld	

- 1.7 Our number of Ombudsman cases are much higher when compared to 2020/21. This is due to the Ombudsman not considering new or existing cases from March 2020 to June 2020 whilst in the first lockdown to alleviate Councils from additional burden therefore, the 2020-2021 is not fully representative of normal operating practice.

4. Risks and implications arising

- 1.8 Any complaint referred to the LGO and upheld has the risk of financial penalty being imposed by the Ombudsman. The Council endeavours to avoid this and considers this at Stage 1 and Stage 2 of the complaints process when a thorough investigation is undertaken.
- 1.9 The Council works hard to ensure that anyone making a complaint about any of our services will receive a full response and explanation. Complaints are regularly analysed to inform service improvements.
- 1.10 This reporting year we have had 1 complaint that the Ombudsman considered upheld, but the Ombudsman consider the Council had already provided a suitable remedy and no further remedy was to be provided.

5. Other options and comparisons with other Councils

- 1.11 The overall number of cases referred to the LGO for South Norfolk is very small.
- 1.12 Of the complaints investigated (3) 1 was upheld this compares to 51% in similar organisations in 2021/22. Since 2018, of the complaints investigated (9) we have had 3 upheld which is 33% of investigated complaints.
- 1.13 In 100% of upheld cases, we had provided a satisfactory remedy before the complaint reached the Ombudsman. This compares to an average of 20% in similar organisations.

- 1.14 In 2021/2022 the LGO received 15,826 complaints and enquiries of these 11% were upheld cases where the Ombudsman agreed with the authority's remedy. 4,130 recommendations to remedy personal injustice, 2,231 recommendations to improve services for others; and 1,848 cases with recommendations to put things right.
- 1.15 South Norfolk Council continually takes learning from all complaints received not just those that have been referred to the LGO.
- 1.16 The One Team approach gives a more rigorous check on the handling of complaints from an early stage to try and alleviate escalations. Providing consistency of response and more opportunity for lessons learned to be shared across The One Team.

6. Recommendations

- 1.17 That members note the contents of the report and provide any recommendations regarding the Council's approach to dealing with complaints.

Eastern Internal Audit Services



SOUTH NORFOLK COUNCIL

Strategic and Annual Internal Audit Plans 2023/24

Responsible Officer: Head of Internal Audit for South Norfolk 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 process effectively as well as regular reporting to and attendance at Finance Resources Audit and Governance Committee (FRAG), the development of the annual report and opinion and the Quality Assurance and Improvement Programme.
- 1.5 In accordance with best practice, FRAG 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 the Section 151 Officer, Senior Management and the Governance and Audit Committee annually. 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 links to organisational objectives and priorities; and
- How the internal audit resource requirements have been assessed.

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 Management and 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 A total of 16 internal audit reviews will be carried out jointly with Broadland District 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 the function 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 6 scoring strategic risks. This has been used to provide justification to the areas included within the strategic and annual internal audit plans.

7. PROPOSAL

- 7.1 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 ensures that the appropriate and proportionate level of action is taken.

8. RECOMMENDATIONS

- 8.1 That the Committee approve:
- a) the Internal Audit Charter;
 - b) the Internal Audit Strategy;
 - c) the Strategic Internal Audit Plans 2023/24 to 2026/27; and
 - d) the Annual Internal Audit Plan 2023/24.

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, the Broads Authority and Norwich City Council. 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 and Risk Committee and the Section 17 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 Section 151 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 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 is able to respond effectively to the assurance needs of each Authority whilst ensuring that the core team used are sufficiently qualified and experience.

APPENDIX 3 – STRATEGIC INTERNAL AUDIT PLAN

Audit Area	Last review & assurance	Associated Risk	Justification	2023/24	2024/25	2025/26	2026/27
Annual Opinion / Governance audits							
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	
Fundamental Financial Systems							
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
Service Area Audits							
Economic Growth							
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	
Chief of Staff							
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
Regulatory							
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
Service Area Audits							
Community Services							
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	
Individuals and Families							
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
Service Area Audits							
Planning							
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	
ICT Audits							
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
Follow Up of audit recommendations							
Follow up of agreed audit recommendations				16	16	16	16
Total number of days				324	329	321	304

