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**North  
Northamptonshire  
Council**



**Meeting:** Audit and Governance Committee  
**Date:** Monday, 27<sup>th</sup> November 2023  
**Time:** 2.00 pm  
**Venue:** Council Chamber, The Cube, George Street, Corby, Northants.  
NN17 1QG

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**To:**

**Members of the Audit and Governance Committee**


Councillors Andrew Weatherill (Chair), Jonathan Ekins (Vice-Chair), Valerie Anslow, Kirk Harrison, Bert Jackson Ian Jelley, Anne Lee, Richard Levell, Paul Marks, and Russell Roberts.

Mr Michael Whitworth (Independent Person)

**Substitutes:**

Councillors Jean Addison, Paul Bell, Melanie Coleman, John Currall, Tom Partridge-Underwood, Mark Pengelly, Roger Powell, Chris Smith-Haynes and Lee Wilkes

<b>Agenda</b>			
<b>Item</b>	<b>Subject</b>	<b>Presenting Officer</b>	<b>Page No</b>
01	Apologies for non-attendance		
02	Members' Declarations of Interests		
03	Minutes of the meeting held on 25 <sup>th</sup> September 2023		5 - 12
<b>Items for discussion</b>			
04	Audit & Governance Committee Annual Report 2023	Rachel Ashley-Caunt Chief Internal Auditor	13 - 30
05	Internal Audit Plan Development 2024/25	Rachel Ashley-Caunt Chief Internal Auditor	31 - 34

06	Strategic Risk Register update	Rachel Ashley-Caunt Chief Internal Auditor	35 - 46
07	Internal Audit Progress Report	Rachel Ashley-Caunt Chief Internal Auditor	47 - 74
08	Audit & Governance Committee Terms of Reference	Adele Wylie Monitoring Officer	TO FOLLOW
<b>Urgent Items</b>			
	To consider any items of business for which notice has been given to the Proper Officer prior to the meeting and the Chairman considers to be urgent pursuant to the Local Government Act 1972.		
<b>Exempt Items</b>			
09	None Notified		
10	Close of Meeting		
<p>Adele Wylie, Monitoring Officer North Northamptonshire Council</p>  <p><b>Proper Officer</b> <b>17<sup>th</sup> November 2023</b></p>			

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## Minutes of a meeting of the Audit and Governance Committee

At 2.00 pm on Monday 25th September, 2023 in the  
Council Chamber, The Cube, George St, Corby NN17 1QG

### Present:-

#### Members

Councillor Andrew Weatherill (Chair)	Councillor Jonathan Ekins (Vice Chair)
Councillor Kirk Harrison	Councillor Paul Marks
Councillor Ian Jelley	Councillor Russell Roberts
Councillor Anne Lee	Councillor Valerie Anslow
Councillor Richard Levell	Councillor Bert Jackson
Michael Whitworth (Independent Person)	

#### Officers

Janice Gotts	Executive Director of Finance and Performance
Claire Edwards	Assistant Director, Finance
Dean Mitchell	Chief Accountant
Rachel Ashley-Caunt	Chief Internal Auditor
Paul Harvey	Grant Thornton – External Audit
Susan Tanner	Assistant Director, Commissioning and Partnerships
Colin Foster	Northamptonshire Children's Trust
Andrew Tagg	Northamptonshire Children's Trust
Elizabeth Jackson	Ernst & Young
Callum Galluzzo	Democratic Services

### 128 **Apologies for non-attendance**

None

### 129 **Members' Declarations of Interests**

The chair asked members to declare any interests on items present on the agenda.

No declarations were registered.

### 130 **Minutes of the meeting held on 14th August 2023**

It was confirmed to members that an Audit and Governance action plan would be drafted in consultation with the Chief Internal Auditor.

#### **RESOLVED**

That the minutes of the meeting of the Audit and Governance Committee held on 14<sup>th</sup> August 2023 be approved as a correct record and signed by the chair.

## 131 Statement of Accounts 2020-21 (Corby Borough Council)

Members received a report which sought approval for the draft Statement of Accounts in relation to Corby Borough Council for 2020/21. The accounts had been updated for the audit recommendations and were awaiting sign off following the conclusion of the work by the Council's external auditors. This was expected to be completed by the end of September.

It was also recommended that any non-material adjustments required to the draft Statement of Accounts in relation to the Corby Borough Council were delegated to the Council's Executive Director of Finance and Performance (s151 Officer), in consultation with the Chair of the Audit and Governance Committee.

Members heard that had been numerous adjustments throughout the process, but these had not materially impacted the general fund reserves. It was noted that from prior years there had been adjustments that had gone through that had an impact on general fund reserves that account for approximately £510,000. Members noted that a majority of those adjustments were in relation to timing issues that had occurred due to the nature of the accounts being open for so long. Adjustments that were not expected to be made were concluded where debts were no longer collectible and therefore had been written off in the accounts for 2021.

Following debate it was

### **RESOLVED**

A) That the Audit & Governance Committee approve the draft Statement of Accounts for the financial year 2020/21 for Corby Borough Council subject to the conclusion of the audit and that there are no material adjustments that impact on the Council's usable reserves.

B) Any non-material adjustments required to the draft Statement of Accounts in relation to the Corby Borough Council be delegated to the Council's Executive Director of Finance and Performance (s151 Officer), in consultation with the Chair of the Audit and Governance Committee.

## 132 Audit Results Report 2020-2021 - Corby Borough Council

Members received a report which sought to present the Audit Results Report in relation to the Statement of Accounts for Corby Borough Council for 2020/21 to those charged with Governance. It was noted that the report had been prepared by the Council's External Auditor (EY), and sought Audit and Governance Committee approval to agree that the approval of the Council's draft Management Representation Letter be delegated to the Executive Director of Finance (s151) in consultation with the Chair of the Audit and Governance Committee.

Members received the final report with regards to the audit results and it was noted that all field work had concluded. Members heard that the external auditor was glad to present the result of an unqualified audit report for Corby Borough Council. Thanks were provided to officers for their positive cooperation in the audit process.

Questions were raised by members in relation to scale fees and sought clarification regarding what the impact would be for the council. It was noted that the overrun was going to be significant, and the final amount was still to be finalised. Members heard that mechanisms were in place through the Public Sector Audit Appointments (PSAA) in dealing with overspends and overruns.

Members then heard that in relation to audit appointments for the next five-year period that would run from 2023 to 2027/28 audits there was a consultation underway in relation to scale fees to start being applied from 2023/24. Feedback from the consultation was due to be submitted by 10<sup>th</sup> October 2023 and the council was anticipating confirmation for the final scale fee by the end of November 2023. Feedback received so far anticipate that the scale fee for North Northamptonshire Council was based on the standard fee of £300,442 which is then uplifted by 141% to provide a scale fee of £754,109 for 2023/24.

Following debate it was:

**RESOLVED** that:

- a) The Audit & Governance Committee Received the Provisional Audit Results Report to those charged with Governance and approve the draft Management Representation Letter.
- b) The Committee delegate any adjustments to the draft Management Representation Letter to the Councils Executive Director of Finance (s151 Officer), in consultation with the Chair of the Audit & Governance Committee.

### **133 Northamptonshire Children's Trust Assurance Arrangements and Annual Internal Audit Report 2022/23**

Members received a report which was presented by representatives of Northamptonshire Children's Trust. The report sought to provide a brief overview of risk management, assurance, governance and reporting arrangements for Northamptonshire Children's Trust (NCT).

The report recommended that members note the report of Northamptonshire Children's Trust which sets out the governance and reporting arrangements for the Trust and also to note the Internal Audit Report and Opinion for 2022/23 for Northamptonshire Children's Trust.

Members heard that there were several committees that were set aside to deal with matters of the NCT and these included The NCT Board, Practice, Performance and Quality committee (PPQ). Finance, Resources committee and Audit committee. It was noted that the Audit committee met ~every 12 weeks and the finance and resources committee met every six weeks. The Audit Committee was attended by the Chief Internal Auditor from West Northamptonshire Council and supplemented with an invitation to the Chief Internal Auditor for North Northamptonshire Council.

It was also noted by members that NCT maintained a Strategic Risk Register where the fundamental risks were recorded and reviewed. It was noted that there were 23 risks currently open which are regularly reported to the Committee as well as the PPQ

committee and operational group with the councils. As part of the 2023/24 audit approach, a risk workshop was held with the Chief Internal Auditor and the NCT board to develop the programme for 2023/24.

There was also a number of statutory inspections that were undertaken as part of the governance arrangements and also the Social Care Improvement Board which monitored the Social Care Improvement Plan that was chaired by the Department for Education (DfE).

Members heard that in relation to work undertaken for Internal Audit 2022/23 that it had been a challenging year and that the Finance, Resources and Risk Committee had expressed their disappointment and concern over the amount of audit activity that had been undertaken.

In relation to the audit log it was noted that there was two remaining audits outstanding that related to Corporate Governance Framework and the Fostering Service. The draft Corporate Governance Framework internal audit had now been received and was a good audit result with minor findings. The Fostering Service in-house was in the last stages of finalisation which would then conclude the 2022/23 audit approach to supplement the audit opinion that had been given.

Members sought to clarify the total number of children that were in care across Northamptonshire and sought to confirm if this number could be split between North and West Northamptonshire. It was noted that across Northamptonshire there was 1,162 children in care and that at any one time there was approximately 7,000 open cases including children on a child protection plan and children on a child in need plan. Additionally, it was noted that there were 3,000-4,000 families being worked with through the targeted early help and support. A performance report was being drafted which would focus on both the North and West Northamptonshire areas which had been aligned with the OFSTED inspection regime which was also being split to cover North and West Northamptonshire separately.

Members raised several concerns including in relation to the internal audit coverage. Members raised concerns of including 2021/22 audits into the audit programme for 2022/23 and the limited number of internal audits carried out. Members questioned whether given the size and complexity of NCT if it is possible to achieve a satisfactory assurance from the amount of internal audit work undertaken. Members clarified to the NCT that they were seeking clear and unambiguous assurance and sought to clarify if representatives of NCT agreed with the comments made by the NCT Finance, Resources and Audit Committee regarding their concerns and disappointment of internal audit work carried out.

A statement from West Northamptonshire Council in relation to Internal Audit concerns was delivered to members which stated:-

*“As you are aware West Northamptonshire Council provide the Internal Audit Service to the Children’s Trust and therefore are accountable to your Finance, Resources and Audit Committee.*

*At your last Committee meeting the Chief Internal Auditor was present and your committee raised concerns over the lack of progress on the Internal Audit plan for 2023-24. The Chief Internal Auditor responded to the Committee but I thought it may be useful to make you aware that we have since commissioned some additional*



*resource to progress your audits as a priority to address the concerns that were raised by your committee.*

*I hope this provides some assurance that we are treating your committee's concerns with the upmost urgency and will be commencing the audits for this year in the week commencing 2 October 2023.*

*As ever, we appreciate the mutually supportive arrangements that have been developed between our two organisations which, as you can see from the above, leads to a positive response to any areas of concern that you or your committee may have in relation to the internal audit service, or indeed any other service provided to you."*

Members continued to raise concerns regarding the inadequate levels of assurance in relation to the work undertaken by internal audit. It was confirmed to members that NCT would present the Risk Programme and Internal Audit framework for 23/24 and 24/25 at a future meeting of the Audit & Governance Committee.

Colin Foster of Northamptonshire Children's Trust confirmed to members of the Audit & Governance Committee that he did not consider that they have satisfactory assurance from the work undertaken by internal audit.

In addressing a sense of urgency in relation to the Audit programme for NCT it was agreed by members that Councillors Harrison, Jelley and Anslow would liaise with the appropriate officers as well as the chair and vice chair of the North Northamptonshire Audit & Governance committee and chair of the NCT Finance, Resources and Audit Committee and WNC and NNC Chief Internal Auditors in relation to ensuring adequate assurance is provided from Internal Audit activity to support the 2023/24 Head of Internal Audit Opinion for that and future years

Following debate it was:-

**RESOLVED**

That the committee noted the report of Northamptonshire Children's Trust and noted the Internal Audit Report and Opinion for 2022/23 for Northamptonshire Children's Trust. It was also resolved that the committee raised several concerns regarding the levels of assurance as set out in the report.

