

Borough Council of
**King's Lynn &
West Norfolk**



Audit Committee

Agenda

Monday, 11th April, 2022
at 4.30 pm

in the

**Assembly Room
Town Hall
Saturday Market Place
King's Lynn**

Also available to view on:

<https://www.youtube.com/user/WestNorfolkBC>

Borough Council of
**King's Lynn &
West Norfolk**



King's Court, Chapel Street, King's Lynn, Norfolk, PE30 1EX
Telephone: 01553 616200
Fax: 01553 691663

1 April 2022

Dear Member

Audit Committee

You are invited to attend a meeting of the above-mentioned Committee which will be held on **Monday, 11th April, 2022 at 4.30 pm** in the **Assembly Room, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ** to discuss the business shown below.

Yours sincerely

Chief Executive

AGENDA

1. **Apologies**

2. **Minutes** (Pages 5 - 10)

To approve the minutes from the Audit Committee held on 28 February 2022.

3. **Declarations of Interest**

Please indicate if there are any interests which should be declared. A declaration of an interest should indicate the nature of the interest (if not already declared on the Register of Interests) and the agenda item to which it relates. If a disclosable pecuniary interest is declared, the Member should withdraw from the room whilst the matter is discussed.

These declarations apply to all Members present, whether the Member is part of the meeting, attending to speak as a local Member on any item or simply observing the meeting from the public seating area.

4. Urgent Business Under Standing Order 7

To consider any business which, by reason of special circumstances, the Chairman proposed to accept as urgent under Section 100(b)(4)(b) of the Local Government Act 1972.

5. Members Present Pursuant to Standing Order 34

Members wishing to speak pursuant to Standing Order 34 should inform the Chair of their intention to do so and on what items they wish to be heard before a decision on that item is taken.

6. Chair's Correspondence (if any)

7. Governance of Major Projects - Quarterly Update M Henry

**8. Risk Management Policy and Strategy Review - G Greaves
(Pages 11 - 35)**

9. Strategic and Annual Internal Audit Plans 2022/23 - F Haywood (Pages 36 - 59)

**10. Budget Monitoring Report - January 2022 - C Holland
(Pages 60 - 76)**

11. Verbal Update on Audit Progress - M Drewery

12. Cabinet Forward Decisions List (Pages 77 - 80)

13. Committee Work Programme (Pages 81 - 86)

14. Date of Next Meeting

To note that the date of the next meeting of the Audit Committee will take place on 20 June 2022 at 4.30 pm in the Assembly Room, Town Hall, Saturday Market Place, King's Lynn.

To:

Audit Committee: Mrs J Collingham, J Collop, P Gidney, J Lowe (Chair), C Manning, C Morley (Vice-Chair), J Rust, A Ryves and M Storey

Portfolio Holders:

Councillor Mrs A Dickinson, Finance

Management Team Representative:

M Drewery, Assistant Director, Resources

Appropriate Officers:

- Item 7 - Matthew Henry, Assistant Director
- Item 8 - Ged Greaves, Corporate Performance Manager#
- Item 9 - Faye Haywood, Internal Audit Manager
- Item 10 - Carl Holland, Financial Services Manager
- Item 11 - Michelle Drewery, Assistant Director

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

AUDIT COMMITTEE

Minutes from the Meeting of the Audit Committee held on Monday, 28th February, 2022 at 4.30 pm in the Assembly Room, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

PRESENT: Councillor J Lowe (Chair)
Councillors Mrs J Collingham, C Hudson (substitute for Councillor J Collop),
C Manning, C Morley (Vice-Chair) and
Mrs E Nockolds (substitute for Councillor P Gidney)

Portfolio Holders:

Councillor Mrs A Dickinson, Finance (via Zoom)

Officers:

Michelle Drewery, Assistant Director – Resources/Management Team
Representative

Ged Greaves, Corporate Performance Manager

Carl Holland, Financial Services Manager

Wendy Vincent, Democratic Services Officer

A60 **APOLOGIES**

Apologies for absence were received from Councillors J Collop, P Gidney, J Rust and A Ryves.

A61 **MINUTES**

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The minutes of the Audit Committee held on 22 November 2021 were agreed as a correct record and signed by the Chair.

A62 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A63 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A64 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

A65 **CHAIR'S CORRESPONDENCE**

There was no Chair's correspondence.

A66 **RISK MANAGEMENT POLICY AND STRATEGY REVIEW**

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The Corporate Performance Manager explained that the Council's risk management policy and strategy were due to be refreshed in March 2022.

Members were informed that the report set out proposals to enhance the Council's approach and in response to various comments made by the Committee over the last few months around discussions regarding risk management, the risk register and whilst considering the Annual Governance Statements.

The key issues and options were outlined as set out in the report.

The report introduced a draft framework and sought members' comments.

The Committee's attention was drawn to several major proposals within the policy and strategy review as set out below:

- Proposal to increase the number of times in which a formal review was carried out of the Corporate Risk Register. Currently, two formal reviews per year were undertaken and by moving to three reviews will begin to reinforce points made by the Committee regarding the risk register being a management tool to drive change and by undertaking three reviews rather than two would set up the Council up to drive that change
- Rationalisation of the Risk Register – the Corporate Risk Register contained 40 risks. Many Councils had reviewed their strategic risk registers to rationalise the number of risks and to put in place a framework to measure and monitor more risks at an operational level what was being proposed within the review of the Council's policy and strategy framework. Therefore, it was being suggested that a rationalisation exercise was carried out to condense the number of risks down to a smaller number of related risks and as forward through Directorate Plan processes each year, those risk would be captured within the Directorate Plans and a monitoring process in place to check progress on those plans. The proposal was set out in Appendix C of the report.

A final version would be presented to the Committee to take forward to Cabinet for approval.

The Corporate Performance Manager/Assistant Director, Resources responded to comments and questions in relation to:

- Increase in number of reviews proposed to be undertaken of the Risk Register per annum.
- Individual Risk Registers available for each project.
- Mechanism of reporting progress with Corporate Business Plans/Directorate Plans.
- Capital Project Risks managed by Property Services/Major Housing Projects. The Corporate Performance Manager explained that details would be clarified in the final version of the policy and strategy review.
- Corporate Risk Register recording high level risks which posed a threat or opportunity to the Council's objectives – a tool used by the Management Team to help manage risk within the Authority and a key document within the governance controls applied within the council.
- Internal Drainage Boards(IDB's)/financial sustainability, a risk not being able to be mitigated. The Assistant Director, Resources referred to the Financial Plan and reference made to uncertainty of IDB's and that there was no cap on the levies imposed. It was noted that Government lobbying was being undertaken to try and mitigate this risk.
- Rationalisation of the Corporate Risk Register.
- Ensuring statutory responsibilities were met not being recorded in the Corporate Risk Register.
- Audit Committee being made aware of the list of the council's statutory responsibilities/ legal requirements.
- Loss of ICT/backup plans.
- Cyber security attack.

The Chair thanked the Corporate Performance Manager for presenting the report.

RESOLVED: The Committee considered the draft and the Corporate Performance Manager noted the comments made requiring clarification in the final version of the Risk Management Policy and Strategy.

A67

CORPORATE RISK REGISTER MONITORING REPORT

[Click here to view a recording of this item on You Tube](#)

The Corporate Performance Manager presented the report which set out the changes to the Corporate Risk Register since the last monitoring report to the 16 June 2021 committee meeting. It gave details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects.

It was noted that the Corporate Risk Register was reviewed every 6 months by the Management Team.

The Corporate Performance Manager explained that Covid-19 had continued to have a significant impact upon the council's operating environment. It was highlighted that the Council was focused on delivering its Covid-19 recovery strategy and its response, normalisation and recovery work had had an impact upon all areas of its activities in addition to wider impacts upon the borough.

The Committee's attention was drawn to the key issues set out in the report and the Corporate Performance Manager outlined the reasons for the proposed changes.

It was explained that introduction of specific actions in the Risk Register was a change in reporting for this particular report and would carry on in future reports, incorporating actions which helped make the Register a management tool and a means of driving improvement and resilience for effectively dealing with risk management.

The Corporate Performance Manager/Assistant Director, Services responded to comments and questions in relation to:

- National Fuel shortage October 2020 – clarification given on business continuity arrangements and entry/explanation within the Risk Register.
- Appendix 1: 1.7 Staffing levels and actions appropriate to retain staff and whether a risk should be added regarding staff retention levels to mitigate the risk.
- Appendix 1: 1.12 Financial Plan may be adversely affected: Reference was made to S31 Grant provided to offset shortfall in income and whether there was an opportunity to obtain more grants for the delivery of statutory services if there were budget shortfalls.
- Appendix 1: 1.20 Virus results in national and local measures to contain outbreak with consequences for commercial services, service delivery and staff/member well-being – reduced funding being available and text to be reviewed. The Corporate Performance Manager explained that over the coming weeks when the document was reviewed it was anticipated that there would be a re-write of some of the content.
- Explanation of colour coding.
- Appendix 1: 2.1 The ability to attract new investment could be adversely affected by potential barriers in the local economy such as availability of premises, levels of skills in the workforce and related low value work. No active involvement of the New Anglia LEP/Cambridge – this needed to be checked and risk mitigation actions with the Enterprise Zone to check progress being made. The Assistant Director, Resourced noted the comments and advised that she would be looking to undertake a review.
- Scoring of risks with regard to the projects listed – carbon emissions, cost reduction programme.

The Chair thanked the Corporate Performance Manager for presenting the report.

RESOLVED: The Committee considered the contents of the Corporate Risk Register and confirmed agreement with Management Team's assessment of the risks to the corporate business plan/Covid-19 recovery strategy.

A68

MID YEAR REVIEW TREASURY REPORT 2021/2022

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In presenting the report, the Financial Services Manager explained that the Council had formally adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017) and remained fully compliant with its requirements. It was noted that one of the primary requirements of the Code was receipt by Council of a Mid-Year Review Report.

The Financial Services Manager informed the Committee that the Code of Treasury Management and Prudential Code had just been re-published at the end of 2021.

The Committee was informed that the Mid-Year Review Report had been prepared in compliance with CIPFA's Code of Practice, and covered the following:

- A review of the Treasury Management Strategy.
- The Council's capital expenditure (prudential indicators).
- An economic update for the first six months of 2021/2022.

The Financial services Manager provided a summary of the content within the appendices set out below:

- Appendix 1 – Economic Outlook.
- Appendix 2 – Investments as at 31 October 2021.
- Appendix 3 – Borrowing as at 31 October 2021.
- Appendix 4 – Prudential Indicators.

In conclusion, the Financial Services Manager confirmed that there had no debt rescheduling, the Council met the requirements of the Treasury Management Strategy approved at Council in February 2021. There had been no changes to Treasury Management Strategy. The Council was well within meeting the Prudential Indicators as set out by CIPFA's Treasury Management Code and the Prudential Code. The Capital Programme had been revised and approved by Council on 23 February 2022 and it was explained that when outturn 2021/2022 was presented to the Committee this would be reflected and revising the indicators to reflect the Treasury Management Code and Prudential Code.

The Financial Services Manager/Assistant Director, Resources responded to questions and comments in relation to:

- Property and Projects actual as at 31 October 2021 and definition of “0” on page 92 of the Agenda.
- Maturity of investments/reinvestment.
- Capital Programme expenditure set out on page 75 of the Agenda.

The Chair thanked the Financial Services Manager for attending and presenting the mid-year report.

RESOLVED: The Committee noted the report and treasury activity.

A69 **CABINET FORWARD DECISIONS LIST**

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The Committee noted the Cabinet Forward Decisions List.

A70 **COMMITTEE WORK PROGRAMME**

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The following items were submitting for inclusion on the future work programme:

- Borough Council’s Statutory Requirement responsibilities/deliverables/costs – summary sheet setting out the Council’s responsibilities to enable the Audit Committee to understand how the Council operates.
- Reports – Executive Summary at the beginning of reports presented containing headline information to give context to items for consideration and to provide a better understanding for the Audit Committee.

A71 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee will take place on 29 March 2022 at 5 pm in the Assembly Room, Town Hall, Saturday Market Place, King’s Lynn.

The meeting closed at 5.33 pm

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	11 April 2022		
TITLE:	Risk Management Policy and Strategy review		
TYPE OF REPORT:	Review		
PORTFOLIO(S):	Finance		
REPORT AUTHOR:	Ged Greaves, Corporate Performance Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	Yes

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
<p>The council's risk management policy and strategy are due to be refreshed in March 2022. This report introduces a draft framework and seeks members' comments. A draft version was presented to the committee on 28 February 2022. The final version will be taken forward to Cabinet in June 2022.</p>
KEY ISSUES:
<p>The policy (Appendix A) states the council's commitment to managing risk in a positive manner. It is recognised that in order to achieve the council's objectives it is necessary to take risks and that these need to be identified, understood and managed accordingly.</p> <p>The risk appetite is defined in the policy as 'open' which means that the council is 'prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk'.</p> <p>The strategy (Appendix B) describes the approach to be carried out in practice. It explains how risks will be identified, analysed, managed and monitored. The strategy sets out criteria to be used for deciding the potential impact of a risk and the appropriate levels of action to be taken for the different risk categories.</p> <p>The strategy has been updated to reflect changes in staffing and practice that have taken place since the review in 2019.</p>
OPTIONS CONSIDERED:
These are detailed in the report.
RECOMMENDATIONS:
Members are requested to consider the endorse the policy and strategy and recommend it to Cabinet for approval.
REASONS FOR RECOMMENDATIONS:
In order to ensure the Council meets its statutory obligations to ensure that it has 'effective arrangements in place for the management of risk'.