APPENDIX 4 - ANNUAL INTERNAL AUDIT PLAN 2023/24

Audit Area	No of days	Q1	Q2	Q3	Q4	Joint	Notes
Annual Opinion Governance Audits							
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.
Fundamental Financial Systems							
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
Service area audits							
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
Service area audits							
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.
ICT Audits							
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.
Follow Up of audit recommendations							
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.
Total number of days	324	72	50	114	88		
Total number of days Broadland	162						
Total number of days South Norfolk	162						

APPENDIX 5 – Assurance Map Top 6 Strategic Risks

Risk	First Line Assurance	Second Line Assurance	Third Line Assurance
<p>Risk – Nutrients Neutrality advice impacts all planning decisions for overnight accommodations.</p> <p>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.</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>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.</p>
<p>Risk - There is insufficient private and social housing stock to meet the demand on the Council, and temporary accommodation</p> <p>Consequence - Unable to provide housing which results in blockages within temporary accommodation. This will result in increased costs and poorer outcomes for vulnerable residents.</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>Independent assurance to be provided covering the management arrangements of temporary accommodation with a particular focus on Health and Safety in 2023/24.</p>
<p>The inability to find Gypsy and Traveller sites to meet the need and enable the Greater Norwich Local Plan to be found sound</p> <p>Consequence- The local plan will not be found sound which leaves the Council without an adopted local plan and open to speculative development</p>	<p>Regular progress updates provided to Cabinet.</p>	<p>Working with Greater Norwich partners to identify appropriate G&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>Planning and Development Management will be reviewed by Internal Audit in 2023/24. An update on local plan consultation arrangements will be provided.</p>

Risk	First Line Assurance	Second Line Assurance	Third Line Assurance
<p>As a consequence of the cost-of-living crisis, there may be a significantly increased demand for Council services</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>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.</p>
<p>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.</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>Bi-annual review of HR and Payroll undertaken. Audit scheduled for 2024/25 covering retention/recruitment practice.</p>
<p>SNC ONLY Risk – The Council is unable maintain memberships and income levels at its Leisure Centres as a consequence of Covid-19. Consequence – Membership levels decrease. Expenditure levels exceed income levels and the commercial viability of the service decreases.</p>	<p>Performance measures are regularly monitored at CLT and Cabinet Level - Number of members across the 4 SNC leisure centres membership sites and Financial leisure recovery plan.</p> <p>Budgeted income regularly reported against.</p>	<p>No second line assurances available.</p>	<p>Internal audit review of Leisure being undertaken for 2022/23 covering recovery plan and membership.</p>



Finance, Resources, Audit and Governance Committee
24 March 2023

Annual Report of the Finance, Resources, Audit and Governance Committee 2022/23

Report Author(s): Jessica Hammond
Democratic Services Officer
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Portfolio: Finance and Resources

Ward(s) Affected: All

Purpose of the Report:

This report is to update members of the work of the Finance, Resources, Audit and Governance 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:

To recommend that Council approves the content of the Annual Report of the Finance, Resources, Audit and Governance Committee.

1. Summary

- 1.1 This report is to update members of the work of the Finance, Resources, Audit and Governance Committee during 2022/23 and will also go forward to Full Council, for approval.

2. Background

- 1.2 South Norfolk Council's Finance, Resources, Audit and Governance Committee has been in operation since 2012, and this is the seventh annual report of the Committee.
- 1.3 The annual report will look back at the meetings held since April 2022, and the activity of the Committee during this time.

3. Current position

- 1.4 The Terms of reference of the Committee are well established in the Council's Constitution, and the key features include reviewing:
- The draft and final statement of accounts;
 - The external auditors report on the statement of accounts; and
 - The external auditors plan of work.

As well as to approve:

- The statement of accounts;
- The annual governance statement;
- The internal audit plan of work; and
- The Head of Internal Audit's annual report and opinion.

The Committee is also responsible for monitoring the progress of Big Sky, this includes:

- Its performance against the agreed business plans;
- Any material changes to the agreed business plans; and
- Making recommendations to Council with regard to:
 - Income anticipated to the Council in year; and
 - Any loans provision requested by the Big Sky Group.

Additionally, the Committee regularly reviewed the Council's Strategic Risk Register in order to scrutinise the scope and effectiveness of the risk management systems in place.