**134 Internal Audit Progress Report**

Members received a report that sought to provide the committee with a progress update on the work of the Internal Audit team and the key findings from audits completed to date.

The Chief Internal Auditor stated since the last meeting of The Audit & Governance Committee, six audit reports have been finalised and the key findings were presented to members. It was noted that during the 2023/24 financial year to date, 30% of the planned audits had been delivered to at least draft report stages and a further 32% was in fieldwork stages. This reflected that delivery is on track for this stage in the year.

One summarised report was in relation to Information Governance (Data Retention and Subject Access Requests). Overall, a good level of assurance was given with regards to compliance. It was noted that in relation to controls the data retention schedule was scrutinised and although schedules are in place recommendations were made to review and update which would be present as part of the action plan following the internal audit. Members heard that overall a moderate assurance opinion was given over the control environment based on the need to update some data retention schedules in addition to outstanding actions from the last audit.

Members heard that another progress report was provided for cyber security which in effect is a rolling piece of work on cyber security. This internal audit focused on training and awareness. Overall, a moderate assurance opinion was given including a number of areas for further development which will be taken forward as part of the action plan.

The next update in relation to internal audit was for the management of capital projects and the project management framework. A number of areas of good practise were highlighted alongside the need for a fully developed project management framework that is consistently applied for each of the council's projects. A number of recommendations had been made to support the development. Overall, a moderate assurance opinion was given including a number of recommendations as part of the action plan for this internal audit.

Members then received an update in relation to right to buy applications audit. It was noted that the main finding of the audit was that the council was able to evidence some significant improvement in the control environment. Overall, a moderate level of assurance over compliance and control was given.

An update was also provided in relation to a piece of consultancy work undertaken by internal audit in relation to housing repairs. It was heard that internal audit had consulted with officers regarding the levels of controls expected to be exercised over a store's facility and to ensure that those types of physical security controls and separation of duties were in place. Several recommendations were made and may be brought before the committee as part of next year's audit plan.

The final internal audit was provided to members in relation to government procurement cards. It was noted that this internal audit had received limited assurances in relation to compliance. Limited assurance was given on compliance due to the level of non-compliance in relation to the completion of reviews of transactions. A low organizational impact was also given to the audit due to the scale of the transactions which was approximately £525,000 in total during 2022-23. It was noted that there was no evidence of fraud or inappropriate use in relation to the use of the procurement cards.

It was noted by members that 33 actions had been implemented in relation to audit recommendations since the last meeting of the committee on the 14<sup>th</sup> August 2023. 76 actions were overdue, and two actions fell into the category of being high priority and over 3 months overdue. Revised dates had been set to the end of October 2023 and start of November 2023. Members sought to clarify where overdue recommendations were being chased up and also sought an addition to the reporting to include where management actions had been implemented. It was heard that the full list of all overdue actions was regularly presented to the Corporate Leadership Team (CLT) and thoroughly scrutinised at that level.

Members raised concerns regarding the non-compliance in relation of the use of Government Procurement Cards. It was noted that processes were in place for the management of the procurement cards however the non-compliance related to follow up work/action. It was heard that a specific session was to be held in October at the Corporate Leadership Network including all assistant directors in order to review the internal audit findings and recommendations and also to reinforce the implications if members of staff do not follow the guidelines.

Following debate it was:

**RESOLVED** That the Audit and Governance Committee noted the progress report attached as Appendix 1 and considered the main issues arising.

**135 Urgent Items**

None

**136 Close of Meeting**

The meeting closed at 4.09 pm

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Chair

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Date

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## Audit and Governance Committee 27<sup>th</sup> November 2023

<b>Report Title</b>	<b>Audit &amp; Governance Committee Annual Report 2023</b>
<b>Report Author</b>	<b>Rachel Ashley-Caunt, Chief Internal Auditor</b>

### List of Appendices

#### Appendix A - Audit and Governance Committee Annual Report 2023

##### **1. Purpose of Report**

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- 1.1 To inform the Council on the work of the Audit and Governance Committee during the twelve-month period of 1<sup>st</sup> October 2022 to 31<sup>st</sup> September 2023 and the means by which the Committee has provided independent assurance to those charged with governance on the integrity of financial reporting and annual governance processes, the adequacy of the risk management framework and the internal control environment.

##### **2. Executive Summary**

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- 2.1 The report summarises the work carried out by the Committee in the areas of responsibility defined within its terms of reference. The report reflects upon the Committee's contribution to embedding good governance, internal control and risk management within the organisation during the last twelve months and also includes the outcomes of a self-assessment of the committee's effectiveness, against the latest Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance, with action plan.

##### **3. Recommendations**

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- 3.1 It is recommended that the Committee:

a) Approve the Annual Report for presentation to Council.

- 3.2 Reason for Recommendations:

- To comply with the Committee's terms of reference and best practice guidance on effective audit committees.

## **4. Report Background**

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- 4.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) sets out the role of Audit Committees in the Position Statement 2022: Audit Committees in Local Government. This states that “the purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements”.
- 4.2 The Accounts and Audit (England) Regulations impose a responsibility on a local authority “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.”
- 4.3 The Audit and Governance Committee’s Terms of Reference state: “The Audit and Governance Committee will carry out an annual self-assessment, including a review of these terms of reference, to evaluate its own performance and determine any action required to improve its effectiveness. The outcomes will be reported to Full Council”.
- 4.4 The Audit and Governance Committee comprises of 12 elected Members. The Committee has five planned meetings each year at which reports submitted by officers and the External Auditor are considered. By consideration of these reports and matters raised within them it is considered that the Audit and Governance Committee fulfils the core functions of an Audit Committee as set out in the CIPFA Guidance and is able to give independent assurance to the Council to meet the requirements of the Accounts & Audit (England) Regulations.
- 4.5 The Annual Report reflects upon the work of the Committee against its core functions during the year.
- 4.6 In July 2023, three Members of the Committee led on the completion of a self-assessment against the 2022 CIPFA guidance on the role of the Audit Committee. The outcomes of this assessment were shared with the wider Committee and further discussed at a training session, resulting in the action plan included in the Annual Report. These actions will be subject to regular review by the Committee.

## **5. Issues and Choices**

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- 5.1 The recommended approach is in line with the Committee’s Terms of Reference and best practice guidance.

## **6. Implications (including financial implications)**

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### **6.1 Resources and Financial**

- 6.1.1 None specific to this report.

### **6.2 Legal**

6.2.1 None specific to this report.

6.3 **Risk**

6.3.1 None arising from this report.

6.4 **Consultation**

6.5 The Audit and Governance Committee is being consulted on the Annual Report before it is presented to Council.

6.6 **Consideration by Scrutiny**

6.6.1 Not required on this occasion.

6.7 **Climate Impact**

6.7.1 None specific to this report.

6.8 **Community Impact**

6.8.1 None specific to this report.

**7. Background Papers**

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7.1 None.

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# Audit and Governance Committee Annual Report 2023



North  
Northamptonshire  
Council

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## Chairman's Statement



I am pleased to present this year's Annual Report of the Audit and Governance Committee. The Committee is accountable to full Council and welcomes scrutiny of its effectiveness in fulfilling its terms of reference and its impact on the improvement of governance, risk and control within the authority.

This report covers the work of the Audit and Governance Committee during the period October 2022 – September 2023.

The Audit and Governance Committee plays a key role in providing the Council with assurance in respect of the adequacy and effectiveness of the Council's systems of risk management, financial and internal controls and governance. As usual, the Committee obtained its own assurance from multiple sources with the main source being provided through the reports of our internal and external auditors.

In addition to a summary of work undertaken, the report includes details of committee membership, officer support to the committee and how the committee has engaged with others. In particular, I would like to draw attention to Committee's engagement in areas receiving less than Moderate Assurance in Internal Audit reviews. In all cases where such weaknesses have been reported to the Committee, senior management for the service area have attended the Committee meeting and provided detailed assurances over actions being taken. The Committee has been supportive of officers in this work and it has been pleasing to see the improved findings reported in follow up audits, demonstrating the strengthening of controls in these key risk areas, and the value of the audit process.

I would also like to recognise the significant work completed during this period to conclude the external audit of the last of the legacy council accounts. The Committee has considered a number of reports during the year in relation to these accounts and commended officers on the achievement of an unqualified audit opinion in September 2023.

The Committee continues to reflect upon its own effectiveness, and I am pleased that we have agreed actions to further improve upon our performance to date. These are reflected further within this report.

***Cllr Andrew Weatherill***

# The Audit and Governance Committee

## Our role

The Audit and Governance Committee operates in accordance with the CIPFA Position Statement 2022: Audit Committees in Local Government. This position statement sets out the role of an Audit Committee as follows:

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

This is important to ensure that the Council understands where things may go wrong and has controls in place to make sure that it mitigates against them.

The functions that are discharged by the Committee are not Executive functions and cannot be discharged by the Executive. The full role and responsibilities of the Committee are set out in written terms of reference which are published on the Council's website: [04. Part 4 - Audit and Governance Committee.pdf \(modern.gov.co.uk\)](#)

The Committee's responsibilities include, but are not limited to, the following, with a view to bringing any relevant issues to the attention of the Council:

- Oversight of the integrity of the Council's financial statements;
- Oversight of governance, risk management and internal control arrangements;
- Oversight of the external auditors' performance, objectivity, and independence; and
- Oversight of the performance of the internal audit function.

# Membership and attendance

## Full Members of the Audit and Governance Committee



Councillor  
Andrew  
Weatherill  
(Chair)



Councillor  
Jonathan Ekins  
(Vice Chair)  
(Since May 2023)



Councillor Jean  
Addison  
(Until May 2023)



Councillor  
Valerie Anslow  
(Since May 2023)



Councillor Kirk  
Harrison



Councillor Bert  
Jackson  
(Since May 2023)



Councillor Ian  
Jelley



Councillor Anne  
Lee



Councillor  
Richard Levell



Councillor Paul  
Marks



Councillor  
Russell Roberts



Councillor Mark  
Pengelly  
(Until May 2023)



Councillor  
Elliott Prentice  
(Until May 2023)

## Substitute Members



Councillor Jean  
Addison  
(Since May 2023)



Councillor  
Valerie Anslow  
(Until May 2023)



Councillor Paul  
Bell  
(Since May 2023)



Councillor  
Melanie  
Coleman  
(Since May 2023)



Councillor John  
Currall



Councillor Bert  
Jackson  
(Until May 2023)



Councillor  
Peter McEwan  
(Until May 2023)



Councillor John  
McGhee  
(Until May 2023)



Councillor Tom  
Partridge-  
Underwood  
(Until May 2023)



Councillor  
Mark Pengelly  
(Since May 2023)



Councillor  
Roger Powell  
(Until May 2023)



Councillor Chris  
Smith-Haynes  
(Since May 2023)



Councillor Lee  
Wilkes



During the period of 1<sup>st</sup> October 2022 – 30<sup>th</sup> September 2023, the Committee met six times.

The membership of the Committee and meeting attendance during the period is detailed in Table 1.

**Table 1: Committee attendance – Full Members**

<b>Full Member</b>	<b>Attendance</b>	<b>% of meetings attended</b>
Councillor Andrew Weatherill (Chair)	6 meetings out of 6	100%
Councillor Jonathan Ekins (Vice Chair) <b>(From May 2023)</b>	3 meetings out of 3	100%
Councillor Kirk Harrison	3 meetings out of 6	50%
Councillor Jean Addison <b>(Until May 2023)</b>	3 meetings out of 3	100%
Councillor Valerie Anslow <b>(From May 2023)</b>	3 meetings out of 3	100%
Councillor Bert Jackson <b>(From May 2023)</b>	3 meetings out of 3	100%
Councillor Ian Jelley	5 meetings out of 6	83%
Councillor Anne Lee	6 meeting out of 6	100%
Councillor Richard Levell	6 meetings out of 6	100%
Councillor Paul Marks	5 meetings out of 6	83%
Councillor Mark Pengelly <b>(Until May 2023)</b>	2 meetings out of 3	67%
Councillor Elliott Prentice <b>(Until May 2023)</b>	2 meetings out of 3	67%
Councillor Russell Roberts	5 meetings out of 6	83%

If Full Members are unable to attend, they can ask Substitute Members to attend on their behalf.