1. Background

- 1.1 The Risk Management Policy and Strategy are reviewed every three years and the current versions were approved by Cabinet in March 2016. The policy and strategy framework are therefore due to be reviewed by March 2019
- 1.2 Responsibility for coordinating the corporate risk register and the risk management framework rests with the council's Performance team.
- 1.3 The committee was consulted on the draft framework in February 2022. Final draft versions of the policy (Appendix A) and strategy (Appendix B) are attached to this report and reflect comments made by the committee.

2. Facts/Issues

- 2.1 There is no specific "standard" set for risk management in local government and the council's approach is based on sector best practice including the International Standard in Risk Management ISO: 31000 and guidance from organisations such as Alarm (Association of Local Authority Risk Managers), the Public Sector Risk Management Association, and the Institute of Risk Management.

3. Updates since Audit Committee on 28 February 2022

- 3.1 Content has been added at section 3.4 to add further detail to the categories for likelihood and impact. These changes help to define the likelihood of the risk materialising and an additional impact criteria has been added regarding climate change. Further detail has been added to explain how the impact criteria are used to evaluate the risk.
- 3.2 Reference is made at section 6 to major project risks. Further information has been added to this section to briefly explain what is meant by "major projects" and the oversight for this category of risk.
- 3.3 Once finalised, the refreshed policy and strategy will be deployed using a combination of training, briefings and internal communications to direct officers and members to key documents and guidance.

4.0 Corporate Priorities

- 4.1 The risk management process supports the delivery of corporate priorities.

5.0 Policy Implications

- 5.1 The report seeks to refresh existing policy and strategy.

6.0 Financial Implications

- 6.1 None.

7.0 Personnel Implications

- 7.1 None.

8.0 Statutory Considerations

8.1 Account and Audit Regulations 2015 - s3(c). The Council must ensure that it has 'effective arrangements for the management of risk'.

9.0 Equality Opportunity Considerations

9.1 None

10.0 Risk Management Implications

10.1 The Council has in place a Risk Management Policy (last adopted in March 2019) and an associated Risk Management Strategy.

10.2 The Corporate Risk Register records high level risks which pose a threat or opportunity to the Council's objectives. It is a tool used by the Chief Executive and the Executive Directors (Management Team) to help manage risk within the Authority and is a key document within the governance controls applied within the Council.

11.0 Recommendations

11.1 Members are requested to endorse the policy and strategy and recommend it to Cabinet for approval.

12.0 Declarations of Interest / Dispensations Granted

12.1 None

Background Papers

- Previous Corporate Risk Registers
- Risk Management Policy and Strategy – approved in March 2019
- Audit Committee Risk management policy and strategy review report, 28 February 2022



Risk Management Policy 2022

FINAL DRAFT

Contents Page

1. Introduction	3
2. Definitions	3
3. Policy statement	3
4. Scope	4
5. Aims.....	4
6. Objectives.....	4
7. Benefits of risk management	4
8. Legal framework and relevant legislation.....	5
9. Roles and responsibilities.....	6
10. Risk management approach	6
11. Risk appetite	6
12. Risk management training	7
13. Health implications	7
14. Equalities implications	7
15. Reference documents	7
16. Additional information or resources.....	8
17. Implementation/distribution	8

1. Introduction

- 1.1 Given the wide range of activities undertaken by the council, we face a wide variety of risks including physical risks to people or property, financial loss, failure of service delivery, corporate governance and damage to reputation.
- 1.2 Effective risk management is a key tool in assisting the council to manage uncertainty in order to enable it to better achieve its corporate business plan. Risk management is intended to be a planned and systematic approach to the identification, assessment and management of the risks facing the council. It is essential that steps are taken to effectively manage those risks. Risk management supports innovative solutions as it carefully considers the benefits, alongside the risks, that may occur.
- 1.3 Insurance is a traditional way of protecting against some risks. However, not all risks can be insured against and other approaches are needed. Insurance has a direct cost and given financial challenges facing local government action taken to reduce risks can help minimise premiums and disruption to services.

2. Definitions

- 2.1 Risk can be defined as *‘an uncertain event or set of events which, should it occur, will have an effect upon the achievement of objectives’*.
- 2.2 Risk management can be defined as *‘the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling or responding to them’*.
- 2.3 Risk appetite is *‘the amount of risk that an organisation is willing to seek or accept in the pursuit of its long-term objectives’*.

3. Policy statement

- 3.1 It is the council’s policy to proactively identify, understand, manage and review the risks involved in service delivery and associated with our plans and strategies, so as to encourage responsible and informed decision making.
- 3.2 The council’s business plan sets out its objectives. The risk management approach described in this policy is key to identifying, assessing, mitigating, managing and reviewing risks to the achievement of the council’s objectives.
- 3.3 This policy/strategy will be reviewed every three years, or earlier in the light of new guidance, to ensure it remains relevant to the needs of the council. The next review will take place no later than March 2025.

4. Scope

- 4.1 The policy covers risks that could prevent the achievement of the council's corporate business plan. It does not cover health, safety and general welfare related risks and responsibilities which follow from legislation such as the Health and Safety at Work Act 1974. This is covered by the council's Health, Safety and General Welfare Policy.

5. Aims

- 5.1 The purpose of this Risk Management Policy is to state the council's risk management objectives and approach. The processes required to implement this policy are contained in the Risk Management Strategy.

6. Objectives

- 6.1 The purpose of risk management is to:
- Improve performance
 - Promote a risk aware culture to avoid unnecessary liabilities and costs, but to encourage the taking of calculated risks in pursuit of opportunities that benefit the council
 - Promote corporate governance by integrating risk management and internal control
 - Preserve and protect the council's assets, reputation and staff.
- 6.2 To achieve these objectives, the council will develop a systematic and consistent risk management approach that will:
- Implement effective risk management as a key element of good governance and rigorous performance management.
 - Consider risk is an integral part of corporate and business planning and service delivery.
 - Encourage considered and responsible risk taking as a legitimate response to opportunity and uncertainty.
 - Achieve better outcomes for the council through a more realistic assessment of the challenges faced, through improved decision-making and targeted risk mitigation and control.
 - Engender, reinforce and replicate good practice in risk management.

7. Benefits of risk management

- 7.1 Effective risk management delivers benefits to individual services and the council as a whole. The key benefits include:
- A better, more informed, decision making process
 - The ability to manage the process of achieving objectives.

7.2 By delivering enhanced risk management practice and adhering to the Risk Management Strategy, the following additional benefits can be realised:

- Increased likelihood of achieving the council's objectives
- More robust assessment of opportunities
- Improved business planning through risk based decision making
- Improved governance and controls
- Enhanced stakeholder confidence and trust
- Enhanced performance through an integrated approach
- Effective allocation and use of resources
- Improved organisational resilience

8. Legal framework and relevant legislation

8.1 Risk management is an integral part of internal control, and for local government a statutory requirement, defined in the Audit & Accounts Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006. Paragraph (1) of Regulation 4 (responsibility for financial management) states:

'The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.'

8.2 Regulation 6 requires relevant bodies to conduct an annual review of the effectiveness of their system of internal audit. CIPFA's guidance on the Review of the System of Internal Audit, published in January 2009, defines the system of internal audit as:

'The framework of assurance available to satisfy a local authority that the risks to its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation.'

8.3 Risk management represents a part of the governance arrangements which are required to be reported on in the annual governance statement incorporated in the council's annual statement of accounts.

8.4 In addition to the above requirements there are several other specific duties that the council is obliged to observe including, as examples, responsibilities arising from the Civil Contingencies Act 2004, Health and Safety at Work Act 1974 and equality impact assessments under the Equality Act 2010.

9. Roles and responsibilities

9.1 Risk management is all inclusive and every employee and member has a role to play. Specific roles and responsibilities are defined in the Risk Management Strategy.

10. Risk management approach

10.1 To ensure it is effective, risk management needs to be aligned with corporate aims, objectives and priorities. The council's approach to embedding risk management is to create a culture that spreads best practice, identifies and communicates lessons learnt, and uses appropriate expertise.

10.2 Risk management has to be proactive to ensure that corporate and operational risks are:

- Identified
- Assessed by considering the impacts and likelihoods of their occurrence
- Effectively managed by identifying suitable controls and countermeasures, and assessing the mitigating actions proposed
- Reviewing progress and emerging issues.

10.3 Effective risk management anticipates and avoids risks rather than dealing with the consequences of events happening.

11. Risk appetite

11.1 Risk appetite refers to the council's attitude towards risk, which in turn dictates the amount of risk that it considers acceptable.

11.2 The council recognises that it must take risks. Indeed, only by taking risks can it achieve its aims and deliver beneficial outcomes to its customers. It must, however, take risks in a controlled manner, thus reducing its exposure to a level deemed acceptable by the council and by relevant auditors, regulators and inspectors.

11.3 Methods of controlling risks must be balanced in order to support innovation and the imaginative use of resources, especially when it is to achieve substantial benefit. Calculated controlled risks, such as accepting new opportunities or using innovative approaches for the benefit of the council, may be taken providing the risk exposure is within the council's 'risk tolerance' levels, these are defined as:

11.4 *Acceptable risks* – the risks associated with any proposed actions and decisions need to be clearly identified, evaluated and managed to ensure that risk exposure is acceptable. Particular care is needed in considering actions that could:

- Have an adverse effect on the council's reputation and/ or performance
- Undermine the independent and objective review of activities
- Result in censure or fines being imposed by regulatory bodies
- Result in financial loss.

11.5 Any threat or opportunity that could have a significant impact on the council's reputation or its services must be closely examined, and all risks clearly evaluated and referred to the appropriate executive director. Where there is risk that could potentially have a corporate impact on the council, it must be considered by Management Team.

11.6 *Prohibited risks* – risks are not acceptable where they could result in physical harm; non-compliance with legislation or government regulations; or non-compliance with council policy, rules and procedures. Therefore any opportunity or innovative approach that may result in such outcomes must not be pursued.

11.7 The organisation's current overall risk appetite is defined as 'open':

Open	<i>The council is prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.</i>
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12. Risk management training

12.1 Risk management training will be provided to relevant officers with the aim of ensuring that they have the skills necessary to identify, appraise and control the risks associated with the services they provide and projects that they manage. Elected members will receive training on risk so that they can consider the implications of risk whilst engaged with council activities.

13. Health implications

13.1. The strategy is a key part of the council's governance framework and will contribute towards wider health policies through mitigation measures.

14. Equalities implications

14.1 The policy is considered to have no equalities implications.

15. Reference documents

15.1 The policy provides direction to the council's Risk Management Strategy.

16. Additional information or resources

16.1 The related Risk Management Strategy and Strategic and Corporate Risk Register can be found in the risk management section of InSite.

16.2 Further information can be obtained from the Performance team.

17. Implementation/distribution

17.1 The policy will be distributed to senior managers and to all staff and members via Internal Affairs, the Members Bulletin and InSite.

Signed: _____ Lorraine Gore, Chief Executive

Date: _____

Signed: _____ Cllr A Dickinson, Cabinet Member for Finance

Date: _____

Version control

Policy name	Risk management policy			
Policy description	The risk management approach described in this policy is key to identifying, assessing, mitigating, managing and reviewing risks to the achievement of the council's objectives.			
Responsible Officer	Ged Greaves, Corporate Performance Manager			
Version number	Date formally approved	Reason for update	Author	Review date
1	March 2016	Refresh	K. Littlewood	March 2019
2	TBC	Planned refresh	G. Greaves	March 2022



Risk Management Strategy 2022 (FINAL DRAFT)

Contents page

1. Introduction	3
2. Legal framework and relevant legislation.....	3
3. Process of managing the risk	4
3.1 Risk management overview.....	4
3.2 Risk appetite	4
3.3 Identify the risk.....	4
3.4 Evaluate the risk.....	5
Likelihood.....	5
Impact	6
Risk matrix.....	7
3.5 Minimising, controlling and responding	7
3.6 Monitoring and reporting	8
4. Strategic and corporate risk register	9
4.1 Strategic risks	9
4.2 Corporate risks.....	9
4.3 Strategic and Corporate Risk Register	9
5. Operational risks	10
6. Major project risks	10
7. Roles and responsibilities.....	10
7.3 Members.....	11
7.4 Management Team.....	11
7.5 Section 151 Officer.....	11
7.6 Service managers	12
7.7 Project managers	12
7.8 Directors of council owned companies.....	12
7.9 Performance team	12
7.10 Internal Audit	13
7.11 Health and safety risk management.....	13
8. Risk management training	13
9. Health implications	13
10. Equalities implications	13
11. Reference documents.....	13
12. Additional information or resources.....	13
13. Implementation/distribution	14

1. Introduction

- 1.1 Risk management can be defined as *‘the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling or responding to them’*.
- 1.2 The council’s risk management objectives and approach are stated in the Risk Management Policy. This strategy explains the processes required to implement the policy and provides simple templates designed to evaluate the effect of a risk.
- 1.3 The purpose of risk management is to:
- Improve performance
 - Promote a risk aware culture to avoid unnecessary liabilities and costs, but to encourage the taking of calculated risks in pursuit of opportunities that benefit the council
 - Promote corporate governance by integrating risk management and internal control
 - Preserve and protect the council’s assets, reputation and staff.
- 1.4 This policy/strategy will be reviewed every three years, or earlier in the light of new guidance, to ensure it remains relevant to the needs of the council. The next review will take place no later than March 2025.