- 1.5 The Committee has met formally on three occasions (July 2022, October 2022 and January 2023) and member attendance has been high. There is a further meeting scheduled in for March 2023. There is consistent strong officer attendance throughout the year, with regular representation from Finance and Internal Audit.

- 1.6 The Committee also ensures that it operates to the highest standards, and with that in mind a self-assessment is undertaken against best practice. This is currently on the work Programme for the meeting on 24 March 2023.
- 1.7 A work programme is in place which is reviewed and discussed at each formal meeting and, in line with good practice, a pre-meeting is also held between the Chairman and key officers.

Overview of the key items considered over the year

1.8 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.

1.9 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 Revenues 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.

Members were advised that once the Counter Fraud Service was in place, the Committee could review the quality of the service provided.

1.10 Big Sky

In October 2022, the Committee was provided with an update on the Big Sky Position Statement which was produced as a part of Internal Audit's review of the Big Sky Group.

At its meeting in January 2023, the Committee received a presentation from the Managing Director and Development Director of Big Sky on the Big Sky Group's Business Plan and the proposed funding Commitment. The Assistant Director of Finance outlined the role of South Norfolk Council as the Shareholder and Lender for Big Sky. He also advised the Committee of the implication the business plan and funding requirements had on the Council.

The Committee agreed to recommend to Full Council the approval of the proposed funding commitment for the Big Sky Business Plan.

1.11 Independent Persons of the FRAG Committee

The Committee considered a report which outlined the proposal for appointing Independent Person's to the FRAG 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 Cabinet and Council that steps be taken to fully investigate the appropriateness of appointing an Independent Person to the FRAG Committee.

1.12 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 Ernst and Youngs (EY) resource shortages. The Committee and officers had been regularly monitoring the effect of these delays. The Chairman, alongside the Chairman of Broadland's Audit 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.

1.13 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, 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 11 important recommendations outstanding.

1.14 Strategic Risk Update

The Committee reviewed the Strategic Risk Register (SRR) at the October 2022 meeting, and again at the January 2023 meeting. At the earlier meeting Members received a briefing from the Assistant Director of Individuals and Families and the Housing and Wellbeing Manager on the risk relating to and Social Housing Stock to meet demand on the Council.

At the meeting in January 2023, the de-escalation of the risk relating to Big Sky was discussed. The Committee felt that the added risks posed by nutrient neutrality on Big Sky's ability to develop properties warranted its inclusion on the SRR.

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

- Strategic and Annual Internal Audit Plan 2023/24
- Self-Assessment of the FRAG Committee
- Strategic Risk Update
- Review of Local Government Ombudsman 2022

4. Proposed action

- 1.16 To note the work of the Finance, Resources, Audit and Governance Committee during 2022/23 and approve the contents of the Annual Report.

5. Other options

- 1.17 Not applicable to this report.

6. Issues and risks

- 1.18 **Resource Implications** – Not applicable to this report.
- 1.19 **Legal Implications** – Not applicable to this report.
- 1.20 **Equality Implications** – Not applicable to this report.
- 1.21 **Environmental Impact** – Not applicable to this report.
- 1.22 **Crime and Disorder** – Not applicable to this report.
- 1.23 **Risks** – Not applicable to this report.

7. Conclusion

- 1.24 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

- 1.25 To recommend that Council approves the content of the Annual Report of the Finance, Resources, Audit and Governance Committee.

Agenda Item 9



Finance, Resources, Audit and Governance Committee
24 March 2023

Self-Assessment of the Finance, Resources, Audit and Governance Committee 2022/23

Report Author(s): Faye Haywood
Head of Internal Audit
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Portfolio: Finance and Resources

Ward(s) Affected: All

Purpose of the Report:

The FRAG Committee carries out a self-assessment annually to identify areas of improvement and demonstrate best practice. The results of the assessment are provided as an appendix to this report.

Recommendations:

- a) That Members discuss the 2023 FRAG self-assessment checklist at **Appendix 1** to this report to ensure that this is an accurate reflection of the Committee's interactions with the Council and its officers, updating it as appropriate.

1 SUMMARY

The Chartered Institute of Public Finance and Accountancy (CIPFA) document on “audit committee’s practical guidance for local authorities and police” sets out the guidance on the function and the operation of audit committees. It represents CIPFA’s view of best practice and incorporate the positions statements previously issued.