**Table 2: Committee attendance – Substitute Members**

<b>Substitute Member</b>	<b>Attendance</b>
Councillor Jean Addison <b>(From May 2023)</b>	0 meetings
Councillor Valerie Anslow <b>(Until May 2023)</b>	1 meeting
Councillor Paul Bell <b>(From May 2023)</b>	0 meetings
Councillor John Currall	0 meetings
Councillor Melanie Coleman <b>(From May 2023)</b>	0 meetings
Councillor Bert Jackson <b>(Until May 2023)</b>	0 meetings
Councillor Peter McEwan <b>(Until May 2023)</b>	0 meetings
Councillor John McGhee <b>(Until May 2023)</b>	0 meetings
Councillor Mark Pengelly <b>(From May 2023)</b>	0 meetings
Councillor Roger Powell <b>(Until May 2023)</b>	0 meetings
Councillor Chris Smith-Haynes <b>(From May 2023)</b>	1 meeting
Councillor Lee Wilkes	0 Meetings

In support of constitutional requirements for the Audit and Governance Committee, three independent persons should be appointed to the Committee. There is currently one independent person on the Audit and Governance Committee, who has attended all six of the meetings held during this period.

Other regular attendees at Committee meetings are the Executive Director of Finance and Performance (s151 Officer), Chief Internal Auditor, Assistant Director of Finance and Accountancy and external auditors.

## Training

Members receive induction training prior to serving on the Audit and Governance Committee. This is based on the CIPFA Position Statement 2022 and the Committee's terms of reference.

During the last year, Committee members received additional training in a number of areas, to further strengthen their effectiveness in exercising the Committee functions. This has included some targeted training, from professional experts, on key risks that the Council faces, to ensure the Committee is suitably informed in providing assurance over internal control and risk management for the Council.

The training is summarised as follows in Table 3, and is ongoing:

**Table 3: Training Topics**

<b>Date</b>	<b>Training topic</b>
28 <sup>th</sup> November 2022	Statement of Accounts
20 <sup>th</sup> February 2023	Cyber security
24 <sup>th</sup> April 2023	Adult Safeguarding
12 <sup>th</sup> June 2023	Adult Safeguarding
14 <sup>th</sup> August 2023	CIPFA guidance (2022) for Audit Committees

# Functions of the Committee

## Financial reporting

### Financial accounts

During the period, the Committee received and reviewed a number of reports relating to accounts for the legacy Corby Borough Council, as summarised in Table 4.

**Table 4: Financial accounts received by the Audit & Governance Committee**

<b>Date of meeting</b>	<b>Council</b>	<b>Accounts year</b>
28 <sup>th</sup> November 2022	<b>Corby Borough Council</b> Draft accounts	2020/21
20 <sup>th</sup> February 2023	<b>Corby Borough Council</b> External Audit Plan	2020/21
12 <sup>th</sup> June 2023	<b>Corby Borough Council</b> Audit Results Report Draft Statement of Accounts	2020/21
25 <sup>th</sup> September 2023	<b>Corby Borough Council</b> Audit Results Report Statement of Accounts	2020/21

In reviewing these accounts, the Committee considered how assurances were given that appropriate accounting policies had been followed and whether there were any concerns arising from the financial statements, or from the external audit, that needed to be brought to the attention of the Council. In carrying out these reviews, the Committee discussed the report from the external auditors identifying the accounting and judgemental issues that arose in the course of the audit.

The Committee commended officers for their work on the accounts and for achieving an unqualified external audit opinion at the meeting in September 2023, recognising the challenges faced during this process.



## External Audit reports

During the period, the Committee received and reviewed reports from both the external auditors for the legacy councils, EY, and the Council's own external auditor, Grant Thornton. The reports relating to the legacy council accounts have been included in Table 4. The coverage relating to the work of Grant Thornton is summarised in Table 5.

Table 5: NNC external audit reporting

<b>Date of meeting</b>	<b>Agenda item</b>	<b>Discussion</b>
28 <sup>th</sup> November 2022	Verbal update received from Grant Thornton	<p>The external auditor reported that they had been working on the IT audit and hoped to reach a conclusion to bring to the Committee on 20<sup>th</sup> February 2023. Work had also been carried out on Value for Money (VFM). A draft version of this report would be shared with officers for comment.</p> <p>The Committee also requested an update on the recent report from the Financial Reporting Council (FRC) in relation to Major Local Audits and Audit Quality Inspection, and other audit quality reports.</p>
20 <sup>th</sup> February 2023	Verbal update received from Grant Thornton	<p>Confided that an interim annual value for money audit report had been shared with management for comments.</p>
14 <sup>th</sup> August 2023	Annual report 2021/22 from Grant Thornton	<p>Members of the committee heard that for all three areas the external auditor had judged that there were no significant weaknesses in arrangements identified but recommendations for improvement had been made.</p> <p>It was stated that the overall position was a positive one and that North Northamptonshire Council was in the process of making the necessary arrangements to address and implement the recommendations as set out in the auditor's report.</p>

# Governance, Risk Management and Internal Control

## Risk management

During the year, the Committee reviewed and discussed regular reports on risk management activity, as summarised in Table 6. The Committee has encouraged the embedding of a risk management culture across the organisation and the ongoing development and maturity of the risk management framework over time.

The Committee has sought assurances over the management of key risks and this has included seeking clarification on assurances available for the management of risks in Children’s Services (delivered by Northamptonshire Children’s Trust).

**Table 6: Risk reporting to Audit and Governance Committee**

<b>Date of meeting</b>	<b>Nature of report</b>	<b>Discussion</b>
28 <sup>th</sup> November 2022	Strategic Risk Register update	<p>The Committee welcomed the introduction of a heat map diagram in the reporting.</p> <p>Several members commented on the risk relating to the Children’s Trust and asked that risk owners review this entry. Following discussion, representatives from the Children’s Trust were invited to attend the subsequent meeting in February 2023.</p>
24 <sup>th</sup> April 2023	Strategic Risk Register update	<p>The Committee requested clarification on the sources of assurance for Risk 1 – relating to the Children’s Trust. Following discussion, representatives from the Children’s Trust were invited to attend the subsequent meeting in June 2023.</p> <p>It was agreed that the Committee’s concerns regarding the budget should be noted.</p>
14 <sup>th</sup> August 2023	Strategic Risk Register update	<p>Members raised questions regarding progress in relation to Children’s Trust concerns previously raised and also raised further questions and concerns regarding the strategic risk register entry for inadequate organisational capacity.</p> <p>Following discussion, representatives from the Children’s Trust were invited to attend the subsequent meeting in September 2023.</p>

## Internal controls and counter fraud

The Committee is responsible for monitoring the effectiveness of the Council's system of control which facilitates the effective exercise of the Council's functions and management of risk.

The Committee has considered the effectiveness of the Council's control environment, including preventative and detective counter fraud controls, through its review of internal audit reports. Key findings from each internal audit assignment are provided for the Committee's consideration. Where any assurance opinions of less than 'moderate assurance' have been given, members of the Committee have received full copies of the audit report and have discussed the findings with senior management at the subsequent meeting.

Members of the Committee have sought assurance that action is being taken where auditors have highlighted weaknesses. Internal audit has provided updates on implementation of agreed actions at every meeting of the Committee and share full details of any actions which are 'high priority' and over three months overdue. Such actions have been focused on by the committee and assurances sought from management on actions being taken.

Assurances over controls exercised by partners, such as the Children's Trust, have been sought by the Committee. Reports received from the Trust in February 2023, June 2023 and September 2023 provided details on the governance arrangements and risk management approach in place for the Trust. A key source of assurance over internal controls is considered to be the internal audit reporting for the Trust and the Committee has raised significant concerns during this year regarding the robustness of the 2022/23 internal audit opinion for the Trust, and the level of internal audit coverage. This has been raised by the Committee and formally noted in the Council's consideration of the Trust's Annual Report for 2022/23.

The Council has a zero tolerance to fraud. The Committee receives updates on counter fraud activity within reports from Internal Audit – both pro-active and reactive work.

## Governance

The Committee has recognised that the last year has been focused on conclusion of the remaining legacy financial accounts and key audit coverage. The forward plan is to be reviewed to seek greater coverage on governance related items going forward – such as regular review of the Code of Corporate Governance and insight into ethical governance arrangements. In the next year, the Committee will receive and review the Annual Governance Statement for 2021/22.

# Internal and External Audit

## Internal Audit

The Committee reviewed and approved the Internal Audit Charter and Strategy in April 2023. This is subject to annual review, in line with the Public Sector Internal Audit Standards.

The Committee was actively involved and consulted as part of the development of the Internal Audit plan for 2023/24. The Committee agreed the internal audit plan coverage for 2023/24, which was considered to provide appropriate assurance and focus for the Council. A workshop session attended by Committee Members provided an opportunity for detailed consultation and input on the development of the plan.

The Internal Audit Plan is risk based and is updated throughout the year to reflect the changing risk and assurance environment, with amendments being suitably approved by the Committee.

The Audit and Governance Committee sought assurances during the year on the delivery of the audit plan and the resourcing available and has been suitably assured that the coverage would be sufficient to inform an annual Internal Audit Opinion. At the conclusion of the 2022/23 financial year, the Committee was satisfied with the delivery of the internal audit work, both in coverage and quality, and noted the annual audit opinion and report. The Committee has commended the quality of the internal audit reporting and the assurances that this provides to Members.

Throughout this period, the Committee received an update from the Chief Internal Auditor at every meeting, which provided an overview of progress against planned assignments and summaries of the findings of finalised audit reports. The reports also include updates on implementation of recommendations arising from audit reports.

## External Audit

The Committee had, in a prior year, opted into the national sector-led arrangements and nominated Public Sector Audit Appointments Limited (PSAA), to appoint the external auditor on its behalf.

The external auditors appointed to deliver the audit of North Northamptonshire Council's accounts have been regular attendees at the committee meetings and have presented reports on their planning for the 2021/22 audit, as detailed in Table 5.

## The Committee's effectiveness

In July 2023, three Members of the Committee led on the completion of a self-assessment against the 2022 CIPFA guidance on the role of the Audit Committee. The template self-assessment tool was utilised, provided as Appendix E to the CIPFA guidance. The outcomes of this assessment were shared with the wider Committee and further discussed at a training session on 14<sup>th</sup> August 2023.

Members welcomed this opportunity to further develop the Committee's effectiveness and reflected on the value of this exercise - with the intention to re-perform this assessment at least annually.

The Committee reflected on a number of areas where performance against the standards was particularly strong, including:

- Good level of engagement by committee Members at all meetings;
- Chairing is very effective and ensures a clear focus on key issues;
- Apolitical nature of the meetings;
- Management appears to acknowledge and respect the committee's role and take on board the feedback from the committee.
- Relationships with Chief Finance Officer and Internal Audit are strong; and
- Range of attendees at Committee meetings over the last year, including Children's Trust representatives.

The assessment has also resulted in an action plan which has been agreed by the Committee and will be subject to monitoring. The actions are detailed in Table 7.

Table 7: Self-assessment action plan

No	Description	Timeframe
1	<b>Terms of Reference for Committee</b> To ensure these are reviewed and refreshed to align with CIPFA Position Statement 2022.	Expected for November 2023 committee meeting
2	<b>Private meetings with auditors</b> To schedule private meetings with Internal and External Auditors.	Internal Audit – February 2024 External Audit – April 2024
3	<b>Committee training / skills assessment</b> To conduct a committee effectiveness assessment, using Appendix F of CIPFA guidance, including an assessment of committee skillsets. This should then inform a training plan for the committee for 2023/24 onwards.	Q1 2024/25
4	<b>Independent members</b> To advertise for further independent members, with relevant skillsets (following committee skills assessment).	Q4 2023/24
5	<b>Feedback</b> To explore options for obtaining feedback from the committee's key stakeholders i.e. Executive, External Auditors.	Q4 2023/24

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## Audit and Governance Committee 27<sup>th</sup> November 2023

<b>Report Title</b>	<b>Internal Audit Plan development 2024/25</b>
<b>Report Author</b>	<b>Rachel Ashley-Caunt, Chief Internal Auditor</b>

### List of Appendices

None

#### **1. Purpose of Report**

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- 1.1 To provide the Committee with an overview of the proposed Audit Planning process for 2024/25 and consult Members on risk areas for consideration in the development of the Audit Plan.