2. Legal framework and relevant legislation

- 2.1 Risk management is an integral part of internal control, and for local government a statutory requirement, defined in the Audit & Accounts Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006. Paragraph (1) of Regulation 4 (responsibility for financial management) states:

‘The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk.’

- 2.2 Regulation 6 requires relevant bodies to conduct an annual review of the effectiveness of their system of internal audit. CIPFA’s guidance on the Review of the System of Internal Audit, published in January 2009, defines the system of internal audit as:

‘The framework of assurance available to satisfy a local authority that the risks to its objectives, and the risks inherent in undertaking its work, have been

properly identified and are being managed by controls that are adequately designed and effective in operation.'

- 2.3 Risk management represents a part of the governance arrangements which are required to be reported on in the annual governance statement incorporated in the council's annual statement of accounts.
- 2.4 In addition to the above requirements there are several other specific duties that the council is obliged to observe including, as examples, responsibilities arising from the Civil Contingencies Act 2004, Health and Safety at Work Act 1974 and equality impact assessments under the Equality Act 2010.

3. Process of managing the risk

3.1 Risk management overview

3.1.1 Risk management consists of initially defining the risk appetite and then applying four basic processes:

1. Identifying risks
2. Evaluating
3. Minimising, controlling and responding
4. Monitoring and reporting

3.2 Risk appetite

3.2.1 This is '*the amount of risk that an organisation is willing to seek or accept in the pursuit of its long-term objectives*'. The council's risk appetite is defined in the Risk Management Policy as '*open*', which means that the council is '*prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk*'.

3.3 Identify the risk

3.3.1 The purpose of this stage is to identify anything that might affect the achievement of the council's objectives and assess what that effect might be. The question to ask is 'What might possibly present itself in the course of delivering the objectives, which has the capacity to threaten or improve the success?' Once identified, the extent to which it might affect the objectives needs to be considered.

3.3.2 A number of approaches are taken to identify risks to the council at the earliest opportunity and ensure that they are managed from a very early stage. These include:

- Regular monitoring of the Corporate Business Plan.
- Regular monitoring of committee and performance monitoring reports.

- Regular reviews by Management Team to ensure all strategic and corporate risks have been recorded on the Strategic and Corporate Risk Register and accurately assessed.
- Annual reviews to ensure operational risks have been recorded in directorate plans.
- Robust processes at the commencement of projects, particularly major ones, and ongoing monitoring.
- Use of Internal Audit and peer reviews.
- Horizon scanning informed by professional and advisory bodies such as the Local Government Association.

3.4 Evaluate the risk

3.4.1 This stage develops a greater understanding of each risk, its impact and the likelihood of those consequences. It provides an input to risk evaluation and to decisions on how risk will be managed.

3.4.2 The categories for likelihood and impact are shown below.

Likelihood

Likelihood score	1	2	3	4	5
Definition	Rare	Unlikely	Possible	Likely	Almost certain
<i>Description</i>	The likelihood of the risk has been minimised to a negligible possibility	The risk is technically possible but an occurrence is not foreseeable in the medium-long term	The risk is a real possibility but the likelihood of an occurrence in the short-medium term is small	The risk is probably going to occur at some point in the medium term, possibly sooner	The risk is probably going to occur imminently
<i>Timeframe</i>	Will occur at some point in next 50 years	Will occur at some point in the next 25 years	Will occur at some point in the next 10 years	Will occur at some point in the next 5 years	Will occur at some point in the next year
<i>Probability</i>	10% or less	Between 10-30%	Between 30-50%	Between 50-85%	85% or more

Impact

Score/Criteria	1	2	3	4	5
Impact on service	Little	Some	Significant	Service not available for 2-7 days	Service not available for >7 days
Personal safety	No injury	Minor injury	Violence or threat of serious injury	Extensive or multiple injuries	Fatality
Financial loss	<£25,000 or 1% of budget	>£25,000 or >2.5% of budget	>£175,000 or >5% of budget	>£500,000 or >10% of budget	>£1m or >15% of budget
Legal and Regulatory	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/or public enquiry	Major civil litigation and/or national public enquiry.	Section 151 or government intervention or criminal charges
Corporate objective	No effect on delivery	Little effect on delivery	Possible impact on delivery	Significant impact on delivery	Non delivery
Environmental impact	None or insignificant	Minor damage	Moderate damage	Major damage	Significant damage locally or nationally
Reputation	No damage	Minimal damage (minimal coverage in local press)	Significant coverage in local press	Coverage in national press	Requires resignation of Chief Exec, Exec Director or Leader
Climate change	No impact upon CO2 emissions	Minor impact upon BCKLWN CO2 emissions	Major impact upon BCKLWN CO2 emissions	Significant impact upon BCKLWN CO2 emissions	Minor impact upon KLWN CO2 emissions

3.4.3 The likelihood and impact criteria should be considered during the evaluation of the risk by the risk owner and with wider insight from Management Team. The scoring is based upon officer judgements and may be informed through external independent sources for example from professional services. One or more criteria may be more dominant than others in the scoring assessment. The assessments for each impact criteria should inform ongoing mitigation measures and risk actions. An overall score is arrived at and “sense checked” by Management Team.

3.4.4 Apply the definitions of likelihood and impact to establish the risk score and rating using the following risk matrix. This will determine what level of action is required and who by.

Risk Category	How the risk should be managed
Very High Risk (15 – 25) (Red)	Immediate action required. Senior management must be involved.
High Risk (10 – 12) (Orange)	Senior management attention needed and management responsibility specified.
Medium Risk (5 – 9) (Green)	Manage by specific monitoring or response procedures. Responsibility to be allocated by Management Team to a named service manager.
Low Risk (1 – 4) (White)	Manage by routine procedures, unlikely to need specific or significant application of resources.

Risk matrix

LIKELIHOOD	5 Almost Certain	(5) (Green)	(10) (Orange)	(15) (Red)	(20) (Red)	(25) (Red)
	4 Likely		(8) (Green)	(12) (Orange)	(16) (Red)	(20) (Red)
	3 Possible		(6) (Green)	(9) (Green)	(12) (Orange)	(15) (Red)
	2 Unlikely			(6) (Green)	(8) (Green)	(10) (Orange)
	1 Rare					(5) (Green)
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Extreme
IMPACT						

For example, a risk that is 'likely' to occur, and has a 'minor' impact will score 4 x 2 = 8 which is a 'medium' risk.

3.5 Minimising, controlling and responding

3.5.1 When deciding how to manage risks, the cost effectiveness of implementing proposed controls needs to be considered. There is little benefit to be gained from pursuing a course of action if the cost of controlling a risk outweighs the benefits to be gained.

3.5.2 There are four basic ways of responding to risk:

Avoidance	Deciding not to continue or proceed with the activity in view of the level of risk involved. This may be as a result of the cost of mitigating the risk being too high, or the consequences being too adverse. (Note: statutory requirements cannot be avoided).
Transfer	Involves another party bearing or sharing the risk, a typical example being the use of insurance. (Note: ultimate responsibility to undertake statutory requirements remains with the Council even if third party provision is engaged).
Mitigate	Ensuring existing controls are effective by periodic review and testing, and implementing additional controls where necessary.
Acceptance	Certain risks cannot be adequately treated by any of the above. In such cases, there is no alternative but for the Council to accept the residual risks concerned. Details of how these risks and their possible effects are to be managed must be recorded in the risk register at corporate, directorate or project level as appropriate, and subject to regular review.

3.6 Monitoring and reporting

3.6.1 Management Team reviews the Strategic and Corporate Risk Register at regular intervals to assess if any risk has increased, reduced or stopped altogether, or if new risks need to be added.

3.6.2 The Terms of Reference for the Audit Committee state that '*the purpose of an audit committee is to provide independent assurance of the adequacy of the risk management framework...*', and as such one of its functions is to '*consider the effectiveness of the council's risk management arrangements*'.

3.6.3 The committee will therefore receive regular updates on the strategic and corporate risk register and will consider the effectiveness of the Risk Management Strategy.

3.6.4 Reports to committees will include an appraisal of all associated risks and their implications. This is specified in the mandatory report template.

3.6.5 Where officers have concerns about risks they should be reported to the relevant director or the Performance team. These concerns may for example include:

- Operational risks that have identified a potential strategic risk.
- Risks that have not been controlled within the pre-agreed timescales.
- Risks that have increased since initial evaluation.
- An identified risk occurs and results in failure/loss due to inadequate controls.
- Risks that may need to be moved to a new owner.
- Risks that become too unwieldy to manage at the current level.

- Risks that remain very high even after mitigations are implemented.
- Risks that impact on more than one service/project or function if the risk event materialises.
- Risks that move outside the appetite boundaries.

3.6.6 Management Team will determine whether risks move from the operational level to the strategic and corporate level.

4. Strategic and corporate risk register

4.1 Strategic risks

4.1.1 A strategic risk is defined as “An event or occurrence that would cause the council to be unable to operate or provide key services leading to a significant adverse effect on public wellbeing.”

4.2 Corporate risks

4.2.1 A corporate risk is defined as “An event or occurrence that would lead to a significant adverse effect on the council’s ability to provide important public services.”

4.3 Strategic and Corporate Risk Register

4.3.1 The Strategic and Corporate Risk Register records high level risks that pose a threat or opportunity to the council’s ability to operate and deliver services that could have an adverse effect on public wellbeing and affect our ability to provide important public services or corporate business plan objectives.

4.3.2 Executive directors are responsible for identifying risks that have a strategic and corporate impact. The Performance team should be notified of any such risk so that it can be added to the Strategic and Corporate Risk Register and included in the next review by Management Team.

4.3.3 The Strategic and Corporate Risk Register is held by the Performance team and published on InSite. The table below sets out the format of the register and an explanation of each of the fields contained within the register:

Ref	This is a unique code for the risk.
Title	This is a brief title for the risk.
Description	This describes the vulnerabilities of the council.
Director	This is the lead officer for managing the risk.
The risk is that	This describes the consequences of the risk occurring.
Inherent risk without mitigation	This defines the likelihood, impact and resulting score for the risk without any form of mitigation or control.
Controls/mitigation	This describes the measures put in place by the council.
Current risk score	This defines the likelihood, impact and resulting score for the risk following mitigation or control.

Trend	This indicates the direction of travel of the current risk score compared with the previous 6 monthly review.
Latest update	This describes mitigation undertaken since the previous review.
Risk actions	This describes actions required to mitigate the risk.
Review date	This is the date of the current review.
Target risk score	This defines the likelihood, impact and resulting score for the risk that is deemed acceptable by the council following mitigation or control.

4.3.4 The register is reviewed by the Executive Directors and Assistant Directors three times per year. Any existing entries on the register are considered for changes to the nature of the risk, progress to be reported and any adjustments to the risk scores. Risks that are no longer relevant are removed and new risks considered in the context of current circumstances are added.

4.3.5 Following each review, an overview of changes to the register is provided to the Audit Committee. Details of the 'Very High' risks are given together with a list of the 'High' risks.

4.3.6 The full register, as agreed by Management Team, is provided to the Audit Committee in hard copy, for reference.

5. Operational risks

5.1 An operational risk is defined as "An event or occurrence arising from inadequate or failed internal processes, people and systems, or from external events, leading to an adverse impact on service provision."

5.2 Operational risks should be recorded in directorate plans and reviewed annually.

6. Major project risks

6.1 A risk register will be maintained for each project on the list of approved major projects. Oversight of risk will be provided via the Officer Major Project Board and Member Major Project Board.

6.2 For projects at concept stage and not on the approved list of major projects risk oversight will be via the officer Project Development Group.

7. Roles and responsibilities

7.1 Risk management is the responsibility of everyone. It is important that risk management becomes part of daily routines to ensure achievement of the council's objectives is not jeopardised by unrecognised risks.

7.2 All council employees and members are responsible for ensuring there are robust and fit-for-purpose systems of internal control and risk management in place; and they are aware of the risks that:

- they are empowered to take
- must be avoided or reported upwards.

7.3 Members

7.3.1 The Cabinet Member for Finance is responsible for acting as lead councillor for risk management.

7.3.2 The Audit Committee has specific responsibility for the scrutiny of risk management. The committee receives the triennial review of the Risk Management Policy and Strategy and periodic reports on the update of the Corporate Risk Register. It is the committee's responsibility to ensure that risks are being actively managed.

7.3.3 The risk management policy and strategy are approved by Cabinet.

7.4 Management Team

7.4.1 Ultimately Management Team is responsible for managing risk. The responsibility cannot be devolved down, although actions to mitigate risk can be assigned to officers.

7.4.2 Executive Directors and Assistant Directors must inform the Section 151 Officer of any financial viability or resilience issues as soon as they emerge so that any appropriate action that may be required can be taken.