A discussion was held with the Chair of FRAG in February 2023 to update the 2022 self-assessment results. This report provides the results for further committee discussion. The assessment is attached.

2 BACKGROUND

- 2.1 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. This year’s discussion is based on the 2018 self-assessment template. It is therefore suggested that another assessment is undertaken on the 2022 version following the May 2023 elections.
- 2.2 The CIPFA Audit Committee 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.
- 2.3 The Section 151 Officer has overarching responsibility for discharging the requirements for sound financial management, and to be truly effective requires an audit committee to provide and support challenge.
- 2.4 Good audit committees are characterised 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.
- 2.5 It is therefore good practice to complete a regular self-assessment exercise against the checklist, to be satisfied that the committee is performing effectively. The FRAG Committee regularly undertakes this assessment, with the results feeding into the Annual Governance Statement and the Annual Report of the Committee presented to Full Council annually.
- 2.6 Part one of the 2018 assessment is a yes / no response and covers:
 - Purpose and Governance;
 - Functions of the Committee;
 - Membership and Support; and
 - Effectiveness of the Committee.

3 CURRENT POSITION / FINDINGS

- 3.1 The self-assessment exercise has highlighted just one area of partial conformance with best practice. It is suggested that the new Committee considers how this can be progressed.

Question 12 – Has an effective audit committee structure and composition of the board been selected? This should include - Where independent members are used, that they have been appointed using appropriate process.

In January 2023 FRAG discussed the merits of appointing independent persons to the committee in accordance with the latest best practice from CIPFA. It was agreed to explore an action plan for this following the May 2023 elections.

- 3.2 The second part of the exercise requires practical examples to be highlighted to display strengths and weaknesses in the following key areas:

- Promoting the principles of good governance and their application to decision making;
- Contributing to the development of an effective Audit Committee;
- Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks;
- Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively;
- Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence;
- Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, controls and assurance arrangements;
- Supporting the development of robust arrangements for ensuring value for money;
- Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.

- 3.3 The self-assessment exercise has indicated a score of 4 across all areas suggesting that there is clear evidence that the committee is actively and effectively supporting improvement across each area.

4. Proposed action

- 1.1 To discuss the results of the FRAG self-assessment and suggest amendments where appropriate.

5. Other options

- 1.2 Not applicable to this report.

6. Issues and risks

1.3 **Resource Implications** – Not applicable to this report.

1.4 **Legal Implications** – Not applicable to this report.

1.5 **Equality Implications** – Not applicable to this report.

1.6 **Environmental Impact** – Not applicable to this report.

1.7 **Crime and Disorder** – Not applicable to this report.

1.8 **Risks** – Not applicable to this report.

7. Conclusion

1.9 In conclusion, the FRAG self-assessment has indicated that the Committee feels it is acting broadly in line with best practice and can demonstrate that it is adding value to the Council through its role and terms of reference. This exercise is carried out annually and improvement actions tracked in the Audit Committee work plan to ensure completion.

2 Recommendations

- a) That Members discuss the 2023 FRAG self-assessment checklist at **Appendix 1** to this report to ensure that this is an accurate reflection of the Committee's interactions with the Council and its officers, updating it as appropriate.

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
	Audit Committee purpose and governance			
1	Does the authority have a dedicated audit committee?	Y		
2	Does the audit committee report directly to full council?	Y		
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's position statement?	Y		
4	Is the role and purpose of the audit committee understood and accepted across the authority?	Y		
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	Y		
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Y		
	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"> - Good governance - Assurance framework - Internal audit - External audit - Financial reporting - Risk management - Value for money or best value - Counter fraud and corruption 	Y		
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?	Y		
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?	Y		
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	n/a		

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?	Y		
	Membership and support			
12	Has an effective audit committee structure and composition of the board been selected? This should include: - Separation from the executive - An appropriate mix of knowledge and skills among the membership - A size of committee that is not unwieldy - Where independent members are used, that they have been appointed using appropriate process		Y	
13	Does the chair of the committee have appropriate knowledge and skills?	Y		
14	Are arrangements in place to support the committee with briefings and training?	Y		
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	Y		
16	Does the committee have good working relationships with key people and organisations, including external audit, internal audit and the chief finance officer?	Y		
17	Is adequate secretariat and administrative support to the committee provided?	Y		
	Effectiveness of the committee			
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Y		
19	Has the committee evaluated whether and how it is adding value to the organisation?	Y		
20	Does the committee have an action plan to improve any areas of weakness?	Y		

Notes:

12 – Has an effective audit committee structure and composition of the board been selected?