#### **2. Executive Summary**

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- 2.1 The Internal Audit service deliver an agreed programme of work during the financial year. The coverage of this work should be sufficient to inform the annual Internal Audit opinion on the Council's governance, risk and control framework. The approach proposed should be aligned with the Public Sector Internal Audit Standards and includes consultation with the Audit and Governance Committee and senior management to develop a risk based audit plan.

#### **3. Recommendations**

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- 3.1 It is recommended that the Committee:

- a) Notes the proposed approach to development of the Internal Audit plan for 2024/25.
- b) Highlights any risk areas for consideration in the planning process, where the Committee seeks assurance in the year ahead.

- 3.2 Reason for Recommendations:

- To support and inform the development of the Internal Audit plan for 2024/25, in line with the Public Sector Internal Audit Standards.

## 4. Report Background

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- 4.1 In setting the annual Internal Audit Plan, the Public Sector Internal Audit Standards require:
- a) The audit plan should be developed taking into account the organisation's risk management framework and based upon a risk assessment process undertaken with input from senior management and the Audit Committee;
  - b) The audit plan should be reviewed and approved by an effective and engaged Audit Committee to confirm that the plan addresses their assurance requirements for the year ahead; and
  - c) The Chief Internal Auditor should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations.
- 4.2 In order to ensure that the Audit Plan for 2024/25 address the Council's key risks and adds value to the organisation, it is proposed that the Chief Internal Auditor will identify and prioritise the areas for coverage by:
- a) Reviewing the Council's Risk Registers (strategic, directorate and fraud risk registers) and Corporate Plan;
  - b) Analysing coverage of Internal Audit reviews over the last two years and the assurance opinions provided following each review, to identify any assurance gaps or areas where follow up work would be of value;
  - c) Identifying any other sources of assurance for each of the Council's key risks, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
  - d) Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) where assurances are required to suitably inform the annual Audit Opinion;
  - e) Consultation with the Audit and Governance Committee to discuss the planning process and areas where Members require assurances from Internal Audit during 2024/25; and
  - f) Meetings with members of the Corporate Leadership Network to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.
- 4.3 All potential audit coverage identified will be risk assessed and prioritised for inclusion in the Audit Plan, in consultation with Corporate Leadership Team, based on risk, other sources of assurance available and potential value added from a review.
- 4.4 The resulting draft Internal Audit Plan will be presented to the Audit and Governance Committee for review and formal approval in April 2024.
- 4.5 Should Members wish to highlight any risk areas for consideration in the development of the plan following this meeting, it is recommended that these



be raised with the Chief Internal Auditor and copied to the Chair of the Audit and Governance Committee.

- 4.6 It should be noted that the Council's Internal Audit Plan will cover risk areas across the Council. Any assurances over risks associated with wider partners, such as the Children's Trust, will be sought via related assurance routes, such as their own audit and assurance mechanisms/reporting, in line with the Internal Audit Charter.

## **5. Issues and Choices**

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- 5.1 The recommended approach is in line with the Public Sector Internal Audit Standards. Alternative approaches have not been considered at this time.

## **6. Implications (including financial implications)**

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### **6.1 Resources and Financial**

- 6.1.1 None specific to this report. The audit plan coverage will be planned in line with resources and budget allocated to the delivery of Internal Audit for 2024/25.

### **6.2 Legal**

- 6.2.1 None specific to this report.

### **6.3 Risk**

- 6.3.1 None arising from this report. The Audit Plan should provide assurance over the Council's key risks.

### **6.4 Consultation**

- 6.5 The Audit and Governance Committee is being consulted on the development of the 2024/25 audit plan. Consultation with senior management will also take place as part of this process. No public consultation is required.

### **6.6 Consideration by Scrutiny**

- 6.6.1 Not required on this occasion.

### **6.7 Climate Impact**

- 6.7.1 None specific to this report.

### **6.8 Community Impact**

- 6.8.1 None specific to this report.

## **7. Background Papers**

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- 7.1 None.

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## Audit and Governance Committee 27<sup>th</sup> November 2023

<b>Report Title</b>	<b>Strategic Risk Register Update</b>
<b>Report Author</b>	<b>Rachel Ashley-Caunt, Chief Internal Auditor</b>

### List of Appendices

**Appendix 1: Strategic Risk Register**

**Appendix 2: Risk heat map**

**Appendix 3: Risk scoring methodology**

#### **1. Purpose of Report**

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- 1.1 To provide the committee with a quarterly update on the Council's Strategic Risk Register entries.

#### **2. Executive Summary**

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2.1 The Council's Risk Management Strategy defines the Council's risk management approach and the practices required to make it work. Quarterly updates on the Strategic Risk Register are provided for the Audit & Governance Committee.

2.2 An updated register is provided for the Committee's consideration. The content has been reviewed by the Corporate Leadership Team, informed and supported by regular review of all directorate level risk registers.

#### **3. Recommendations**

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3.1 It is recommended that the Committee:

- a) Note the risk management update.

3.2 Reason for Recommendations –

- For the Committee to exercise its duties and responsibilities within its Terms of Reference and provide independent assurance of the adequacy of the risk management framework and the associated control environment.

## 4. Report Background

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- 4.1 The Strategic Risk Register details the strategic risks faced by the Council in relation to achieving its corporate priorities. The Register also notes the current mitigation action being taken to control these risks and reflects the current, residual risk score.
- 4.2 The content of the Strategic Risk Register entries has been reviewed and updated by Corporate Leadership Team and a copy is provided for the Committee's information, as Appendix A to this report. The amendments made to the risk entries since the last report to Audit and Governance Committee are summarised in Table 1.
- 4.3 It should be noted that whilst Internal Audit assist with the facilitation of risk management, CLT are responsible for defining all risk entries and scoring, and applying the Risk Management Strategy.

Table 1: Updates to Strategic Risk Register entries

Risk entry	Update
Risk 16 Breaches of health and safety responsibilities result in injuries/harm to staff, tenants or service users.	Inherent score reduced from 25 to 15 due to reduced impact (reduced from 5 to 3).  It is noted that corporate plans are in place to lower risk and development of our safety management system (SMS) is ongoing. Officers have started to carryout audits this year to measure compliance with and effectiveness of the SMS. Only when there is some real assurance across a broad range of areas will the score be lowered for likelihood.

- 4.4 To assist in informing the review of the risk register, a summary has also been provided in Appendix 2 to this report, in the form of a heat map, showing the current scores in relation to the risk framework.
- 4.5 A copy of the risk scoring methodology is provided as Appendix 3 to this report, for the Committee's information in reviewing the register. This is an extract from the Council's Risk Management Strategy.

## 5. Issues and Choices

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- 5.1 The report provides an update on the Strategic Risk Register. The Committee has the opportunity to review the entries and scoring within the register and obtain assurance that this suitably reflects the risk environment and the risk management process is effective.

## 6. Implications (including financial implications)

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- 6.1 Resources and Financial

6.1.1 None specific to this report.

## 6.2 **Legal**

6.2.1 None specific to this report.

## 6.3 **Risk**

6.3.1 The maintenance of an effective risk management framework is crucial to managing risk effectively. The Strategic Risk Register is a key part of that framework. The report itself does not give rise to any specific risks for consideration.

## 6.4 **Consultation**

6.4.1 None specific to this report.

## 6.5 **Consideration by Scrutiny**

6.5.1 Not required on this occasion.

## 6.6 **Climate Impact**

6.6.1 None specific to this report.

## 6.7 **Community Impact**

6.7.1 None specific to this report.

## 7. **Background Papers**

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7.1 None.

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Inherent Risk								Residual Risk					Actions				
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key controls	Sources of assurance over controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG	
1	Children's Trust fails to deliver to the agreed standards / failure of the Intelligent Client Function (ICF).	NCT does not meet its requirements in the improvement plan.  The ICF fails to identify and address areas for improvement of NCT's performance.	Risks to child safeguarding.  Poor quality of service and outcomes for service users.  Financial risks to the Council.	Exec Director of Children's Services	5	4	20	The Intelligent Client Function (ICF) is in place with clear governance arrangements set out in the contract including monitoring of performance and financial plans via the Operational Group and Strategic Groups. Ofsted complete inspection visits as per there inspection framework and provide independent performance feedback at regular intervals. The Childrens Trust has an Improvement Plan, linked to its Ofsted inspection performance, which is overseen by a Social Care Improvement Board led by a DfE appointed Independent Chair.	Ofsted complete regular Monitoring Visits and Thematic Inspections between main inspections as a means to assess the progress on the Trusts improvement journey. Where performance drops below agreed levels the Council via the ICF undertakes additional assurance activity including deep dive reviews, production of additional time limited action plans or contract notices to improve performance. Internal Audit of ICF May 2023: Satisfactory Assurance - with action plan in place to prioritise areas for improvement. A Joint Officer Board and Joint Committee is also in place to oversee arrangements managing the Childrens Trust including matters pertaining to the Councils ownership of the Trust. A monthly Lead Member/Director of Children's Service Assurance Meeting takes place in order to ensure the Childrens Trust is held to account on its delivery of quality.	3	4	12	A joint review of the ICF is taking place with WNC. Following this recruitment to vacant posts to replace agency staff will take place. Restructure has been approved through CLT. Plan in place to operationalise restructure and recruitment (subject to full consultation with DCF)  NOTE - pending CEX discussions with WNC	Assistant Director of Commissioning			
2	Failure of corporate governance/meeting statutory requirements/ poor decision making.	Lack of awareness of decision making and legislative requirements. Continuation of processes from predecessor authorities which are no longer in place. Culture of good corporate governance not permeated through organisation. Lack of legal support and updates on legislative changes. Strong governance processes not yet implemented for all matters.	Failure to ensure best value. Breach of legislation which increases risk of legal challenge. Unlawful decisions made.	Exec Director of Customer & Governance	4	5	20	Decision making training undertaken and resources available on intranet. Stabilised legal and democratic service to provide proactive advice. Implementation of processes and procedures to support a good corporate culture. Legal support being proactive and engrained in services. Governance processes continuing to be implemented. Consideration and implementation of Oflog Best value Guidance.	Records of decision, Forward Plan, increased advice from legal and democratic services. Audits of service. Policies and Procedures.	3	4	12	A programme of training and engagement for all staff will be implemented. The governance toolkit is being updated to provide easier access to officers and to strengthen understanding of process. Full training programme to be rolled out for all staff at all levels.	Assistant Director of Legal and Democratic	Mar-24		
3	Loss of data or systems due to cyber attack	Failure of preventative and detective controls leads to successful attack on Council systems.	Disruption to service delivery.  Reputational damage and loss of customer confidence.  Financial loss, penalties and fines.	Assistant Chief Executive													
4	Disruption to service delivery and community due to unplanned incident or emergency	Lack of adequately resourced, experienced staff to fulfil BC roles.  Lack of understanding of BC processes by Service Areas.  Failure to address critical BC issues.  Lack of completed BC plans to support with an internal disruptive event.  Inadequate Emergency Planning arrangements arising from insufficient EP capacity and/or a lack of organisational engagement.  Incident of scale that is beyond proportionate mitigation activity	Failure to deliver timely and effective BC Work Programme. BC arrangements not in place.  Ineffective response to a BC incident.  Low levels of resilience exacerbating impacts.  Public harm, financial losses, reputational damage, legal failures, fines, service failure, staff absence.  Poor response to incidents and emergencies leading to loss of life, serious public harm, serious economic harm, serious environmental harm, increased financial losses, failure of critical functions, significant reputational damage, legal failures and penalties	Exec Director of Place & Economy	5	4	20	Workforce planning;  Training plans;  Effectively managed BC programme;  Adequate investment to address critical resilience issues;  Defined, established and rehearsed emergency management processes.  Key contractors are required to outline BC arrangements as part of the contract procedures rules	NNC has an established Incident & Emergency Plan which is supported by emergency management arrangements to provide a core capability for the management of disruptive incidents. This includes a duty rota for Gold and Silver officers to ensure coverage for key command roles. Strategic and Tactical Emergency Management Training was delivered by the Emergency Planning College in July 2022  These arrangements have been validated by incidents in the last 12 months. Where lessons were identified, action is underway to address these issues  NNC has an established BC steering group to coordinate and oversee the development of BC arrangements across the organisation.  NNC exercised its Incident and Emergency Plan in October 23. this also tested service level BC plans. A debrief report will be provided to the december BC steering group	3	4	12	Ongoing delivery of the BC work programme under direction of BC steering group  continued roll out of BC assessment tool and plans template and provision of support to services in completion  Complete review of NNC Critical Incident Plan following consultation period  Complete debrief analysis and report following delivery of exercise Lantern  Undertake analysis of NNC arrangements vs ISO standards	Matt Hoy	Dec-23		