7.4.3 In addition, Management Team should:

- Nominate a member of Management Team with overall responsibility for risk management, currently the Chief Executive
- Identify risks within their respective directorates through section and project meetings.
- Take ownership of risks within their respective directorates and assign a responsible officer to all significant service risks
- Receive regular updates on identified and any new significant emerging risks within their directorate
- Ensure that the risk management process is reviewed on a regular basis.

7.5 Section 151 Officer

7.5.1 The Section 151 Officer has a responsibility to monitor the viability and resilience of the council's finances and take appropriate action if required to ensure the ongoing financial sustainability of the council. The officer must be informed of any potential financial risk arising from project or service activities as it emerges.

7.6 Service managers

7.6.1 Service managers are responsible for raising awareness of the risk management strategy in their own service area and notifying their executive director of any significant risks.

7.6.2 Service managers, in conjunction with their executive director and assistant director, should:

- Lead reviews of the operational risks relating to their services
- Ensure a responsible officer is assigned to manage significant risks
- Identify resources to address the highest priority risks
- Monitor progress on a regular basis
- Review the risks on an annual basis and when new situations arise
- Ensure committee reports include an appraisal of all associated risks and their implications.

7.7 Project managers

7.7.1 Managers of major and capital projects are responsible for raising awareness of the strategy in their own projects and should monitor the project risk register on a regular basis. Any significant risks should be notified to the relevant executive director and assistant director.

7.7.2 Project managers, in conjunction with their executive director and assistant director, should:

- Lead reviews of the operational risks relating to their projects
- Ensure a responsible officer is assigned to manage significant risks
- Identify resources to address the highest priority risks
- Monitor progress on a regular basis
- Review the risks on an annual basis and when new situations arise.

7.8 Directors of council owned companies

7.8.1 Councillors and senior council officers are appointed as company directors on council owned companies such as West Norfolk Housing Company Ltd. There is a responsibility upon board directors to consider the risk management arrangements in place for these types of company.

7.9 Performance team

7.9.1 This team has responsibility for coordinating the implementation of the risk management strategy and reviewing the policy and strategy. This will include updating the corporate risk register, reporting where required to Management Team, Audit Committee and Cabinet and supporting ongoing communication and development.

7.10 Internal Audit

7.10.1 Audit of the risk management process is independently reviewed by Internal Audit to avoid a conflict of interest. Internal Audit can provide the Audit Committee with independent assurance as to the robustness of the council's risk management arrangements.

7.10.2 Internal auditors will consider any potential unidentified risks during their audit work and bring any issues to the attention of management where necessary.

7.10.3 The council's Fraud and Corruption Risk Register is maintained by Internal Audit. This forms part of the internal control environment and mitigation measures.

7.11 Health and safety risk management

7.11.1 The ongoing management of these types of risks is covered by the council's Health, Safety and Welfare General Policy.

7.11.2 Each directorate is responsible for undertaking their own annual risk assessments with support from the Corporate Health and Safety Group.

8. Risk management training

8.1 Risk management training will be provided to relevant officers with the aim of ensuring that they have the skills necessary to identify, appraise and control the risks associated with the services they provide and projects that they manage. Elected members will receive training on risk so that they can consider the implications of risk whilst engaged with council activities.

9. Health implications

9.1. The strategy is a key part of the council's governance framework and will contribute towards wider health policies through mitigation measures.

10. Equalities implications

10.1 The strategy is considered to have no equalities implications.

11. Reference documents

11.1 The strategy supports the council's Risk Management Policy.

12. Additional information or resources

12.1 The related Risk Management Policy and Strategic and Corporate Risk Register can be found in the risk management section of InSite.

12.2 Further information can be obtained from the Performance team.

13. Implementation/distribution

13.1 The strategy will be distributed to senior managers and all staff/members via Internal Affairs, the Members Bulletin and InSite.

Policy name	Risk Management Strategy			
Policy description	The risk management approach described in this strategy is key to identifying, assessing, mitigating, managing and reviewing risks to the achievement of the council's objectives.			
Responsible Officer	Ged Greaves, Corporate Performance Manager			
Version number	Date formally approved	Reason for update	Author	Review date
1	March 2016	Refresh		March 2019
2	TBC	Planned refresh	Ged Greaves	March 2022

AUDIT COMMITTEE REPORT

REPORT TO:	Audit Committee		
DATE:	11 April 2022		
TITLE:	Strategic and Annual Internal Audit Plans 2022/23		
TYPE OF REPORT:	For approval		
PORTFOLIO(S):	All		
REPORT AUTHOR:	Faye Haywood, Internal Audit Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
This report provides the proposed Strategic Internal Audit Plan for 2022/23 to 2025/26 the Annual Internal Audit Plan for 2022/23 and the revised Internal Audit Charter. The plan will provide the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of the council’s framework of governance, risk management.
KEY ISSUES:
The current position and any suggested improvements are shown within the attached report.
OPTIONS CONSIDERED:
<i>Not applicable</i>
RECOMMENDATIONS:
<ul style="list-style-type: none"> a) For Audit Committee to approve the Internal Audit Charter b) For Audit Committee to consider each audit area for the year ahead and approve the plan of work for 2022/23.
REASONS FOR RECOMMENDATIONS:
In receiving this report and approving the Internal Audit Plan for 2022/23 the Committee is ensuring that the Internal Audit Service remains compliant with professional auditing standards and are fulfilling their terms of reference.

Eastern Internal Audit Services



BOROUGH OF KINGS LYNN AND WEST NORFOLK COUNCIL

Strategic and Annual Internal Audit Plans 2022/23

Responsible Officer: Faye Haywood, Internal Audit Manager

CONTENTS

1. INTRODUCTION.....	2
2. INTERNAL AUDIT CHARTER	2
3. STRATEGIC INTERNAL AUDIT PLAN.....	3
4. ANNUAL INTERNAL AUDIT PLAN.....	3
APPENDIX 1 – INTERNAL AUDIT CHARTER.....	5
APPENDIX 2 – STRATEGIC INTERNAL AUDIT PLAN	13
APPENDIX 3 ANNUAL INTERNAL AUDIT PLAN 2022/23	19

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 Audit Committee, the development of the annual report and opinion and the Quality Assurance and Improvement Programme.
- 1.5 In accordance with best practice the Audit Committee should ‘*review and assess the annual internal audit work plan*’.

2. INTERNAL AUDIT CHARTER

- 2.1 There is an obligation under the PSIAS for the Charter to be periodically reviewed and presented. This Charter is therefore reviewed annually by the Head of Internal Audit to confirm its ongoing validity and completeness, and presented to Senior Management and the Audit Committee every two years, or as required for review.
- 2.2 The internal audit management arrangements changed in 2021 with the Head of Internal Audit at Eastern Internal Audit Services (EIAS) now providing management support to the in-house team. This has prompted a review of the Charter which is provided for approval at **Appendix 1**.

3. STRATEGIC INTERNAL AUDIT PLAN

- 3.1 The overarching objective of the Strategic Internal Audit Plan **see Appendix 2**, is to provide a comprehensive programme of review work over the next three years, with each year providing sufficient audit coverage to give annual opinions, which can be used to inform the organisation's Annual Governance Statement.
- 3.2 The coverage over the forthcoming three years has been discussed with the Management 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.

4. ANNUAL INTERNAL AUDIT PLAN

- 4.1 Having developed the Strategic Internal Audit Plan, the Annual Internal Audit Plan is an extract of this for the forthcoming financial year **Appendix 3**. 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.
- 4.2 The Annual Internal Audit Plan for 2022/22 totals 227 audit days. A total of 20 Internal Audit reviews will be completed, three of which cover IT processes. A further 50 days have been assigned to audit management work in accordance with the agreement between the Council and EIAS for tasks such as quality assurance, follow up, advice and guidance, Audit Committee papers and attendance. The 2022/23 plan provides 277 days' worth of coverage in total.

Risk Maturity

- 4.3 In accordance with best practice, the risk maturity of the Council has been considered to understand to what degree reliance can be placed on the risk register when formulating the Internal Audit Plan. No significant issues have been identified from the risk maturity assessment undertaken by the Internal Audit Manager, however a number of potential enhancement opportunities have been identified.
- 4.4 As part of this work, the policy, strategy, reports and risk registers were obtained to give an indication of maturity by comparing the Council's approach against a set of defined criteria. There are five maturity points and the initial exercise has established that the Council's approach is most consistent with the third point in the scale, 'risk defined'. The definition for this level is as follows.

Risk Defined - Strategy and policies are in place and communicated. Risk appetite is defined. Internal Audit approach - Liaise with risk management and use management assessment of risk where appropriate.

- 4.5 In order to enhance the Council's approach to Risk Management the suggested actions will be proposed following a discussion with the Corporate Performance Manager regarding the assessment findings. A report containing the outcomes of this work will be circulated to the Audit Committee finalised.

IT Audit Resource

- 4.6 As reported to Audit Committee as part of the Public Sector Internal Audit Standards paper in November 2021, the standards require that Internal Auditors only engage in those areas

for which they have the necessary knowledge, skills and experience. Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. Competent advice and assistance must be obtained if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.

- 4.7 The Internal Audit team are currently involved in auditing IT controls within the current internal audit plan. The in-house resource does not currently hold a relevant IT audit qualification i.e., CIISA or QICA and or relevant experience required to provide assurance on technical IT controls.
- 4.8 The suggested 2022/23 plan currently includes 18 days of IT audit coverage in Network Infrastructure and Security, IT Governance and Software Licencing. It is proposed that audits of IT Governance and Software Licencing will be completed using the existing Internal Audit resources.
- 4.9 Due to the nature of the risks raised in the strategic risk register relating to cyber security, a technical understanding of the system controls required to prevent this risk from occurring would be required to provide assurance on Network Infrastructure and Security. It has therefore been agreed that 10 days of specialist IT resource will be provided by EIAS.

APPENDIX 1 – INTERNAL AUDIT CHARTER

BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK

INTERNAL AUDIT CHARTER FOR 2022/23

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1st 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 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 all staff members both internal and externally sourced responsible for the Internal Audit function at the Borough Council of King's Lynn and West Norfolk.
- 1.5 The Accounts and Audit Regulations 2015 set out that:
A relevant authority must ensure that it has a sound system of internal control which:
 - (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - (b) ensures that the financial and operational management of the authority is effective; and
 - (c) includes effective arrangements for the management of risk.

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.

A relevant authority must, each financial year:

- (a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and
- (b) prepare an Annual Governance Statement.

1.6 Mission Statement

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 the Internal Audit function is as follows:

"Adding value to Borough of Kings Lynn and West Norfolk Council through our detailed understanding. We provide independent assurance, focused insight and aim to protect the Council against the impact of and possibility of fraud"

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. The Charter will be reviewed annually by the Chief Audit Executive to confirm its ongoing completeness and validity and presented to Senior Management and the Board every two years for review.

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 In the Council, Internal Audit provides independent and objective assurance to the organisation, its Members, Senior Management (defined as the Management Team) and in particular the Assistant Director Resources (S151 Officer) to help discharge her responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council’s financial affairs.

2.1.3 In addition, the Accounts & Audit Regulations 2015 specifically require the provision of an Internal Audit service. In line with regulations, Internal Audit provides independent assurance on the adequacy of the Council’s governance, risk management and internal control systems.

2.1.4 Internal Audit is required to comply with the Public Sector Internal Audit Standards (PSIAS) in undertaking its work. Internal Audit operates, in accordance with PSIAS, a Quality Assurance & Improvement Programme (QAIP) to provide assurance as to Internal Audit’s continuing compliance with PSIAS.

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).
- 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 an in-house Internal Audit team, with the Chief Audit Executive responsible for ensuring the Internal Audit activity is undertaken in accordance with the Definition of Internal Auditing, the Code of Ethics and the Standards.
- 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.

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.

3.2 Chief Audit Executive

- 3.2.1 The Chief Audit Executive is based at South Norfolk Council and provides the Internal Audit Manager role to the Borough Council of King's Lynn and West Norfolk through a Section 113 Agreement.
- 3.2.2 The Internal Audit Manager is an independent CMIIA qualified individual reporting administratively to the Chief of Staff at South Norfolk Council and functionally to the Assistant Director Resources (S151 Officer) at the Borough Council of King's Lynn and West Norfolk.
- 3.2.3 The Internal Audit Manager also has a direct line of reporting and unfettered access to the Chief Executive, Senior Management and the Chair of the Board.
- 3.2.4 The delivery of the Annual Audit Plans and any specified ad-hoc assignments is provided by an in-house team. The Senior Internal Auditor of the in-house team reports functionally to the Internal Audit Manager and administratively to the Assistant Director Resources.

3.3 Board

- 3.3.1 In the context of overseeing the work of Internal Audit, the 'Board' will be the Audit Committee, which has been established as part of the governance arrangements of the Council. The Audit Committee's responsibilities are discharged through the Constitution and are explicitly referred to in its terms of reference.
- 3.3.2 In the context of Internal Audit, the Audit Committee are responsible for:

- Consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- Monitor action taken on risk-related issues identified by auditors.
- Review Internal Audit's strategy and plan, and monitor performance.
- Review summary Internal Audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
- Receive the Annual Report of the Audit Manager.
- Ensure that there are effective relationships between External and Internal Audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- Monitor management action in response to any issues raised by Internal Audit.