This should include:

- Where independent members are used, that they have been appointed using appropriate process

In January 2023 FRAG discussed the merits of appointing independent persons to the committee in accordance with the latest best practice from CIPFA. It was agreed to explore an action plan for this following the May 2023 elections.

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	Robust review of the Annual Governance Statement. Cabinet Member for Finance attends the FRAG meetings on a regular basis. Reviews regularly received on Governance arrangements from Internal Audit.	4

	<p>In 2023 the FRAG committee discussed the merits of appointing independent persons. This will be explored following May 2023 elections.</p> <p>Self-assessment undertaken annually. The Chair also attends EY briefings.</p>	
Contributing to the development of an effective control environment	Regular follow up reports provided by the Head of Internal Audit as to progress made with internal audit recommendations. Where recommendations are not completed within agreed timeframes by officers, the audit committee requests their attendance. Constructive questioning occurs where extensions of time are requested.	4
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	<p>Oversight of risk management was within responsibility and remit of Cabinet only. Upon the recommendation of internal audit during the 2019 risk maturity assessment, FRAG has agreed to approve risk policies and receive assurance from management on strategic risks in line with this guidance.</p> <p>FRAG terms of reference include Risk Management responsibilities.</p> <p>FRAG members have received training on Risk Management to refresh knowledge and skills.</p> <p>FRAG continue to receive reports containing the strategic risk register and have been proactively challenging officers the progress of mitigating significant risks.</p> <p>The committee also has oversight of the Council risks through the reports received from the auditors and internal audit reports from the risk based internal audit plan.</p>	4

	In 2023, the FRAG Committee have discussed the outcomes of the recent Risk Maturity Assessment undertaken by Internal Audit and have contributed to discussions about the improvements that are required.	
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	<p>Assurance is provided through the internal audit reports and through the Value for Money statement provided by the External Auditors.</p> <p>The Committee have been robust in their challenge of EY resourcing difficulties impacting on the timeliness of Statement of Accounts work.</p>	4
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	<p>The Audit Charter covers reporting requirements in terms of reporting functionally to FRAG and administratively to the Corporate Leadership Team.</p> <p>The Head of Internal Audit also has a direct line of reporting and access to the Chief Executive, CLT and the Chair of the Committee.</p> <p>Effectiveness of the internal audit service is assessed as part of the year end reporting through the Annual Opinion, in particular the Quality Assurance & Improvement Programme (internal and external assessment). Results of the recent External Quality Assessment have been verbally discussed. A full debrief will be provided to the Committee at the June 2023 meeting.</p>	4
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	This is covered in the scopes of audit reviews as required. The risk based internal audit plan provides the committee with assurance that key goals and objectives are being well managed and governed. The Committee reviews the results comprehensively and asks questions requesting further detail where appropriate.	4

Appendix 1

Supporting the development of robust arrangements for ensuring value for money	<p>The External Auditor reports on this objectively and provides a conclusion on value for money.</p> <p>This is also displayed through the Annual Governance Statement that the Committee receives.</p>	4
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	<p>Receive regular reports on the fraud arrangement and these are effectively scrutinised by the Committee I.e., Anti-Fraud arrangements. The Committee is also involved in reviewing and approving related policies.</p>	4

FRAG Committee Work Programme

24 March 2023

Strategic and Annual Internal Audit Plans 2023/24
Annual Report of FRAG Committee
Self Assessment of the FRAG Committee
Strategic Risk Update
Review of Local Government Ombudsman 2022

Faye Haywood
Jessica Hammond
Faye Haywood
Sinead Carey
Hannah Mawson

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)
Audit Results Report 2020/21 and Formal approval of the Statement of Accounts 2020/21

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

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
Funding Commitment for the Big Sky Business Plan

Faye Haywood
Sinead Carey
Big Sky/Rodney Fincham

March 2024 TBC

Strategic and Annual Internal Audit Plans 2024/25
Annual Report of FRAG Committee
Self Assessment of the FRAG Committee
Review of Local Government Ombudsman 2023

Faye Haywood
Jessica Hammond
Faye Haywood
Hannah Mawson