5	Failure of capital and revenue projects to deliver upon intended benefits, within budget and planned timeframes.	Multiple causes including inflationary impact, cost of borrowing, lack of resources, lack of pace, poor scoping of activities, outcomes and benefits, time slippage, budget or scope creep, change of legislative or original priorities. external factors taking priority	Failure to deliver timely and effective projects. Financial penalties. Reputational damage. Legal implications. Service failure. Customer/community impact.	Exec Director of Finance & Performance	4	4	16	Defined governance programme in place including: Place Capital Programme Board; Strategic Capital Board. There will be corporate governance under the remit of the constitution and Senior Responsible Officer with scheme of delegation, CLT; Member Transformation Board (where appropriate). Reporting into Service Delivery EAPs (where appropriate).  Quarterly Capital and Monthly Revenue Reports to Executive and the following Finance and Resources Scrutiny.  Individual Project Boards established for relevant projects.  Capital Update report on new/changing projects to Executive each month.	Internal Audit Review of Capital Programmes scheduled for 2022.  Internal Transformation Team reviews and Internal Audit (recent "Good" score for disagg programme, for example).  Process for approval of capital projects reviewed by Finance and Resources Scrutiny Committee.	3	4	12	Scrutiny of programme progress at established Boards and ad-hoc e.g. project/programme audits by Transf. Team or Internal Audit. New Performance / PMO role established in finance to monitor project progress and risks - to be recruited to. Dedicated Head of Capital Projects (property) proposed to ensure sufficient capacity to manage current and forthcoming projects effectively.	Executive Director of Finance and Performance/ CLT Owner	Ongoing	
6	Failure to safeguard vulnerable adults.	Failure to meet statutory requirements under the Care Act. The Care Act 2014 sets out that the local authority must act when it has reasonable cause to suspect that an adult in its area has needs for care and support or is experiencing or at risk of abuse or neglect.	An adult is harmed due to failure to exercise safeguarding duties.  Financial implications.  Reputational damage. Failure to meet areas of importance. Continue to neglect individuals' wellbeing. Poor outcome for people.	Exec Director of Adults, Health Partnerships & Housing	4	5	20	Monthly safeguarding quality assurance audit process NSAB Delivery Board Review and continuous improvement of adult safeguarding processes and procedures NSAB Performance Dashboard KPI data reporting on ASC Safeguarding Effective delivery and monitoring of internal safeguarding training for ASC staff Quality Assurance Board with Commissioning Implementation and ongoing review of the NNC Practice Framework	Safeguarding audits by Team Manager Safeguarding & Quality. Safeguarding audits by Team Managers and Principal Social Workers from April 23. Implementing actions for improvement identified in internal audit reports.  Internal Audit of Adult Safeguarding referrals 2021/22 - satisfactory assurance  Internal Audit of DoLS 2022/23 - satisfactory assurance:	3	4	12	Workstream on safeguarding to be reviewed in relation to safeguarding processes and procedures  KPI data reporting on safeguarding to be reviewed  ASC training matrix will be provided to L&D team to input all mandatory safeguarding training onto the iLearn system  A review of the Terms of Reference for the Quality Assurance Board to be completed to reflect the extension of the membership of the board to external partners and providers.  Updated guidance on safeguarding process written – process map and updated Eclipse Guidance to be added.  Notification of concern guidance written. Large Scale Investigation guidance being written.  CQC Ensuring Safety - joint training with Health on statutory responsibilities including performance, other stakeholder	ED and ADs - Adult Social Care	Ongoing	
7	Unsustainable finances (medium term from 2024/25)	Whilst the budget for 2023/24 is balanced, the position for 2024/25 onwards continues to be uncertain due to the prevailing economic climate particularly inflationary factors for pay and prices, as well as demand pressures, such as children's services and adult social care. There remains risks from continuing LGR/transformation related changes as services are disaggregated and/or reformed as well as the Government review of funding for Local Authorities which is anticipated in the next Parliament. This risk reflects this uncertainty.	Resources are insufficient and this results in non achievement of Corporate Plan priorities, with consequent negative impacts on residents and other stakeholders.	Exec Director of Finance & Performance	4	5	20	Budget balanced for 2023/24. Indicative budget requirements highlighted from 2024/25 and work is ongoing to address in advance of draft budget being presented in December.  Ongoing intelligence and lobbying alongside working to ensure robustness of the budgets for future years, including timely responses to the consultation on LA funding at the appropriate time.  Financial planning and budget proposals and savings / income generation options.  Budgets based on prudent assumptions. Challenge of budget proposals from Officers and Members  All work linked to future transformation programme across all aspects of the Council.  Transformation and specific working groups to address specific budget areas including programme boards within Directorates.  Review potential external funding opportunities to meet service need.	CIPFA Financial Management Code self-assessment  Budget Scrutiny Arrangements  Member/Officer challenge	3	4	12	Continuing development of the MTFP for minimum 3 years. Budget 2023/24 approved February 2023. Work with services to identify efficiencies, cost controls and income generation to protect vital services.  Factor in any announcements from the Chancellor's Spring/Autumn Budget Statements (generally March and November each year) and the Spending Review.  Strong focus on robust controls for areas outside the General Fund, ie DSG and HRA.  Respond to Government	Executive Director of Finance and Performance	Ongoing	
8	Inability to remain within budget for the current year (2023/24)	The requirements from demand led services such as children's social care are concerning and already outstripping the budget as at P2 reporting. Other areas such as Home to School Transport and Adult Social Care also remain a risk in this regard. The budget is also still impacted by the significant impact of higher than anticipated inflation (both pay and prices).  The level and extent of the inflationary increases is higher than the OBR forecast at the time the budget was set. The pay award (although not yet approved) already exceeds the budgetary provision of 4%. The cost of living challenges will also potentially present difficulties for income generation in areas such as leisure, with greater support mechanisms being required as well as possibly resulting in increased service demand in areas such as homelessness.	The Council will overspend, which will impact on the level of reserves.  The Council is currently forecasting an overspend predominantly due to demand and price pressures.	Exec Director of Finance & Performance	5	4	20	Ongoing monitoring and scrutiny.  Reserves and contingency to offset in year pressures.  Robust governance arrangements for approval of any new/unplanned spend or proposals.  Closely monitor the financial position and work with colleagues to mitigate any pressures in year. Continue to work through the budget to identify underlying issues and risks and address as part of the MTFP.  Utilisation of government funding as available to support individuals, businesses and households. Eg Household Supprt Fund	CIPFA Financial Management Code self-assessment.  In year monthly monitoring to Executive and regular scrutiny by the Finance and Resources Scrutiny Committee including scrutiny of Children's Services position which is operated through the Children's Trust.  Children's Trust position also reported to the Operational Commissioning Group and the Strategic Commissioning Group for review.	5	4	20	Work to identify in-year mitigation as well as close working with the Children's Trust to understand the driving factors for, and the potential for mitigation.  Set aside contingency and reserves to meet shortfall recognising the need for a longer term solution as part of the MTFP.	Executive Director of Finance and Performance	Ongoing	



9	Inadequate data sharing and data security arrangements- leading to non-compliance with legislative requirements.	Processes and procedures are not effective. Officers do not comply with processes and procedures. Inadequate training to promote requirements and risks. Information Asset Registers aren't complete.	Loss of data. Financial fines/penalties. Reputational damage.	Exec Director of Customer & Governance	3	4	12	Information Asset Registers.  Data protection training for staff and Members.  Data protection policies and guidance for staff. Data Protection Officer in post IT health checks including penetration testing, information sharing agreements with partners and agencies	Internal Audit of Information Governance 2021/22 - Satisfactory assurance.	3	4	12	Predessor storage arrangements to be considered and business case put together for consideration by CLT.	Data Protection Officer	Jan-24	
10	Procurement - Key suppliers of goods and services (including hosted / shared services) fail to deliver services to the required standards and capacity - thereby, impacting on the Council's ability to operate effectively in delivery/provision of services.	This may be due to lack of financial resilience or other factors, impacting the onward ability of the Council to secure required services to its residents. A key risk given COVID impact, inflationary pressures, negotiation of UK trade deals following UK Exit and lack of competition in some markets.  Poor contract management may lead to failure to highlight and address performance issues effectively.	Financial and legal implications for the Council.  Implications for maintaining appropriate standards for key service functions and impact on customers.  Reputational damage for the Council and the Contractor.  Early termination of the contract because of operational failures by the Contractor.  Withdrawal of the service by the Contractor owing to dispute with the Council.  Legal challenge on award of contracts / failure to achieve value for money.	Exec Director of Finance & Performance	3	4	12	Professional Procurement Teams in place to support services in effective management of procurement lifecycle; including supplier due diligence. Includes involving all directorates. Contract management register and risk assessment in place. Bankruptcy / Liquidation Policy to enable consistent response to supplier failure. Enhanced due diligence arrangements developed and Due Diligence working group in place. Risk reduced but maintained at medium due to wider risks of supplier resilience outside of control of the Council and acute given ongoing impacts of Covid19 and of agreeing post EU trade deals. Reporting to: CLT and Corporate Scrutiny Committee as required.	Internal Audit review of Procurement Compliance 2021/22 (Satisfactory assurance rating)  Internal Audit review of Contract Management in Place and Economy (Good assurance rating).	2	3	6	Ongoing work with Directorates regarding Procurement requirements and maintenance of the Contract Register with a view to timely procurement and greater contract negotiation potential.	Head of Procurement	Ongoing	
11	Inadequate organisational capacity.	Capacity is not prioritised in the areas which will deliver outcomes and ensure service delivery. Capacity is not directed to specific pressures, eg- elections. Increased turnover resulting in increased vacancies. Recruitment and retention challenges which are influenced by a national shortage of employees as well as local issues such as near implementation of pay and pension and terms and	Reduced service provision, negative impact on health and wellbeing of officers, service delivery not meeting performance standards. Worse outcomes for residents.	Exec Director of Customer & Governance	5	4	20	Data considered regularly. HR Policies to support effective recruitment. People Plan in place to support employees. Future Ways of Working Strategy in place to attract employees and support health and wellbeing as well as ensuring excellent services are delivered. Managers supported to understand areas and any organisational challenges. Apprenticeship Policies being implemented to support "grow your own". Managers Network established to support managers with implementation of values. Pay and Grading and Terms and Conditions implementation due in Feb 2024.  Dialogue at the right level around critical areas where resource is specialised and limited and could have a more rapid impact on service delivery.	HR data presented regularly along with wider corporate healthcheck information to ensure that performance, complaints, budget and HR data is considered holistically. Management information provided to managers within the organisation. Policies and Procedures.  Consideration at CLT of areas of greater risk of impact of capacity shortage.	3	4	12	CLN colleagues to raise areas of concern with CLT should they arise.	CLN		
13	Legacy legal claims of predecessor Councils, .	Matters arising from actions/omissions of previous authorities which may be challenged	Reputational damage, financial and legal implications	CLT	3	5	15	Risk Registers, understanding of previous actions/omissions by senior management, national learning.	Risk Registers	3	5	15	Claims can arise at any time but there are specific limitation periods dependant on type. They will be dealt with on a case by case basis when they arise.	CLN	ongoing	
14	Consolidation and/or disaggregation of services into the new Unitary delivery.	Disaggregation of previously county wide services.	Disaggregation may cause budgetary and recruitment challenges where a service will cost more to deliver and staff may choose to transfer to the other authority for reasons such as local or pay differential. Reduced levels of services to customers. Vacancies for difficult to recruit key/statutory posts Increased cost of service delivery.	CLT	3	4	12	Agreed HR process & disaggregation principles between NNC/WNC on transfer of staff Statutory staff consultation process in place Updates to Directorate forums with Unions to include info on new service structures Agreed process for staff re-structures	Transformation Impact Assessments Transformation Business cases Transformation decision process through Joint Officer Board and Shared Services Joint Committee Directorate Union consultation forums	3	4	12	Detailed Transformation Plans reflect the remaining areas of disaggregation to be finalised and business plans are considered in detail.	CLT	Mar-24	
16	Breaches of health and safety responsibilities result in injuries/harm to staff, tenants or service users.	<b>People</b> Ineffective or insufficient competent advice.  A lack of leadership engagement and competence in HSW matters.  Lack/loss/movement of those with additional H&S responsibilities.  <b>IT</b> Unsuitable IT systems to aid risk management.  <b>Property</b> Unsuitable or poorly maintained properties and or workspaces.	Injury / harm to individual(s).  Financial penalties and fines.  Prosecution of organisation and or individuals.  Reputational damage.  Employees do not feel safe and supported and decide to leave employment.  Failure to meet Service Level Agreement requirements with schools (LA + Non LA).  Poor safety culture.  Inadequate management systems.	Exec Director of Customer & Governance	3	5	15	•Nominated Director for HSW (Exec Director Legal & Governance) •HSW policy in place and signed off Chief Exec. •Supplementary procedures on specific risks / processes. Procedures have identified owners across various departments. •HSW intranet pages to publish / communicate information. •Contracts for occ health, eye care and eap provider in place. •Competent Advice - HSW team re-structure completed, maintain resource requirements and team competencies. •Providing adequate Information, Instruction, Training and Supervision. •Certificate of employers liability insurance / policy statement published on intranet and notice boards where staff don't have access to this.	•Management self-audits and inspections (HSW Management Tool) •HSW team led audits. •Reporting and investigation of accidents and incidents. •HSW monitor accident and incident reports. •Competent person inspections of plant and equipment. •Internal audit. •Routine/non-routine visits from enforcement authorities (fire, hse). •Directorate HSW forums and Joint HSW committee's established (Qrtly meetings). •Reviewing of policy and procedures.	3	5	15	Corporate plans are in place to lower risk and development of our safety management system (SMS) is ongoing. We have started to carryout audits this year to measure compliance with and effectiveness of the SMS. Only when we have some real assurance across a broad range of areas will the score be lowered for likelihood.	Health and Safety Lead	Ongoing	
18	Transformation Plan not delivered as endorsed by Executive, affecting the ability to deliver benefits of projects/programmes within the plan.	External (corporate wide or external to organisation) pressures impact upon the delivery of the Transformation team.  increase in service demand for Transformation – leading to the service being overwhelmed by competing demands on resources and disappointment amongst customer base with pace achieved.	Failure to deliver planned benefits and savings.	CLT	3	4	12	An Enabler Working Group has been set up to review competing priorities / resource demands and there will be regular reviews of gateway process to evaluate urgency/criticality of new project proposals. Governance within the Transformation Programme including: Officer Transformation Board; Member Transformation Board. Reporting into Service Delivery EAP. Individual Project Boards established for relevant projects. Transformation Change Control process. Transformation Plan approved.	Internal reviews and Internal Audit (recent "Good" score for disagg programme, for example)	3	3	9	Transformation Plan resides with individual Executive Directors.	CLT	Ongoing	