3.3.3 Internal Audit works 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' known as 'Management Team' is those individuals responsible for the leadership and direction of the organisation, including Statutory Officers who are responsible for specific aspects of internal control, risk management and governance arrangements. There is effective liaison between Internal Audit and Management Team 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 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.

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 within the 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 Internal Audit, thus allowing the Internal Audit Manager 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 biased, 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. Internal Audit's remit extends to the entire control environment of the Council.
- 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. The Senior Internal Auditor is responsible for managing the delivery of the Council's anti-fraud and anti-corruption policy and responsibilities included within this role are referenced within section 6.2 of the Internal Audit Charter.

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 annually confirm their adherence to 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 Senior Internal Auditor is responsible for the Counter Fraud and Corruption policy at the Council. This represents 50% of the role and this individual undertakes the following:
 - Delivery of the Council's Anti-Fraud and Anti-Corruption policy including risk assessment and anti-fraud and corruption plan.
 - Reporting to the Audit Committee on the adequacy of the Council's approach to Anti-Fraud and Corruption.
 - Fraud investigations.
 - Coordinating the National Fraud Initiative data matching exercise.
 - Assisting Revenues and Benefits teams with fraud investigations and providing advice.
 - Policy update and review.
 - Anti-Fraud and Anti-Corruption Risk Register for the Council.

The Internal Audit Manager will provide independent objective assurance over the adequacy of the Anti-Fraud and Anti-Corruption arrangements periodically as part of the risk-based planning process to safeguard independence of the Internal Audit function.

- 6.3 Internal Audit has no operational responsibility or authority over any other activities which they are required to review. They do not engage in any other activity, which would impair their judgement, objectivity or independence. Any identified threats to independence or objectivity of individual auditors or the Internal Audit function will be managed by the Internal Audit Manager and reported to the Assistant Director Resources and / or Audit Committee.
- 6.4 If the independence or objectivity of the Internal Audit Manager is impaired, or appears to be, the details of the impairment will be disclosed to the Assistant Director Resources and / or Management Team. The nature of the disclosure will depend upon the impairment.

7 Professional Standards

- 7.1 The Internal Audit function 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 staffing of Internal Audit will be kept under review by the Assistant Director Resources (S151 Officer) and the Internal Audit Manager, bearing in mind the resource requirements identified in the strategic audit plan and the overall needs of the Council.
- 8.2 If the Internal Audit Manager or those charged with governance consider that the level of audit resources limits the scope of Internal Audit, or prejudice the ability of Internal Audit to deliver an appropriate service, they should advise the Council accordingly.
- 8.3 The Internal Audit Manager is professionally qualified CMIIA and has wide ranging internal audit management experience to enable them to deliver the responsibilities of the role.
- 8.4 The Internal Audit Manager is supported by the Senior Internal Auditor in ensuring the Internal Audit function has access to a team of staff who have the appropriate range of knowledge, skills and experience to deliver the audit plan.

9 Audit Planning

- 9.1 The Strategic and Annual Internal Audit Plan of work, is derived using a risk-based approach by the Internal Audit Manager. This is discussed with Management Team 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 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 Internal Audit team relative to completing the agreed plan.
- 10.4 A Recommendations Follow-Up Report is also periodically produced for Management Team and 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 Management Team and the Audit Committee following the completion of the Annual Audit Plan each financial year. 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.
- 10.6 The Annual Opinion is based on the overall adequacy and effectiveness of the Council'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.
- 10.7 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 Internal Audit Manager will coordinate appropriate action and report this to Management Team 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 through the performance measures. These form a key part of management information on the adequacy of the Internal Audit function and are subject to quarterly reporting to the Internal Audit Manager and Assistant Director Resources 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 each auditor.
 - 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 Assistant Director Resources for 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 Council. 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.
- 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 The last external assessment was undertaken in September 2014 and the conclusion of the review was: partially conforms. A series of suggested recommendations were advised which are currently being progressed by the team in time for the next assessment scheduled October 2022.

APPENDIX 2 – STRATEGIC INTERNAL AUDIT PLAN

Audit Area	Last review & assurance	Associated Risk	2022/23	2023/24	2024/25	2025/26
Annual Opinion and Corporate audits						
Corporate Governance	Not recently reviewed	Essential to work for annual opinion on governance risk management and control	10			
Data Protection inc CCTV	2018/19 Substantial 2021/22 Substantial					
Risk Management	2018/19 Substantial	Essential to work of annual opinion on governance risk management and control		10		
Capital Programme	2016/17 Substantial 2021/22 Audit Due					
Procurement and Contract Management	2018/19 Substantial	Essential to work for annual opinion on governance risk management and control	12			
Key Controls and Assurance	New Area	Essential work for annual opinion on governance risk management and control	15	15	15	15
Annual Governance Statement	2019/20 Substantial					8
Business Planning & Performance Management	2012/13 Full	Essential work for annual opinion on governance risk management and control	12			
Complaints and FOI Policies	Not recently reviewed 2015/16 Limited 2021/22 Audit Due			10		
Project Management Framework	Not recently reviewed	Medium risk raised in CRR 1.4 due diligence of projects, 2.9 delivery of major projects.	8			
Safeguarding	2018/19 Substantial			8		
Legal Services	2018/19 Substantial					8
Counter Fraud and Corruption Framework	2019/20 Substantial	Medium risk raised in CRR 1.8 fraud and corruption impact		10		
Cost Reduction Programme	2018/19 Substantial	Medium risk raised in CRR 1.2 impact on staff	10			
Corporate Health and Safety	2013/14 Substantial 2020/21 Substantial	Medium risk raised in CRR - 6.3 impact of H&S risks	10			
Elections and Electoral Registration	2010/11 Full		10			

Audit Area	Last review & assurance	Associated Risk	2022/23	2023/24	2024/25	2025/26
Fundamental Financial Systems						
Accountancy Services includes control accounts, banking, bank reconciliation, asset management / capital expenditure, budgetary control and treasury management	Treasury 2019/20 Substantial Budget Control 2015/16 Full 2021/22 Audit Due Asset Register 2015/16 Substantial	High risk raised in the CRR - Financial Plan	16		16	
Accounts Payable	2016/17 Substantial 2021/22 Audit Due				12	
Accounts Receivable	2017/18 Full		10		10	
Income	Not recently reviewed		10		7	
Council Tax and National Non-Domestic Rates	2015/16 Substantial 2021/22 Audit Due	High risk in CRR Business Rates		15		15
Covid Business Grants	2021/22 Consultancy					
Local Council Tax Support and Housing Benefits	2015/16 Substantial 2021/22 Audit Due			15		15
Financial Management System	2015/16 Full 2021/22 Reasonable	High risk raised in the CRR - 1.17 Financial Ledger Software Replacement		10		
Payroll and Human Resources	2016/17 Full 2021/22 Audit Due	Medium risk 1.7 Capacity		15		15

Audit Area	Last review & assurance	Associated Risk	2022/23	2023/24	2024/25	2025/26
Service Area audits						
Central Services						
Organisational Development - Training	2011/12 Full					8
Democratic Services	2014/15 Substantial				10	
Customer Services	Not recently reviewed			12		
Programme and Project						
West Norfolk Housing Company Ltd	Not recently reviewed	Medium risk raised in CRR 2.3 Major housing development opposition. 2.8 Homes England terms breached.		10		
West Norfolk Property Ltd	Not recently reviewed			10		
Operations and Commercial						
Crematorium	2017/18 Substantial				8	
Markets	Not recently reviewed			10		
Environmental Health includes, environmental protection, pest control, infectious diseases, fly-tipping.	2011/12 Full		12			
Public Open Space inc play areas, tree management	Not recently reviewed				10	
Car Parking and Civil Enforcement	2020/21 Substantial					12
Waste Management including contract / agreement monitoring, income collection & monitoring, refuse collection, street cleansing, recycling, clinical waste, abandoned vehicles and grounds maintenance	2016/17 Limited 2021/22 Audit due			10		

Audit Area	Last review & assurance	Associated Risk	2022/23	2023/24	2024/25	2025/26
Service Area audits						
Community and Partnerships						
Housing Standards - HMO	2018/19 Limited 2021/22 Audit Due					
Care and Repair Agency and Careline Community Services	2015/16 Substantial			10		
Private Sector Housing includes DFGs and discretionary grants	2019/20 Substantial			10		
Homelessness and Housing Options	2016/17 Substantial		12			
Partnership working	2017/18 Substantial				10	
Anti Social Behaviour - Community Safety and Neighbourhood Nuisance	2014/15 Full		10			
Alive West Norfolk						
Alive West Norfolk	2020/21 Audit Due	High risk raised in the CRR - Provision of Leisure and Cultural Services		10		
Regeneration Housing and Place						
Tourism and Place Marketing	2021/22 Substantial					
Economic Growth	2012/13 Full	High risk raised in the CRR - 2.2 - Empty Retail Properties/Town Centre Decline 2.1 - Local Employment	12		10	
Housing Strategy	2019/20 Full			10		
Heritage	New Area				10	
Future High Streets and Towns Fund	New Area		10			
Property and Projects						
Property Services	Not recently reviewed				10	

Audit Area	Last review & assurance	Associated Risk	2022/23	2023/24	2024/25	2025/26
Service Area audits						
Environment and Planning						
Flood and Water Management	Not recently reviewed			10		
Strategic Housing	Not recently reviewed					
Climate Sustainability	New Area	Medium risk in CRR - 3.2 carbon emissions	10		8	
Licencing	2016/17 Substantial 2021/22 Audit Due					
Emergency Planning	2021/22 Reasonable	Medium risk raised in CRR - 1.1 CAT 1 responder 6.2 flood event			10	
Food Health and Safety	2016/17 Substantial 2021/22 Audit Due					
Corporate Business Continuity	2016/17 Substantial	High risk raised in the CRR - Covid-19 Medium Risk raised in CRR in relation to being CAT 1 responder.	10			
Building Control	New Area				6	
Planning inc Strategy technical support and Enforcement	2017/18 Limited 2021/22 Substantial	Medium risk raised in CRR 2.4 2.6 Land Supply/opportunity not sufficient		12		
Section 106 Arrangements - CIL	Substantial 2019/20				10	

Audit Area	Last review & assurance	Associated Risk	2022/23	2023/24	2024/25	2025/26
ICT Audits						
Network Infrastructure and Security	2013/14 Substantial	Medium risk raised in CRR 1.14 Cyber Security Incident	10			
Change and Patch Management	New Area					
IT Strategy	New Area					
Software Licences	New Area		8			
IT Governance	New Area		10			
Remote Access	New Area					
Disaster Recovery	2016/17 Substantial 2021/22 Audit Due					
Service Desk	New Area					
Cyber Security	Substantial 2021/22	Medium risk raised in CRR 1.14 Cyber Security Incident		12		
IT Coverage to be determined			0	18	30	30
Audit Management						
EIAS Audit Management including follow up, advice and guidance, committee papers and attendance, consultancy work.			50	50	50	50
Total number of days			277	302	242	176