19	Pay and Grading resources and expertise	Pay and Grading regarded as HR project rather than corporate transformation project. There is a lack of specialist resource in North to lead and support this critical work. AD leading this, as well as other key projects - e recruitment, FWOV people workstream, people strategy and disaggregation of L&D.	Serious risk that the project will drift and not achieve the aims of a competitive and comprehensive pay and reward structure for the North. Financial risks if financial expertise and capacity is not integral to the project. Financial risk to HR budget as this should not be a pressure on the HR budget.	Exec Director of Customer & Governance	4	4	16	Establish Pay and Grading as a corporate transformation project and resource with adequate specialists / expertise.		4	3	12	Continue to seek additional specialist resource and utilise substantive team where possible.	Assistant Director of HR	Ongoing	
20	Cost/Service Need being in excess of budget and activity anticipated due to Cost of Living impact	National/global recession resulting in business failure and unemployment  Growth or decline of the local/national economy - adverse impact on interest rates, inflation and service demand	Increased requirement for benefits, housing, Council Tax support, business advice and support. Adverse impact on demand led services eg homelessness. Adverse impact on other services due to reduction in disposable income eg use of leisure facilities.  Impact on services to deliver support packages	CLT	4	4	16	Emergency Planning Business Continuity Plan - Reviewed as part of Business Continuity Arrangements through Emergency Planning Team.  Identified area on the Council's website to provide details of support for residents including wider link to Government support - <a href="https://www.northnorthants.gov.uk/cost-of-living">https://www.northnorthants.gov.uk/cost-of-living</a>  Existing Council support mechanisms for those in need and wider community support networks  Specific government funding streams such as Household Support Fund administered by the Council.  Macro controls to offset inflation. However, this often means interest rate rises and affects predominantly home owners.	Emergency Planning Business Continuity Planning Process and information dissemination.  National Announcements for Government support - <a href="https://www.gov.uk/cost-of-living-ya">https://www.gov.uk/cost-of-living-ya</a> help alleviate individual and organisational pressures.  Current service provision and controls including work with community groups.  Bank of England control mechanism	3	4	12	Specific group set up to look at implications arising from the cost of living crisis and impact/support.	Assistant Director of Communities	Ongoing	

### Strategic risks – current scores

<b>Impact</b>	Very High	5			01, 13, 16		
	High	4			02, 04, 05, 06, 07, 09, 11, 14, 20		<b>08</b>
	Medium	3		10	18	19	
	Low	2					
	Negligible	1					
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
			<b>Likelihood</b>				

Ref	Risk
01	Children's Trust fails to deliver to the agreed standards / failure of the Council's Intelligent Client Function (ICF).
02	Failure of corporate governance/meeting statutory requirements / poor decision making.
04	Disruption to service delivery and community due to unplanned incident or emergency.
05	Failure of capital and revenue projects to deliver upon intended benefits, within budget and planned timeframes.
06	Failure to safeguard vulnerable adults.
07	Unsustainable finances (medium term from 2024/25)
08	Inability to remain within budget (current year)
09	Inadequate data sharing and data security arrangements– leading to non-compliance with legislative requirements.
10	Procurement - Key suppliers of goods and services (including hosted / shared services) fail to deliver services to the required standards and capacity - thereby, impacting on the Council's ability to operate effectively in delivery/provision of services.
11	Inadequate organisational capacity.
13	Legacy legal claims of predecessor Councils.
14	Consolidation and/or dis-aggregation of services into the new Unitary delivery.
16	Breaches of health and safety responsibilities result in injuries/harm to staff, tenants or service users.
18	Transformation Plan not delivered as endorsed by Executive, affecting the ability to deliver benefits of projects/programmes within the plan.
19	Pay and Grading resources and expertise.

## Appendix 2 Risk heat map

20	Cost/Service Need being in excess of budget and activity anticipated due to Cost of Living impact.
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Appendix C Risk scoring methodology

Risk scoring matrix

<b>Very high</b>	5	10	15	20	25
<b>High</b>	4	8	12	16	20
<b>Medium</b>	3	6	9	12	15
<b>Low</b>	2	4	6	8	10
<b>Negligible</b>	1	2	3	4	5
<b>IMPACT</b>  <b>LIKELIHOOD</b>	<b>Very rare</b>	<b>Unlikely</b>	<b>Possible</b>	<b>Likely</b>	<b>Very likely</b>

## Appendix C Risk scoring methodology

### Impact Descriptors

	<b>Negligible (1)</b>	<b>Low (2)</b>	<b>Medium (3)</b>	<b>High (4)</b>	<b>Very High (5)</b>
<b>Legal and Regulatory</b>	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/or local public enquiry	Major civil litigation setting precedent and/or national public enquiry	Section 151 or government intervention or criminal charges
<b>Financial</b>	<£0.5m	<£1m	<£5m	<£10m	>£10m
<b>Service provision</b>	Insignificant disruption to service delivery	Minor disruption to service delivery	Moderate direct effect on service delivery	Major disruption to service delivery	Critical long term disruption to service delivery
<b>People and Safeguarding</b>	No injuries	Low level of minor injuries	Significant level of minor injuries of employees and/or instances of mistreatment or abuse of individuals for whom the Council has a responsibility	Serious injury of an employee and/or serious mistreatment or abuse of an individual for whom the Council has a responsibility	Death of an employee or individual for whom the Council has a responsibility or serious mistreatment or abuse resulting in criminal charges

## Audit and Governance Committee 27<sup>th</sup> November 2023

<b>Report Title</b>	<b>Internal Audit progress report</b>
<b>Report Author</b>	<b>Rachel Ashley-Caunt, Chief Internal Auditor</b>

### List of Appendices

#### Appendix 1: Internal Audit progress report – November 2023

##### **1. Purpose of Report**

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- 1.1 To provide the committee with a progress update on the work of the Internal Audit team and the key findings from audits completed to date.

##### **2. Executive Summary**

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- 2.1 The Internal Audit plan of work is subject to ongoing review and prioritisation to ensure it continues to focus on the Council's key risks. Since the last meeting of this Committee, five audit reports have been finalised and the key findings are summarised in Appendix 1.
- 2.2 During the 2023/24 financial year to date, 43% of the planned audits have been delivered to at least draft report stages and a further 33% is in fieldwork stages. This reflects that delivery is on track for this stage in the year.

##### **3. Recommendations**

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- 3.1 It is recommended that the Committee:
- a) Note the progress report attached as Appendix 1 and consider the main issues arising.
  - b) Approve the proposed amendments to the audit plan coverage for 2023/24, to include a 60 day audit of the shared creditors system and postpone the five specified audits from the plan.
- 3.2 Reason for Recommendations:
- For the Committee to exercise its duties and responsibilities within its Terms of Reference for receiving reports from the Internal Audit service

and considering the main issues arising; and agreeing any amendments in audit coverage.

#### **4. Report Background**

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- 4.1 Since the last meeting of the Audit and Governance Committee, the Internal Audit service has been progressing fieldwork on assignments scheduled for the first half of the 2023/24 year. The key findings of five audit reports which have been finalised during the period are provided within Appendix 1 for the Committee's information. Of the five reports finalised, one received an assurance opinion of less than Moderate Assurance.
- 4.2 A copy of the Internal Audit plan for 2023/24 and the status of each assignment is provided.
- 4.3 Included within the progress report is an overview of the implementation of agreed management actions, since the last progress report to this Committee.
- 4.4 Also included in the report are proposed amendments to the audit plan coverage. To support greater assurance over a number of key services shared between Councils it has been proposed that the lead partners within the shared arrangements rotate the audit coverage rather than it being reliant on the same Council each time. The Council's Internal Audit team has been allocated responsibility for delivering a 60 day audit of the shared creditors system hosted by Cambridgeshire County Council in 2023/24. This is required to provide assurances to all four partners and allows for 15 days for each authority. The Chief Internal Auditor has proposed postponing five audits from the current plan for 2023/24 to provide the resourcing for this additional work. These are detailed, with rationale for postponement, in Appendix 1 and relate to disaster recovery, recruitment and retention of social workers, SEND action plan, IT software licensing and the Cygnum project.

#### **5. Issues and Choices**

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- 5.1 The report provides an update on delivery of the internal audit work for 2023/24 and a summary of the findings of audits which have been finalised in the period.

#### **6. Implications (including financial implications)**

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##### **6.1 Resources and Financial**

- 6.1.1 Not specific to this report.

##### **6.2 Legal**

- 6.2.1 Not specific to this report.

##### **6.3 Risk**

- 6.3.1 As set out within the progress report for each audit.

##### **6.4 Consultation**



6.4.1 Not required for this report.

6.5 **Consideration by Scrutiny**

6.5.1 Not required on this occasion.

6.6 **Climate Impact**

6.6.1 Not specific to this report.

6.7 **Community Impact**

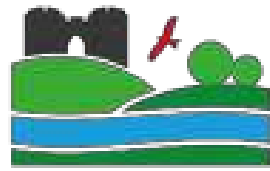
6.7.1 Not specific to this report.

**7. Background Papers**

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7.1 None.

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**North  
Northamptonshire  
Council**

**Internal Audit Progress Report  
November 2023**

# 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (the Standards) require the Audit & Governance Committee to oversee the performance of the Internal Audit Team and to satisfy itself that it is receiving appropriate assurance that the controls put in place by management address the identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the Internal Audit service.

# 2. Performance

- 2.1 Since the last meeting of the Audit and Governance Committee, the Internal Audit team has been progressing work on delivery of the 2023/24 audit plan.
- 2.2 A full copy of the 2023/24 audit plan is provided as Table 1, on pages 10 to 17 of this report.
- 2.3 At the time of reporting, 43% of the audit plan in Table 1 has been delivered to at least draft report stages and a further 33% is in planning or fieldwork stages. This reflects that delivery is on track for this stage in the year.

# 3. Key findings

- 3.1 Since the last meeting of the Audit and Governance Committee, finalised reports have been issued in respect of five audit assignments. The key findings arising from those audits are summarised as follows:

## Starters and leavers

The purpose of this review was to provide assurance over the processes and controls in place for new starters and leavers at the Council. Through these processes, the aim is to ensure that all salary payments to employees made are accurate and on agreed pay dates; new starters' initial impressions of the Council are positive; and for officers leaving the Council, arrangements are in place to avoid overpayment of salary and ensure recovery of equipment and revoking of access to Council premises.

The review found that an overarching framework is in place to support managers in dealing with the starter and leaver processes. This is underpinned by a range of Human Resources procedures / policies to support key activities including recruitment and selection (i.e. new starter process), induction and administration of the leaver process, including exit interviews / questionnaires. Additionally, arrangements (e.g. automated forms, helpdesks) exist in Payroll, Information Technology and Facilities Management to support managers with all aspects of the starter and leaver process.

The following areas have been identified, where further action is required to manage associated risks:




- Whilst acknowledging the number of overpayments to leavers are relatively low, with approximately 3% of leavers affected during the last year, any delays in notification by managers pose a financial risk. The leaver notification should be a standard process to

prevent any overpayments which require recovery activity. Human Resources have recently started to receive information on overpayments and will use this to identify trends or causes which require focus in order to minimise such activity;

- There is a lack of clearly defined guidance to support what managers should do with (a) IT equipment when an employee leaves the Council, especially given the prevalence of remote working, and (b) to ensure that access to Council buildings is removed by Facilities Management when an employee leaves;
- Internal Audit testing highlighted weaknesses in the accuracy of both the Council’s IT asset register and Facilities building access records; and
- Due to the self-service approach of the Council, no monitoring takes place for the completion of inductions for new employees undertaken by line managers.

On this basis, actions have been agreed in relation to formalising arrangements for the return of IT equipment by leavers and verifying IT asset records; conducting analysis and reporting on payroll emergency payments/overpayments; documenting processes for setting up/revoking access to Council buildings; and reviewing current access for Council properties to ensure all leavers’ access is revoked.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion		
Control Environment		Moderate
Compliance		Good
Organisational Impact		Low

### IT strategy and governance

The Information and Communications Technology (ICT) service has created a ‘Technology, Digital and Data Strategy’ (‘Strategy’) for a period of five years (2021 – 2026), highlighting 13 underlying strategies to support its delivery. The Strategy includes a high-level timeline for the five-year period and the Strategy has been shared with Council employees via virtual presentation and via the Intranet.

This audit sought to provide assurance over the governance and strategy for the ICT service, determining priority workloads, management of risk and the policy framework; and the alignment with the Council’s objectives and risk appetite.

The Strategy was presented to the Corporate Leadership Team (CLT) in 2022. It is understood that CLT agreed to the overall themes and direction as outlined within the Strategy, but further work needed to be undertaken regarding the financial costs before it could be taken further. Additional resource was requested to support the delivery of the Strategy but, from the paper presented, it was not clear how such additional resource would be funded for the long-term. Further work has been undertaken to seek to progress these issues and the current position, along with the strategic options and the challenges, was recently presented to CLT.

Although the Strategy has not yet been fully approved and there is limited resource within the ICT service, it is evident that a great deal of ICT work and projects continue to be

delivered. There is a 'Demand Life Cycle' process and various monitoring and oversight of the ICT project work being undertaken.

Although there is various monitoring over the project work, it is not clear where the Strategy and the overall progress made on the strategic direction is being monitored and overseen. Current arrangements should be reviewed to ensure a monitoring and oversight body is in place to oversee this with success measures, as outlined in the Strategy, being monitored.

The 13 underlying strategies referenced within the Strategy are at different states of completeness with only 11 shared with Internal Audit at the time of testing. Formalising these, along with the Demand Life Cycle process, will help to clarify the link between the Strategy and underlying strategies so there is a clear "thread", ensuring that the direction of ICT can be understood by all stakeholders.

Actions have been agreed in relation to update and seek approval of the Strategy and the underlying strategies; reviewing governance and reporting arrangements; and updating the Demand Life Cycle.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion		
Control Environment	●	Moderate
Compliance	●	Moderate
Organisational Impact	●	Medium

### External placements

The Adults, Communities and Wellbeing Service accounts for nearly 40% of Council spend and provides services to some of the most vulnerable residents. A significant proportion of these services are delivered by external providers, where the Council aims to ensure that individual social care placements are provided through current contracts / frameworks, demonstrating value for money and ensuring service users receive a quality and safe service.

The audit has confirmed that a range of contracts, frameworks and Dynamic Purchasing Systems (DPS) are in place to support social care placements. Several developments took place in 2022/23 aimed at enhancing the number and quality of providers used by the Council, including a focus on extending use of DPS and utilising available funding to maintain / improve the current market and reduce the number of spot purchases.

Based on a national requirement, the Council has recently produced a Market Sustainability Plan to assess the current sustainability of the key social care markets, as well as setting out the actions planned by the council to address the issues identified.




A revised Contract Management Framework has recently been implemented and a Quality Board has also been set up to oversee the quality aspect of services provided by independent care services.

The following areas were noted, where further action is required to manage associated risks:

- Gaps in procedures within the Brokerage Team around the consistent sourcing of placements;
- Working practices for the use of spot providers in terms of (a) not always demonstrating that an exhaustive process has been followed in attempting to source a placement from a contract provider before using a spot provider, and (b) complying with the requirements of the Contract Procedure Rules around spot purchases for care placements with regards to approval and reporting requirements; and
- Internal Audit was also unable to gain assurance that Eclipse system reports in respect of new placements and placements on the waiting list were a true and accurate reflection of all such activity.

On this basis, actions have been agreed in relation to reviewing practices around use of spot providers (including approval mechanisms and monitoring of scale of use); reviewing procedures / guidance to provide clarity on the process that should be followed in sourcing a placement; review of waiting lists; and implementing performance reporting.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion		
Control Environment		Limited
Compliance		Moderate
Organisational Impact		Medium

### UK Shared Prosperity Fund

The Council will receive £4.8m from the UK Shared Prosperity Fund (UKSPF) over three financials years 2022/23 to 2024/25 with the aim of improving pride in place and increasing life chances across North Northamptonshire and investing in communities and place; thereby supporting local business, as well as people and skills. Based on the financial return for 2022/23 submitted by the Council in May 2023, spend of approximately £445k had been incurred by the Council through UKSPF, split between the following areas – community grants, greenway feasibility study, the creation of a tourist hub and management and administration. Additionally, at the time of the audit, applications were being considered for business grants.

The review found the following arrangements are in place to support UKSPF:

- Officers with dedicated responsibility for administering and monitoring UKPSF funding; and
- A robust application and approval process to support the award of community and business grants.

The following areas have been identified, where further action is required to manage associated risks:

- In respect of business grants, the review found that the Council does not undertake checks on directors of companies applying for funding even though such a mechanism is available to the Council;

- Whilst dedicated cost centres had been set up oversee the financial aspects of UKSPF, only £125k of the £445k spend in 2022/23 could be traced to a UKSPF cost centre. Additionally, the UKSPF Project Manager highlighted that whilst they are provided with figures for inclusion in the finance return, they are not provided with supporting documents that underpin the value of spend included; and
- Records were provided to Internal Audit in order to validate that all expenditure incurred was in line with the requirements of UKSPF. Internal Audit has, however, concluded that costs of approximately £144k were incorrectly included in the 2022/23 financial return, as the activity and / or payments were incurred in 2023/24 and not accrued for in 2022/23. UKSPF guidance states ‘Spend’ includes expenditure invoiced and paid, as well as accrued, in line with financial accounting standards.

Actions have been agreed to ensure that actual spend will only be journalled to project cost centres once a fully evidenced claim and monitoring form has been submitted; Directors checks will be undertaken as part of the Gateway checks; and officers will be working with Finance colleagues to clarify/correct year end accruals.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion	
Control Environment	● Good
Compliance	● Moderate
Organisational Impact	● Low

### Payments to social care providers

The Council relies on external providers to deliver social care to some of the most vulnerable residents of North Northamptonshire. In terms of the payment process, whilst most Council services process purchases through ERP Gold, this is not the case for adult social care. Social care activity is initially administered through the Eclipse system and once agreed, the activity is replicated in the Carefirst system for payments to be processed, as the Eclipse system does not have financial functionality. Payments are then extracted from the Carefirst system and transferred to ERP Gold for payments to be made to providers. Based on analysis of transactions transferred from Carefirst to ERP Gold via the automated interface, this has highlighted that for the financial year 2022/23, over 43,000 transactions were processed, and the value of payments made was approximately £98 million. Additionally, a further 5,000 transactions valued at £5.15 million have been paid through Spreadsheet Import Payment Files during the same period.

The review has found robust working practices in place to support key stages of the payment process (i.e. setting up care packages on Carefirst and checks to ensure planned payments are complete and accurate), including oversight of these areas by the Payments Team Leader. However, the following key areas have been identified, where further action is required to manage associated risks:




- Whilst the Payments Team have defined working practices in place to support key tasks, there are no formal documented procedures in place.



- In addition to a standard payment process, a separate process is in place to specifically administer homecare activity with spot providers. From an audit perspective, there is no clear rationale for having two approaches when the standard approach could be used for all payments, and the process for homecare activity with spot providers is considered a less efficient process as it requires more resource from the Payments Team to process such payments. Officers have advised that a new framework contract is due to commence in early October 2023 which several current spot providers will be joining. This will result in such providers moving to the automated payment process.
- For payments generated in Carefirst, there is a process for providers to confirm changes between activity planned and delivered. However, current processes do not provide a robust means for ensuring that all changes are notified by providers. Furthermore, sample testing identified change notifications which were not actioned as changes in payments to suppliers (value of approx. £2,700 overpayment). Due to a lack of audit trail, it remains unclear as to whether these relate to human error / oversights or decisions taken by officers to not amend the payments. Decisions to not amend these payments should not be taken by the Payments Team without an appropriate, evidenced approval mechanism with full audit trail to demonstrate rationale and authorisation.

On this basis, actions have been agreed including documenting operating procedures; introducing a key performance indicator to the new provider framework contract around the need for providers to submit variance returns on a timely basis or risk payments being withheld; reviewing processes for notifying of changes in activity and management approval to amend/not amend payments; and ensuring improvements are made on the timeliness of packages being set up on Eclipse.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion		
Control Environment		Good
Compliance		Moderate
Organisational Impact		Medium

## 4. Implementation of recommended actions

- 4.1 Where any weaknesses or opportunities for improvement are identified by audit testing, recommendations are made and an action plan agreed with management. These actions are subject to agreed timeframes and owners and implementation is followed up by Internal Audit on a monthly basis.
- 4.2 Since the last Audit and Governance committee meeting, 17 open actions have been confirmed as implemented – an overview is provided in Table 2 of this report. There were 109 recommendations overdue for implementation as at 31<sup>st</sup> October 2023.
- 4.3 To provide the Committee with further detail on high risk actions which remain overdue by more than three months, full details are provided in Table 3, with latest updates from officers. There are four such actions at this time.

## 5. Review of audit plan coverage

5.1 The Internal Audit plan should remain subject to ongoing review throughout the financial year to ensure it remains focused on key risks and will add value to the organisation. During the last month, it has been agreed that the auditing of the key financial systems hosted under the lead authority model will be rotated. In 2022/23, the audits of the financial systems were conducted by the internal auditors for the respective authorities i.e. Cambridgeshire County Council for Creditors and West Northamptonshire Council for Payroll. It has been agreed that in 2023/24 the audit teams will conduct audits of systems hosted by other partners and, as such, it has been agreed that North Northamptonshire Council's Internal Audit team will conduct the audit of the Creditors system. As none of the financial systems are hosted by North Northamptonshire Council, there had previously been no allowance for such audit activity in the audit plan, so this requires an amendment to the plan.