APPENDIX 3 ANNUAL INTERNAL AUDIT PLAN 2022/23

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Annual Opinion / Governance audits						
Corporate Governance	10			10		To support the annual opinion on governance, risk management and control, a corporate governance audit will provide assurance that the Council is following the constitution when making and reporting key decisions.
Key Controls and Assurance	15				15	This is an annual review of key controls and feeds into the Statement of Accounts, for those systems not subject to an audit review within the year more coverage will be provided in those areas. This year we will cover; Accounts Payable, Council Tax and NNDR, Housing Benefit and Council Tax and HR and Payroll in more detail.
Project Management Framework	8		8			This area has not been subject to audit review before. Medium risks have been raised on the Corporate Risk Register relating to delivery and due-diligence of major projects. Due to a number of significant projects due to be carried out over the next year our review will focus on providing assurance through a position statement that the Council's framework for approving, managing and reporting on key projects is in line with best practice and supports the delivery of key objectives.
Cost Reduction Programme	10				10	A substantial assurance opinion was given in this area in 2018/19. A medium risk has been raised on the corporate risk register in relation to the impact of the programme on staff morale and the reputation of the Council.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Annual Opinion / Governance audits						
Business Planning & Performance Management	12		12			Due to the significance of the Covid-19 Pandemic, the Corporate Plan for the Council will be reviewed taking lessons learnt, new ways of working and changes to local needs into account. Our review will provide assurance that the new strategy reflects the environment, that reliable information has been used to inform the process, that risks to delivery have been considered. Furthermore we will evaluate performance management processes to provide assurance that data used for reporting is accurate and reliable.
Corporate Health and Safety	10	10				A medium risk is being managed on the Corporate Risk Register in relation to the impact of Health and Safety incidents. This audit will evaluate the Councils approach to Corporate Health and Safety, providing assurance on staff training, H&S boards and incident and accident management.
Elections and Electoral Registration	10	10				A review of Elections has not been carried out recently. Our review will provide assurance that controls in place to manage electoral registration and electoral administration are operating effectively.
Procurement and Contract Management	12		12			To support the opinion on governance, risk management and control, a review of compliance with the Councils Contract Procedure Rules will be undertaken to provide assurance procurement work is being carried out in conformance with the Public Contract Regulations 2015. In addition a sample of contracts will be taken to provide assurance across a range of Council contracts to confirm contract terms are being well monitored and managed.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Fundamental Financial Systems						
Accounts Receivable	10			10		These key financial systems feed into the Internal Audit Opinion and Statement of Accounts and require regular review to confirm the adequacy and effectiveness of controls. Where reviews are undertaken in earlier quarters, top up testing will be completed if required in the key controls audit to provide adequate coverage.
Income	10			10		
Accountancy Services - includes control accounts, banking, bank reconciliation, asset management / capital expenditure, budgetary control and treasury management	16				16	
Service area audits						
Environmental Protection	12		12			This area was last reviewed in 2011/12. Due to the nature of the statutory requirements and health and safety risk exposure an audit has been scheduled to provide assurance on three key areas; contaminated land, air quality and water safety. The audit will evaluate the Councils strategy for each, determine the adequacy of risk assessment, review and monitoring processes to demonstrate adherence to the relevant legislation in these areas. Our review will also provide assurance on actions taken by the Council to tackle fly tipping.
Homelessness and Housing Options	12			12		This area was last reviewed in 2016/17 and due to increase in support required by residents and a key objective to tackle homelessness, an internal audit review has been scheduled. During this audit we will evaluate the effectiveness of planned improvements to support local residents in need and provide assurance that the service is being delivered in line with statutory obligations following the significant pressures placed on the service during the Covid-19 pandemic.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Service area audits						
ASB Community Safety	10		10			ASB was last audited in 2014/15. With incidents of crime increasing in the Borough and key objectives for reducing crime and ASB included within the corporate plan, internal audit will provide assurance on the delivery of this strategy. Our review will also determine the effectiveness of the management of ASB cases.
Towns Fund	10		10			An audit of this area has not been undertaken at the Council before. This audit will evaluate the adequacy for arrangements for the management and governance of the Towns Fund grant, covering the effectiveness of partnership working.
Economic Growth	12			12		A number of significant risks have been raised in the Corporate Risk Register relating to the vulnerability of local economy and town centres. This audit will provide assurance on the progress against objectives relating to local employment and skills and attracting investment to the Borough.
Climate Sustainability	10				10	This area has not been reviewed by Internal Audit before as it is a relatively new challenge for Council's to take action on. A medium scoring risk has been added to the Corporate Risk Register relating to failing to reduce carbon emissions in line with target. A position statement will be carried out to determine progress against delivery of objectives in this area and providing assurance that data used to demonstrate action can be relied upon.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Service area audits						
Corporate Business Sustainability	10	10				Risks have been raised in the Corporate Risk Register in relation to business continuity. Our 2021/22 audit report of Emergency Planning provided a reasonable level of assurance that the Council is able to demonstrate it is an effective Category 1 responder in the event of a civil emergency. This audit will provide assurance on the business continuity arrangements for the Council in responding to other incidents such as IT failure, fuel shortages or key buildings becoming inaccessible.
ICT Audits						
Network infrastructure and security	10				10	Network infrastructure and security has not been audited at the Council before. This review will provide assurance that the Councils network infrastructure is well maintained and appropriately invested in to protect it against cyber crime and that it adequately supports the Council to deliver its services.
IT Governance	10				10	A review of IT Governance has not been undertaken at the Council before. This audit will seek to compare IT Governance arrangements against the COBIT framework to provide assurance over strategy, risk and performance management arrangements.
Software licencing	8			8		An audit of software licencing has not been undertaken at the Council before. This review will establish the adequacy of software management and renewal processes.
Audit Management						
EIAS Audit Management including follow up, advice and guidance, committee papers and attendance, consultancy work.	50	12.5	12.5	12.5	12.5	
Total number of days	277	42.5	76.5	74.5	83.5	



The Budget 2021/2022

Monitoring Report

January 2022

Michelle Drewery
Assistant Director Resources
Section 151 Officer

The Budget 2021/2022

Monitoring Report – January 2022

Summary

The budget for 2021/2022 was presented to Cabinet on 2nd February 2021 and approved by Council on 25th February 2021 in accordance with the process for approving the financial plan 2020-2025.

Whilst the Government has removed all Covid response legislation relating to social and business restrictions from 24 February 2022, the lasting effects on the local economy, the council, its residents and businesses have remained uncertain. This budgetary control monitoring summary report has been prepared and provides a summarised update of any variances against the original budget for 2021/2022.

The amount that is currently estimated to be transferred to the General Fund Reserve balance at 31st March 2022 is £943,730, an increase from October 2021 monitoring report of £782,630.

	Original Budget 2021/22 £	Forecast 31 October 2021 £	Forecast 31 January 2022 £	Variance £
Borough Spend	21,467,800	21,562,090	20,779,460	(782,630)
Financing	(21,723,190)	(21,723,190)	(21,723,190)	0
Contributions to/(from) General Fund Balance	255,390	161,100	943,730	(782,630)

The estimated favourable movement from October of (£782,630) is largely as a result of the following:-

- Higher than budgeted income from Planning Fees and Land Charges (£80k).
- Net increase in income from Trade and Garden Waste and Recycling detailed in operations and Commercial (£458k).
- Reduction in budget required for Insurance (£88k) following award of new contract.
- Budget amendment to reflect in year Refuse and Recycling Contract (£128k).
- Whilst the Turnover Savings Target of (£552,210) has been achieved this has already included in the budget and target savings have been exceeded by (£21,590). Details included in section 2.3 of this report.

The Capital Programme 2020/2025 was updated at Council on 23rd February 2022. Section 7 includes details of the Capital Programme for 2021/2022.

Appendix 1 provides notes of the cash limit rules which apply to all budgets.

If further information relating to any budget highlighted within this report is required, please do not hesitate to contact Michelle Drewery on Ext. 6432

1. Introduction

- 1.1 This report covers the period to 31 January 2022.
- 1.2 Budget monitoring has been undertaken and revisions made to forecast taking account of variations to date as reported in section 2 of this report. This has resulted in a favourable movement in the estimated contribution to reserves of £782,630, which is now forecast to be a contribution to reserves of £943,730 compared to that reported in the October Monitoring Report of £161,600.
- 1.3 The favourable movement is primarily the net impact of achieved turnover savings of (£275,000) across the whole authority as detailed in paragraph 2.3.1. Along with a favourable movement of (£487,400) for Operations and Commercial arising from increased a net increase in income of (£383,610) and movement on expenditure budgets of (£99,530) as explained in the table at 2.4.1 below.
- 1.4 The Council has incurred additional expenditure and identified reductions in income, which are attributable to the continuing impact of the pandemic, more detail is provided in paragraphs 2.2.1 and 2.2.2 below. As such, further financial pressures may still emerge as a result of the pandemic. The longer lasting impacts may not yet be fully apparent and will continue to be closely monitored, scrutinised and reported accordingly.
- 1.5 Central Government continued the Sales, Fees and Charges Pandemic Compensation scheme for the first quarter of 2021/2022 only. A claim has been submitted for the first quarter for £114,610 of compensation towards the estimated income loss of £224,345 in the same period. In addition, other funding streams have been made available to support various Covid related workstreams (see paragraph 2.2.4).

2. Revenue Budget 2021/2022

2.1 Budget Summary

- 2.1.1 A summary of the budget position as at 31 January 2022 is shown below.

	Budget Agreed by Council 25 February 2021	October Budgetary Control Monitoring Report 2021/2022	January Budgetary Control Monitoring Report 2021/2022	Report Variance (October to January)
	£	£	£	£
Central Services	2,909,310	2,872,810	2,815,140	(57,670)
Community and Partnerships	329,710	318,510	304,360	(14,150)
Companies and Housing Delivery	285,880	293,600	329,070	35,470
Environment and Planning	2,117,340	1,799,340	1,795,560	(3,780)
Operations and Commercial	1,293,770	1,224,480	443,520	(780,960)
Property and Projects	(1,584,540)	(1,558,300)	(1,545,600)	12,700
Regeneration Housing & Place	884,030	890,280	873,240	(17,040)

	Budget Agreed by Council 25 February 2021	October Budgetary Control Monitoring Report 2021/2022	January Budgetary Control Monitoring Report 2021/2022	Report Variance (October to January)
Resources	7,559,920	8,162,580	8,286,290	123,710
Chief Executive	304,860	304,860	310,530	5,670
Leisure and Community Facilities	2,573,860	2,573,860	2,487,280	(86,580)
Financing Adjustment	1,903,940	1,790,350	1,790,350	0
Internal Drainage Boards	2,868,510	2,868,510	2,868,510	0
Council Tax Support to Parishes	21,210	21,210	21,210	0
Borough Spend	21,467,800	21,562,090	20,779,460	(782,630)
Contributions to/(from) General Fund Balance	255,390	161,100	943,730	782,630
Borough Requirement	21,723,190	21,723,190	21,723,190	0
Revenue Support Grant	(627,670)	(627,670)	(627,670)	0
Rural Service Delivery Grant	(485,690)	(485,690)	(485,690)	0
New Homes Bonus	(837,670)	(837,670)	(837,670)	0
Other Government Grants	(1,309,230)	(1,309,230)	(1,309,230)	0
Taxation				
Business Rates Retention Baseline Funding	(5,491,230)	(5,491,230)	(5,491,230)	0
Business Rates Retention Additional Funding	(2,350,120)	(2,350,120)	(2,350,120)	
Business Rates Funding from Growth	(1,101,870)	(1,101,870)	(1,101,870)	0
Business Rates Renewable Energy	(2,500,000)	(2,500,000)	(2,500,000)	0
Council Tax	(7,019,710)	(7,019,710)	(7,019,710)	0
Funding Position	0	0	0	0

2.2 Impact of pandemic

2.2.1 A review of the latest forecast expenditure due to COVID has resulted in an estimated cost of £610,000 to the council since 1 April 2021. These costs are summarised below:

Additional Expenditure	October Budgetary Control Monitoring Report 2021/2022 £	Movement to 31 January 2022 £	Total £
Homelessness Accommodation – supported by Grant	220,000	117,000	337,000
Additional Provision of Refuse and Recycling Services	13,000	4,000	17,000
ICT Support (Remote Working/Virtual Meetings)	42,000	15,000	57,000
Covid Compliance and Enforcement – funded by Contained Outbreak Management Fund (COMF) contributions.	80,000	0	80,000
Lockdown Compliance and Reopening Support	2,000	0	2,000
Public Health – Testing, contact tracing and outbreak	66,000	36,000	102,000
Elections – equipment to meet covid safe measures	15,000	0	15,000
Total Expenditure	438,000	172,000	610,000

2.2.2 The following summarises the latest update on loss of income due to COVID which is currently estimated at £391,000 since 1 April 2021:

Estimated loss of income	October Budgetary Control Monitoring Report 2021/2022 £	Movement to 31 January 2022 £	Total £
Events and Bookings	40,000	8000	48,000
Management Fee/Service Level Agreement (AWN)	151,000	0	151,000
Printing Services	6,000	0	6,000
Rental Income from Commercial Properties	120,000	(74,000)	46,000
Food Waste income	73,000	6,000	79,000
Car Parking Fees	61,000	0	61,000
Total Income	451,000	(60,000)	391,000

2.2.3 In respect of the estimated loss of income the Council have submitted a claim covering the period April 2021 to June 2021 for £114k of eligible compensation towards this. It is likely that

this is the final eligible period for Sales, Fees and Charges compensation, although this has not yet been confirmed by the Department for Levelling Up, Housing and Communities.

2.2.4 The council received support in respect of a number of Covid related funds from Government in 2020/2021. An unspent balance of £617,303 from the Contain Outbreak Management Fund (COMF) has been placed in reserves and is assigned for use in 2021/2022. The Council also have a further allocation of COMF in 2021/2022, of £238,077.

2.2.5 In addition to the funding above, the council has also received the following funds in support of various Covid related workstreams. These were announced as part of the Local Government Funding Settlement and are included in the budget already:

Funding	Total £	Purpose
Covid 19 Expenditure Pressures grant (un-ringfenced)	922,550	Awarded in 2021/22 settlement towards supporting Covid related costs.
Local Council Tax Support Grant	152,760	In recognition of the increased costs of providing local council tax support and other help to economically vulnerable households following the pandemic.
Lower Tier Services Grant (un-ringfenced)	233,860	A one-off national settlement grant to support the Council's core spending power, following cessation of other revenue grants.
Total Grant	1,309,170	

2.3 Turnover Savings

2.3.1 An original target for savings from staff turnover of £552,210 was set for 2021/2022. At 31 January 2022 turnover savings of £573,800 had been achieved, thereby exceeding the original target by £21,590. The target for 2021/2022 was set at 3% of estimated salary costs attributed to each service. A favourable movement of (£275,000) from the October Monitoring Report.