5.2 The audit of the Creditors system has an allocation of 60 days. The addition of this audit to the 2023/24 audit plan requires the removal of other audits of an equivalent resourcing requirement. The following amendments (totalling 59 days) are proposed to provide for this coverage and, in most cases, had already been identified as potential assignments which would add greater value in 2024/25:

- **Disaster recovery audit:** planning work on this audit commenced in October 2023 and it is evident that further work is ongoing and an audit would not deliver best value at this time. It is proposed that the disaster recovery audit be postponed to 2024/25 and the scope of the Business Continuity Management audit be expanded in Q4 of 2023/24, to include a high level follow up around disaster recovery activity, given the interdependencies. This would provide for 11 days;
- **Recruitment and retention of social workers audit:** planning work on this audit commenced in August 2023. However, management requested a delay in the audit work following the introduction of market supplements in April 2023. Assurance is sought over the effectiveness of this, as part of the wider control environment, and this requires time to see evidence of any impact on recruitment and retention. As such, this was postponed to the last quarter of the 2023/24 financial year – but if postponed to the first quarter of 2024/25, would provide a year's worth of evidence following the changes implemented. This would provide for 11 days;
- **SEND Action Plan audit:** this audit had been included in the 2023/24 audit plan as an Ofsted inspection on SEND was expected and this was set aside as audit time to follow up on any action plan arising. No inspection has taken place to date, so this time has not been needed and could now be postponed to 2024/25. This would provide for 12 days;
- **IT software licensing:** this audit had been included in the 2023/24 audit plan to provide assurance over the Council's management of its software applications to manage the risks of over/under licensing and patching regimes. This had been a limitation on the scope of the IT asset management audit in 2022/23 due to a lack of software registers and actions had been agreed in relation to the expected controls. These actions remain open and revised implementation dates of December 2024

have been set. As such, there may be limited scope for audit testing during 2023/24 and postponing to 2024/25 may add greater value. This would provide for 10 days; and

- **Cygnum project:** this audit was due to provide assurance over the implementation of this software used in some areas of adult social care. This has since been amalgamated into a larger programme of work on adult social care related software which will progress later in the financial year. As such, there would be greater value in conducting audit assurance work over this wider programme and this could be scheduled for 2024/25. This would provide for 15 days.

**Table 1: Progressing the Annual Internal Audit Plan  
2023/24**

**Key**  
Current status of assignments is shown by shading

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
<b>Governance</b>											
Ethical governance	Q2										
<b>Corporate compliance with key controls and policies</b>											
Agency staff and consultants	2022/23							Moderate	Limited	Medium	Reported in August 2023
Information governance	Q1							Moderate	Good	Low	Reported in September 2023
Starters and leavers	Q1							Moderate	Good	Low	See section 3.1
Staff recruitment	Q2										
Procurement compliance	Six monthly										

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Partnerships and hosted services	Q2										Postponed to Q4
Budgetary control and savings plans	Q3										
Business continuity management	Q3										
Agency workers and consultants (follow up)	Q4										
<b>IT risks</b>											
Cyber security – training and awareness	Q1							Moderate	Moderate	Medium	Reported in September 2023
Cyber security – vulnerability management	Q2										
IT strategy and governance	Q1							Moderate	Moderate	Medium	See section 3.1
Disaster recovery	Q3										

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
IT software licensing	Q4										
<b>Corporate objective – Modern Public Services</b>											
New Customer Relationship Management system – phase 1	Q1							<b>Good</b>	<b>Good</b>	<b>Low</b>	Reported in August 2023
Management of capital projects	2022/23							<b>Moderate</b>	<b>Moderate</b>	<b>Medium</b>	Reported in September 2023
New revenues and benefits system (embedded assurance)	All year										
New income management solution (embedded assurance)	All year										
Hospital discharge invoicing	Q1										
Right to buy applications	Q1							<b>Moderate</b>	<b>Moderate</b>	<b>Low</b>	Reported in September 2023

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Complaints and compliments management	Q2										
Agile working	Q2										
Housing repair stores (advisory)	Q2							Consultancy			Reported in September 2023
Asset management – leased assets (follow up)	Q3										
Capital project management – Kettering library roof	Q4										
<b>Corporate objective – Safe and Thriving Places</b>											
Homelessness and temporary accommodation	2022/23							<b>Good</b>	<b>Moderate</b>	<b>Medium</b>	Reported in August 2023
External placements	2022/23							<b>Limited</b>	<b>Moderate</b>	<b>Medium</b>	See section 3.1
Landlord health and safety	Q2										
Home to school transport (follow up)	Q2										

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Highways maintenance contracts	Q3										
Private sector housing enforcement and empty homes	Q3										
Housing repairs (follow up)	Q4										
Planning service transformation	Q4										
UK Shared Prosperity Fund	Q1							Good	Moderate	Low	See section 3.1
<b>Corporate objective – Greener, Sustainable Environment</b>											
Climate change strategy	Q4										
<b>Corporate objective – Better, Brighter Futures</b>											
SEND	Q2										
SEND action plan	TBC										Subject to Ofsted inspection
Early years providers	Q2										



Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Schools – thematic review (safer recruitment and payroll)	Q3										
Ad-hoc support and school audits	As required										One Safer Recruitment audit completed at management request in June 2023.
Governance of the Children's Trust	Q4										
<b>Corporate objective – Active, Fulfilled Lives</b>											
Payments to social care providers	Q1							Good	Moderate	Medium	See section 3.1
Continuing health care (CHC) funding	Q1										Linked to coverage in other audits – on hold
Adult social care data quality	Q2										
Specialist care centres	Q3										
Health and Social Care Act 2022 (advisory)	Q3										
Public health contract	Q3										




Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments	
management (follow up)												
Cygnum project (embedded assurance)	Q3											
Recruitment and retention of social workers	Q4											
Adult safeguarding	Q4											
<b>Key financial systems</b> - Providing assurance that the Council has made arrangements for the proper administration of its financial affairs, these system audits focus on the systems with the highest financial risk.												
Payroll	Q4	Being delivered under lead authority model										
Pensions	Q4	Being delivered under lead authority model										
Creditors	Q4	Being delivered under lead authority model										
Debtors and debt recovery	Q4	Being delivered under lead authority model										
Main accounting system – year end	Q1							<b>Moderate</b>	<b>Moderate</b>	<b>Medium</b>	Reported in August 2023	
Main accounting system	Q4											
Treasury management	Q4											

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Government procurement cards	Q1							Moderate	Limited	Low	Reported in September 2023
Local taxation 2022/23	Q1							Moderate	Moderate	Medium	Reported in August 2023
Local taxation 2023/24	Q4										
Housing benefit 2022/23	Q1							Good	Good	Low	Reported in August 2023
Housing benefit 2023/24	Q4										
<b>Public Health</b>											
Public health grant	Q2										
<b>Grant claims</b>											
Supporting families	Quarterly							Quarterly audits and sign off			
Family Hubs	Q1 and Q3							Complete			
Contain Outbreak Management Fund (COMF)	Q1							Complete			
Disabled Facilities Grants	Q2							Complete			

### The Auditor's Opinion

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

Compliance Assurances		
Level	Control environment assurance	Compliance assurance
<b>Substantial</b> ●	There is a sound system of internal control to support delivery of the objectives.	The control environment is operating as intended with no exceptions noted which pose risk to delivery of the objectives.
<b>Good</b> ●	There is generally a sound system of internal control, with some gaps which pose a low risk to delivery of the objectives.	The control environment is generally operating as intended with some exceptions which pose a low risk to delivery of the objectives.
<b>Moderate</b> ●	There are gaps in the internal control framework which pose a medium risk to delivery of the objectives.	Controls are not consistently operating as intended, which poses a medium risk to the delivery of the objectives.
<b>Limited</b> ●	There are gaps in the internal control framework which pose a high risk to delivery of the objectives.	Key controls are not consistently operating as intended, which poses a high risk to the delivery of the objectives.
<b>No</b> ●	Internal Audit is unable to provide any assurance that a suitable internal control framework has been designed.	Internal Audit is unable to provide any assurance that controls have been effectively applied in practice.

Organisational Impact		
Level		Definition
High		The weaknesses identified during the review have left the Council open to a high level of risk. If the risk materialises it would have a high impact upon the organisation as a whole.
Medium		The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a medium impact upon the organisation as a whole.
Low		The weaknesses identified during the review have left the Council open to low risk. This may have a low impact on the organisation as a whole.

**Table 2: Implementation of Audit Recommendations**

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
<b>Actions due and implemented since last Committee meeting</b>	3	18%	11	12%	3	14%	17	13%
<b>Actions due within last 3 months, but not implemented</b>	10	59%	25	29%	9	41%	44	35%
<b>Actions due over 3 months ago, but not implemented</b>	4	23%	51	59%	10	45%	65	52%
<b>Totals</b>	17	100%	87	100%	22	100%	126	100%

**Table 3: ‘High’ priority actions overdue for more than three months**

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date	Revised Date (if provided)
Governance of Children’s Trust 2021-22	Children’s Services	Intelligent Client Function  To develop a framework for assessing the effectiveness of the Client Function	Working jointly with WNC to develop an Interface Agreement setting out the arrangements for managing the Trust including an annual review of the effectiveness of the Intelligent Client Function. This will be led by the Monitoring Officers in consultation with the DCS’s with support provided by the ICF as required.	Director of Children’s Services / Assistant Director Commissioning and Partnership	31/08/2022	31/01/2024
ICT Asset management 2022-23	Chief Executives Office	Central record/register for software applications and licenses assets.  A corporate central register for all software applications and licenses is to be developed and implemented.	Initial NNC Build has been created. The build will need to go through rigorous testing by the various test groups to ensure it meets our requirements.	ICT Manager & Interim Service Delivery Lead and Interim IT Applications Lead	30/06/2023	31/12/2024
ICT Asset management 2022-23	Chief Executives Office	Software Assets – Role and Responsibility clarification  Engagement across services will be required (via communications) to establish the current roles and responsibilities held by ICT and/or services for the management of software assets.	This is linked to the software asset management system action, above, as roles and responsibilities would be directly related. The work relating to this is planned to go ahead next year with the required resource allocation.	ICT Manager & Interim Service Delivery Lead and Interim IT Applications Lead	30/06/2023	31/12/2024

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date	Revised Date (if provided)
Public health contract management 2022-23	Public Health	<p>To review contractual obligations to ensure that going forward (i.e. variation to current contract or a requirement of the new contract) that the Council can gain assurance of how funding is being used.</p> <p>It is recommended that the following options are considered to achieve this aim for the ISHH and 0-19 service contracts:</p> <p>Changes to the payment mechanism to achieve a better balance / split between fixed payments and those based on either activity or payment by results.</p> <p>An explicit requirement around (a) the provision of routine financial information around how funding is being utilised by the contractors and (b) the right to review relevant financial records using open book accounting.</p>	<p>The Children and Young People's Joint Strategic Needs Assessment was drafted in August 2023 and was presented to NNC Health and Well-being Board on 29th September 2023. This generated lots of discussion and interest from board members. The final report will be presented to the board once completed. Commissioners have approached providers for activity based spend information and this has been provided for the 0-19 service. This information is currently being reviewed. We are awaiting information for the sexual health service; it is with the NHS contracts team and will be reviewed at the next QTR2 meeting.</p>	Public Health Consultant / Principal	30/06/2023	<p>Activity based spend will be scheduled to be completed by December 2024.</p> <p>Regular review of spend will be collated from January 2024</p> <p>Agenda for change figures for 24/25 will be collated from the provider by December 2024.</p>



## ***Limitations and Responsibilities***

### ***Limitations inherent to the internal auditor's work***

Internal Audit is undertaking a programme of work agreed by the council's senior managers and approved by the Audit & Governance Committee subject to the limitations outlined below.

### ***Opinion***

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to Internal Audit's attention. As a consequence, the Audit & Governance Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

### ***Internal control***

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

### ***Future periods***

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

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

### ***Responsibilities of management and internal auditors***

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

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