Turnover savings as at 31 January 2022 were as follows:

Service Area	October Budgetary Control Monitoring Report 2021/2022 £	Movement to 31 January 2022 £	Amount £
Central Services	(39,000)	(60,330)	(99,330)
Community & Partnerships	(11,200)	43,100	31,900
Companies and Housing Delivery	4,000	38,020	42,020
Environment and Planning	(68,000)	155,720	87,720
Operations & Commercial	(152,000)	(293,560)	(445,560)
Property & Projects	(45,000)	(37,530)	(82,530)
Regeneration Housing & Place	(33,600)	(17,040)	(50,640)
Chief Executive	0	5,670	5,670

Service Area	October Budgetary Control Monitoring Report 2021/2022 £	Movement to 31 January 2022 £	Amount £
Leisure & Community Facilities	0	(26,200)	(26,200)
Resources	46,000	(82,850)	(36,850)
Amount unachieved as at Oct now fully estimated to be fully achieved and exceeded.	(253,410)	253,410	0
Total	(552,210)	(21,590)	(573,800)

2.3.2 It should be noted that the increase in turnover savings can be attributable to holding numerous vacancies across the council during the pandemic. It is expected that these vacancies will be filled as service demand progresses towards pre-pandemic levels.

2.4 Budget Monitoring variances

2.4.1 The following table details the movement in variances between October 2021 and January 2022 for each Assistant Director area.

	£	£
Central Services		
Cost of cleaning the print room moved from Industrial Estates budget to Communications - £2,660		
Favourable movement between October and January for savings from staff turnover achieved – (£60,330)	(57,670)	
Total Central Services		(57,670)
Community & Partnerships		
Current year reduction in staff travel budgets in Community Safety due to less visits during the pandemic – (£10,680).		
Additional spend on tools, equipment and clothing for new members of the Community Safety team - £4,400.		
Lower than budgeted spend on financial assistance and drainage works in Community Safety service as not required in 2021/22 due to covid – (£15,100).		
New fixed penalty notice income budget based on new legislation for Fly-tipping identified by		

	£	£
<p>Community Safety and Neighbourhood Nuisance Officers – estimated income (£5,000).</p> <p>Early Help Hub Co-Ordinator post has been moved from Housing to Community Safety. The salary budgets have been transferred but the income associated with the post (from NCC and the CCG) was not budgeted for under Housing. This is the income budget to be held under Community Safety - £(30,000).</p> <p>Financial Assistance for Community Projects– one service level agreement (£1,500) not paid due impact of covid on events. Increase in fee due towards third party following increase in size of fund to be administered - £10,400.</p> <p>West Norfolk Wins licence fee to be reduced plus adjustment in budget for expected prize wins based on actual usage to date – (£9,770).</p> <p>Movement between October and January reducing the forecast achievement of target savings from staff turnover - £43,100</p>	(14,150)	
Total Community & Partnerships		(14,150)
Companies & Housing Delivery		
<p>Impact of new Insurance contract from 1 January 2022 on insurance recharges applied in January – net saving of (£2,550).</p> <p>Movement between October and January reducing the forecast achievement of target savings from staff turnover - £38,020</p>	35,470	
Total Companies & Housing Delivery		35,470
Environment & Planning		
<p>Impact of new Insurance contract from 1 January 2022 on insurance recharges – net saving of (£1,010).</p> <p>Revenue Budget for purchase of franking machine postponed from 2021/22 until 2025/26 – (£9,000).</p> <p>Adjustment to Community Infrastructure Levy (CIL) budgets - £5,920 towards the administrative costs in support of higher than</p>		

	£	£
<p>anticipated CIL income, along with an increase in the amount of funds for the council to allocate. Payments to parishes have also increased in line with the number of parishes due to receive CIL payments.</p> <p>Development Control: Increase in professional fees budgets due to an increasing number of larger and more complex cases - £30,780. Increase in both Planning and Pre-Application fees as planning income continues to rise as the market recovers – (£60,000).</p> <p>Transfer from 20% Planning Fee reserve to fund corresponding increase in estimated spend (£90,051), small projects budget not required in current and future years (£21,340).</p> <p>Planning Control - amendments to travel budgets due to covid, plus increase in legal fees due to more complex cases. Reduction in postages budget and small increase in printing budgets - £16,130.</p> <p>Estimated reduction in fees requiring recovery from enforcement direct action fees – (£5,000)</p> <p>Emergency planning – miscellaneous budget no longer required – (£2,460).</p> <p>Food Hygiene – travel budget reduced due to less visits during covid plus duplication of one travel budget. Plus amendment to professional fees budget due to need for external support along with a grant received for staffing, of which any unspent will be utilised in 2022/2023. Export licence fees have also increased, which was not anticipated due to Brexit – (£62,050).</p> <p>Increase in receipts from Land Charges but also an increase in the fee charged for searches by NCC – (£20,430).</p> <p>Licensing – Net decrease in budgeted income £45,350. There has been an increase in home boarding licenses and temporary events notice income during respite from covid. Some licensing income is lower than originally budgeted, such as those for transitional premises, driver's plate renewal and driver's licence fees. The budget for miscellaneous licenses removed as no longer required and some licence fee budgets not originally included as income is not annual, but cyclical.</p>		

	£	£
<p>Air Quality budget amendments include increase in professional fees for additional work undertaken with no revenue support, and a reduction in the Schedule B regulation fees as actual income lower than anticipated - £15,550.</p> <p>Scrap metal income not as high as budgeted - £2,500.</p> <p>Small increase in Street Naming and Numbering income – (£1,000).</p> <p>Small amendments to Health and safety budgets due to increase in income and amendments of miscellaneous income budget – (£3,380).</p> <p>Movement between October and January reducing the forecast achievement of target savings from staff turnover - £155,720</p>	(3,780)	
Total Environment & Planning		(3,780)
Operations & Commercial		
<p>Impact of new Insurance contract from 1 January 2022 on insurance recharges – net saving of (£11,410).</p> <p>Crematorium and Cemeteries adjustment for recharges to Grounds Maintenance and removal of budget for recharges to open cemeteries - £32,620.</p> <p>Creation of a separate repairs budget for local churches and grounds to fund the recurring costs identified from actual spend since 2019/2020 - £20,000.</p> <p>Decline in crematorium income as a result of alternative providers nearby - £44,000.</p> <p>General Markets – no income from market tolls in 2020/2021 or 2021/2022 - £13,700.</p> <p>Refuse and Recycling: Budget amendments to reflect in-year reduction in cost of new contract – (£128,280). Income levels from trade waste and costs have increased reflecting a move towards pre-pandemic levels – net movement (£56,000)</p> <p>Estimated increase in income for services as follows:-</p>		

	£	£
<ul style="list-style-type: none"> - bulky waste collection services– (£10,000). - garden waste bin sales are ahead of schedule and extra material collected for treatment – (£273,310). - school waste collection – (£8,000). - trade recycling post Covid – (£60,000). - Resort leisure activities - (£7,500). <p>Net impact of reduced Food Waste Collections under Covid restrictions (£15,260)</p> <p>Waste processing cost budget removed for trade recycling as included in dry box collection scheme costs – (£26,740).</p> <p>Other savings amounting to – (£1,220).</p> <p>Favourable movement between October and January for savings from staff turnover achieved – (£293,560).</p>	(780,960)	
Total Operations & Commercial		(780,960)
Property & Projects		
<p>Impact of new Insurance contract from 1 January 2022 on insurance recharges – net saving of (£7,110).</p> <p>Demolition costs of two industrial units not anticipated at budget setting - £2,420.</p> <p>Estimated reduction in rental income reflects changes in occupancy - £50,480 and cost of business rates on vacant properties £11,200.</p> <p>Movement of cleaning print room to Central Services budget – (£2,660).</p> <p>Reduction in sewage cost at St Johns Business Park, due to adoption of site by Anglian Water – (£4,100).</p> <p>Favourable movement between October and January for savings from staff turnover achieved – (£37,530).</p>	£12,700	
Total Property & Projects		12,700
Regeneration, Housing & Place		
<p>Favourable movement between October and January for savings from staff turnover achieved – (£17,040)</p>	(17,040)	

	£	£
Total Regeneration, Housing & Place		(17,040)
Resources		
Impact of new Insurance contract from 1 January 2022 on insurance recharges – net savings of (£46,850). Favourable movement between October and January for savings from staff turnover achieved – (£82,850) within resources. The accounting movement is £170,560 between October and January to reflect the allocation of Turnover Savings across other services.	123,710	
Total Resources		123,710
Chief Executive		
Movement between October and January reducing the forecast achievement of target savings from staff turnover.	5,670	
Total Chief Executive		5,670
Leisure & Community Facilities		
Impact of new Insurance contract from 1 January 2022 on insurance recharges – net saving of (£19,380). Community Centres – increase in hiring fees income due to one centre being used for covid testing and another being used for theory testing – (£70,000). Increase in repairs and maintenance budget to:- - Stories and Town House, make safe windows and perform electrical testing £14k. - Repairs and re-varnish of Assembly Room £6k. - Painting and remedial works at Fairstead Community Centre £9,000. Favourable movement between October and January for savings from staff turnover achieved – (£26,200).	(86,580)	
Total Leisure & Community Facilities		(86,580)
Grand Total		(782,630)

3. Movement on Balances

- 3.1 As reported to Council in February 2021, the budget set out an estimated contribution to the General Fund Reserve of £255,390. The estimated contribution has now increased to £943,730 as a result of the changes set out in this report. The revised impact on balances is detailed in the table below.

Projected Movements in General Fund Balances	2021/22 £
Balance brought forward 1st April 2021	8,998,382
Estimated contribution to/(from) Balances (Monitoring - October)	943,730
Projected General Fund Balance 31st March 2022	9,942,112

- 3.2 The projected balance for 2021/2022 remains above the minimum level of £1,086,160 required of the Council. However, it should be noted that the audit for the financial statements of 2019/2020 and 2020/2021 are still not concluded and a possible outcome could result in a financial adjustment to the accounts which require further drawdown from the general fund balance
- 3.3 The General Fund Balance is held at a higher level than it might normally be to provide for a planned and measured response to the reduction in grant funding that will occur in the medium term. Significant draws from the general funding balance remain necessary in future years of the medium-term financial plan in order to set a balanced budget.

4. Cost Reduction Target

- 4.1 The uncertainty and the impact from the pandemic during 2020/21 and 2021/22 on service demand and use of resources impeded the Council's planned progress towards the cost reduction target. A detailed review of cost reduction and income generation initiatives has been undertaken in the process for preparing the estimates and Financial Plan for 2021/2026.
- 4.2 The refreshed plans will take account of existing initiatives that are deemed to remain viable as well as any newly identified cost saving or income generating initiatives in order to address an estimated budget gap in in 2024/2025.

5. Fees and Charges

- 5.1 The Council has delegated authority to the Executive Director of the appropriate services (in consultation with the relevant portfolio holder and the Leader) to vary charges having regard to market conditions and the Council's policy framework. The 2021/2022 fees and charges were originally detailed in the Financial Plan 2020/2025 and submitted to Cabinet on 2nd February 2021 and approved by Council on 25th February 2021.
- 5.2 No additional changes to fees and charges are being reported in January 2022. However, a full review has been undertaken in preparation of the 2021/2026 Financial Plan as reported to Council on 23rd February 2022 for implementation from 1st April 2022.

6. Treasury Management 2021/2022

- 6.1 The “Treasury Management Strategy Statement and Annual Investment Strategy 2021/2022” was approved by Council on 25th February 2021. The Council’s Treasury Management Strategy will be updated as appropriate for any changes made to the code of practice by CIPFA.
- 6.2 The monitoring report includes prudential indicators, updates on movements in borrowing and investments during the period, together with the credit rating changes of counter parties and average rate of return on investments.

Prudential Indicators

Indicator	Original Limit 2021/2022	Actual Borrowing 31 st January 2022
Operational Boundary (Limit of borrowing)	£53m	£10m
Short-term and variable rates borrowing limits	40%	0%

Loans

Institution	Principal £	Rate %
Short Term borrowing	0	
Total Short Term	0	
Barclays	5,000,000	3.810%
Barclays	5,000,000	3.810%
Total Long Term	10,000,000	
Total Borrowing	10,000,000	

Investments

Institution	Principal £	Rate %
Aberdeen Standard - MMF	4,000,000	0.103%
BNP (Banque Nationale de Paris) – MMF	4,000,000	0.132%
Federated PR – MMF	4,000,000	0.047%
HSBC Sterling – MMF	4,000,000	0.100%
LGIM - MMF	4,000,000	0.046%
Total Money Market Fund Investment	20,000,000	
Blackpool Borough Council	4,000,000	0.040%
Goldman Sachs	4,000,000	0.160%
Handlesbanken	4,000,000	0.050%
National Bank of Kuwait (UK)	4,000,000	0.240%
Santander	4,000,000	0.450%
SMBC Bank International plc	4,000,000	0.630%
Total Other Investments	24,000,000	
Overall Investments	44,000,000	

6.3 Council treasury investment decisions are made in accordance with the Treasury Strategy and additional support and guidance is provided by the Council's treasury advisors, Link Asset Services.

Credit Ratings

The Council uses independent ratings (Fitch) to derive part of its counterparty criteria, in accordance with the currently adopted Treasury Management Practices.

The BCKLWN minimum ratings for banks are:

Short term Rating F1	Viability Rating BB+	Support Rating 3	Long Term Rating A
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F1 = Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments.

Have an added "+" to denote any exceptionally strong credit feature.

B = A strong bank. There are no major concerns regarding the bank. Characteristics may include strong profitability and balance sheet integrity, franchise, management, operating environment or prospects.

3 = A bank, for which support from a state or from an institutional owner is likely but not certain.

A = A low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. There may be some vulnerability to changes in circumstances or in economic conditions than is the case for higher ratings.

8. Capital Programme 2021/2022

8.1 The Capital Programme 2021/2022 was updated at Council on 23rd February 2022 and a summary position is shown in the table below.

	Estimates Setting Budgets £	Amended Budget January Monitoring £	Spend to 31 st January 2022 £	January Spend Percentage %
Major Projects	27,784,100	10,504,700	7,139,413	67.96
Community and Partnerships	2,694,810	2,694,810	1,815,705	67.38
Resources (S151 Officer)	281,250	131,250	49,210	37.49
Property and Projects	66,000	66,000	2,825	4.28
Operational and Commercial Services	1,358,000	555,630	539,938	97.18
Leisure and Community Facilities	93,900	90,900	14,573	16.03
Total	32,278,060	14,043,290	9,561,664	68.09
Exempt Corporate Schemes	11,604,660	8,269,870	4,670,571	56.48
Total Capital Programme	43,882,720	22,313,160	14,232,235	63.78

75

8.2 The recent preparation of the Capital Programme 2021/2026 includes the January 2021 Monitoring Report data to reprofile projects into future years based 2021 actual and forecasted project spend. The majority of additional movements in budgets occur in the major projects and exempt corporate schemes. These are mostly due to the major housing projects being reprofiled including £5.3m Alexander Road; 10.9m on Parkway Gaywood and £4.2m in exempt projects.

Appendix 1

Cash Limits

In all cases the Budget Cash Limit will be seen to be the 'bottom line' of a service cost centre as presented in the Financial Plan 2020/2025 and the financial ledger.

It will be the responsibility of the Assistant Director to make sure that any anticipated overspending in a cost centre, as a first option, is compensated by a reduction in the same service area. In the event that this is not possible the Assistant Director must as a second option look for compensating reductions within another service area under their responsibility. (It is accepted that this may mean changes across Portfolios).

If this is not possible then the Assistant Director must report the circumstances to the Management Team requesting the forecast overspend to be met from corporate resources.

The decision on how to meet the shortfall will be made by Management Team in consultation with the Portfolio Holder for Resources, before the overspending is authorised.

These cash limits rules will not apply to elements of the budget that are 'outside' of the control of the service manager. These will include;

- rent and rates
- insurances
- benefit payments
- support service charges
- capital financing
- asset rentals
- interest on capital receipts

Where there are increase/reductions in the above, it will be necessary for the Assistant Director to report to Management Team and complete the appropriate Exercise of Delegated Authority (EDA) form or Cabinet report.

In all other cases the cash limits rules will apply although Management Team, in consultation with the portfolio holder for Resources, will consider exceptions in particular cases. (As an example, this may be the case where the pressure comes from reduced levels of income from 'demand led' services).

In all cases Financial Regulations require the Assistant Director to gain Portfolio Holder(s) approval for them to complete the EDA form. A copy of the form must be sent to the Financial Services Manager for adjustments to be made to the budget records in the financial ledger.

Any budget transfer with a value of £500,000 or above is a 'key decision' and must be subject of a report to Cabinet.

In dealing with the overspending it will be the responsibility of the Executive Director to identify compensating reductions within one month of the issue being identified. This will form part of the Monthly Monitoring Report.

As a reminder, the Financial Regulations state;

- transfers must not be made into permanent staffing budgets;
- savings in non-recurring expenditure or income should not be used to finance additional recurring expenditure

Michelle Drewery

Assistant Director Resources (s151 Officer)

FORWARD DECISIONS LIST

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
11 April 2022						
	Guildhall and Creative Hub Options including Governance	Non	Council	Business, Culture and Heritage – G Middleton Asst Director – D Hall		Public
	Memorials Safety Policy	Non	Council	Corporate Services and Environment Asst Director – M Chisholm		Public
77	Resourcing – Forward Plan	Non	Cabinet	Leader Chief Executive		Private - Contains exempt Information under para 1 – information relating to the business affairs of any person (including the authority)

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
21 June 2022						
	RIPA/non-RIPA policy and operating procedures	Non	Council	Leader Asst Dir		
	Planning Scheme of Delegation/Sifting Panel	Non	Council	Development & Regeneration Asst Director S Ashworth		Public
	Review of Governance of Council Companies	Non	Cabinet	Leader Chief Executive		Public

	Freedom of the Borough - amendments	Non	Council	Leader Chief Executive		Public
	Asset Management – Land and Property	Key	Cabinet	Property Asst Dir Property and Projects		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
	Lynnsport One	Key	Council	Regeneration & Development Asst Dir Companies & Housing Delivery – D Ousby		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
878	Enforcement policy	Non	Council	Environment Asst Director J Greenhalgh		Public
	Members Community Grants Fund	Non	Council	Leader Assistant to CEx		Public
	Support in Safe Accommodation for Norfolk – 2021/2024 – Housing related issues.	Non	Cabinet	People & Communities Assistant Director - D Hall		Public
	Housing Delivery Test Action Plan	Non	Cabinet	Development & Regeneration Asst Director S Ashworth		Public
	Five Year Housing Land Supply assessment	Non	Council	Development & Regeneration Asst Director S Ashworth		Public
	Balloon and Lantern report	Non	Cabinet	Corporate Services and Environment Asst Director – M Chisholm		Public
	Risk Management Policy	Key	Council	Chief Executive Finance		Public

	Appointments to Outside Bodies	Non	Cabinet	Chief Executive		Public
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Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
2 August 2022						

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
20 September 2022						
	Procurement Strategy	Non	Cabinet	Finance Asst Dir – D Ousby		Public
79	Custom and Self Build Site – Stoke Ferry	Non	Cabinet	Regeneration and Development Assistant Director - D Hall		Public

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
15 November 2022						

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
17 January 2023						

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
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7 February 2023						
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Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
7 March 2023						

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
18 April 2023						

Meetings in new year

08	Notice of Motion 7-21 – Councillor Kemp – Equalities	Non	Council	Leader Asst Dir B Box		Public
	Housing Delivery Test Action Plan	Non	Cabinet	Development & Regeneration Asst Director S Ashworth		Public
	Five Year Housing Land Supply assessment	Non	Council	Development & Regeneration Asst Director S Ashworth		Public

AUDIT COMMITTEE WORK PROGRAMME 2022/2023

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
20 June 2022	Appointment of Vice Chair for the Municipal Year 2022/2023			To appoint a Vice Chair for the Municipal Year 2022/2023.
20 June 2022	External Auditors Report (ISA260) for 2019/20	Annual	External Auditors	Estimated date for Committee to receive audit opinion on the financial statements for 2019/20 and any recommendations
20 June 2022	Statement of Accounts for 2019/20	Annual	C Holland	As above with covering report explaining changes since draft was presented
20 June 2022	Annual Governance Statement 2019/20	Annual	G Greaves	As above
20 June 2022	Internal Audit Annual Report and Opinion covering the previous financial year	Annual	F Haywood	To receive the annual report and opinion covering the previous financial year.
20 June 2022	Internal Audit Full Year Progress Report covering the previous financial year	Annual	F Haywood	To receive the full year progress report covering the previous financial year.
20 June 2022	Audit Committee Terms of Reference		F Haywood	Review Audit Committee Terms of Reference for approval
20 June 2022	Fraud & Corruption Full Year Progress Report covering the previous financial year	Annual	J Hay	To receive the full year progress report covering the previous financial year.
20 June 2022	Update on Audit Progress & Timetable	Update	C Holland	To note progress on audit of financial statements
20 June 2022	Corporate Risk Register	Monitoring	G Greaves	To note the report on changes to the

				risk register since the last report
20 June 2022	Budget Monitoring Update	Monitoring	C Holland	To note the latest financial position since the last report
20 June 2022	Governance of Major Projects – Quarterly Update	Quarterly Update	M Henry	To receive update on major projects
20 June 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
20 June 2022	Work Programme 2022/2023			To identify any items for the work programme.
8 August 2022	Update on Audit Progress & Timetable	Update	C Holland	To note progress on audit of financial statements
8 August 2022	DRAFT Statement of Accounts for 2020/2021	Annual	C Holland	Estimated date for Committee to receive DRAFT financial statements for 2020/2021 - TRAINING SESSION TO BE CONFIRMED AHEAD OF COMMITTEE MEETING
8 August 2022	DRAFT Annual Governance Statement 2020/2021	Annual	G Greaves	To receive and note the draft AGS for the 2020/2021 year DO WE NEED TRAINING OR A BRIEFING ON THIS?
8 August 2022	Annual Certification Report - Housing Benefit Subsidy Claim for previous financial year	Annual	J Stanton	To receive the annual report covering the previous financial year
8 August 2022	External Audit Plan for 2021/2022		External Auditors	External Auditors to present planned approach and timescales for delivery of audit
8 August 2022	Audit Committee Effectiveness Report	Cabinet	F Haywood	To review work of Audit Committee during 2021/2022 and consider if the Committee has effectively fulfilled its role.
8 August 2022	PSIAS Review Internal Audit Function		F Haywood	To consider the review of the Internal Audit function against Public Sector

				Internal Audit Standards
8 August 2022	Revenue Outturn Report 2021/2022	Annual	C Holland	To receive the Revenue Outturn Report from the previous year
8 August 2022	Treasury Outturn Report 2021/2022	Annual	C Holland	To receive the annual report TRAINING/BRIEFING SESSION TO BE CONFIRMED AHEAD OF COMMITTEE MEETING
8 August 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
8 August 2022	Work Programme 2022/2023			To identify any items for the work programme.
26 September 2022	External Auditors Report (ISA260) for 2020/21	Annual	External Auditors	Estimated date for Committee to receive audit opinion on the financial statements for 2020/2021 and any recommendations
26 September 2022	Statement of Accounts for 2020/2021	Annual	C Holland	As above with covering report explaining changes since draft was presented
26 September 2022	Annual Governance Statement 2020/2021	Annual	G Greaves	As above
26 September 2022	Insurance Report	Annual	C Holland	To receive annual update on insurance claims TRAINING SESSION TO BE CONFIRMED AHEAD OF MEETING
26 September 2022	Governance of Major Projects – Quarterly Update	Quarterly Update	M Henry	To receive quarterly update on major projects
26 September 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
26 September 2022	Work Programme 2022/2023			To identify any items for the work programme.

21 November 2022	DRAFT Statement of Accounts for 2021/2022	Annual	C Holland	Estimated date for Committee to receive DRAFT financial statements for 2021/2022 - TRAINING SESSION TO BE CONFIRMED AHEAD OF COMMITTEE MEETING
21 November 2022	DRAFT Annual Governance Statement 2021/2022	Annual	G Greaves	To receive and note the draft AGS for the 2021/2022 year DO WE NEED TRAINING OR A BRIEFING ON THIS?
21 November 2022	Business Continuity Update	Annual	G Greaves	To receive the annual update report
21 November 2022	Corporate Risk Register	Monitoring	G Greaves	To note the report on changes to the risk register since the last report
21 November 2022	Internal Audit Half Year Progress Report	Mid-Year	F Haywood	To receive the mid-year progress report.
21 November 2022	Fraud & Corruption Half Year Progress Report	Annual	J Hay	To receive the mid-year progress report
21 November 2022	Mid-Year Treasury Report 2022/2023	Mid-Year	C Holland	To receive the mid-year report
21 November 2022	Budget Monitoring Update	Monitoring	C Holland	To note the latest financial position since the last report
21 November 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
21 November 2022	Work Programme 2022/2023			To identify any items for the work programme.
20 February 2023	Governance of Major Projects – Quarterly Update	Quarterly Update	M Henry	To receive quarterly update on major projects
20 February 2023	Corporate Risk Register	Monitoring	G Greaves	To note the report on changes to the risk register since the last report
20 February 2023	Budget Monitoring Update	Monitoring	C Holland	To note the latest financial position

				since the last report
20 February 2023	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
20 February 2023	Work Programme 2022/2023			To identify any items for the work programme.
13 March 2023	Strategic External Audit Plan for following financial year	Annual	External Auditors	External Auditors to present strategic external audit plan
13 March 2023	Strategic Internal Audit Plan for following financial year	Annual	F Haywood	To receive strategic internal audit plan for following financial year
	Business Continuity Update	Annual	G Greaves	To receive the annual update report
13 March 2023	Governance of Major Projects – Quarterly Update	Quarterly Update	M Henry	To receive quarterly update on major projects
13 March 2023	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
13 March 2023	Work Programme 2022/2023			
17 April 2023	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
17 April 2023	Work Programme 2022/2023			To identify any items for the work programme.

85

Potential Future Training Sessions

Audit Committee – An introduction on role and responsibilities
Statement of Accounts

Insurance Process (Zurich)
Treasury Management & Process
Alternatives for service delivery (services in house and those contracted out)
Companies and Structures
Corporate Risk Register & Risk Management
AGS

Forthcoming Items – to be scheduled

Statement of Accounts and AGS for 21/22 following audit in March 2023
Additional Audit Work – RIPA Desktop Inspection and GDPR legislation
General overview on the Council's various sources of funding
Record Retention and Disposal Policy Review
Major Project Risks