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**North
Northamptonshire
Council**

Meeting: Audit and Governance Committee

Date: Monday 20th June, 2022

Time: 2.00 pm

Venue: Council Chamber, Swanspool House, Doddington Road, Wellingborough, Northants, NN8 1BP

To:


Members of the Audit and Governance Committee

Councillors Andrew Weatherill (Chair), Kirk Harrison (Vice-Chair), Jean Addison, Ian Jelley, Anne Lee, Richard Levell, Paul Marks, Mark Pengelly and Russell Roberts

Substitutes:

Councillors Valerie Anslow, John Currall, Bert Jackson, Peter McEwan, John McGhee and Lee Wilkes

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<p>Adele Wylie, Monitoring Officer North Northamptonshire Council</p>  <p>Proper Officer Friday 10 June 2022</p>			

This agenda has been published by Democratic Services.

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Minutes of a meeting of the Audit and Governance Committee

Thursday 5 May 2022

at 2:00 pm in the Council Chamber, Swanspool House, Doddington Road,
Wellingborough, Northants, NN8 1BP

Present:-

Members

Councillor Andrew Weatherill (Chair)	Councillor Kirk Harrison (Vice Chair)
Councillor Jean Addison	Councillor Paul Marks (Substitute)
Councillor Valerie Anslow (Substitute)	Councillor Mark Pengelly
Councillor Matt Binley	Councillor Russell Roberts
Councillor Richard Levell	Councillor Kevin Watt

Officers

Janice Gotts (Executive Director of Finance (s151 Officer))
Claire Edwards (Assistant Director of Finance and Accountancy)
Rachel Ashley-Caunt (Chief Internal Auditor)
Adele Wylie (Director of Governance and HR (MO))
David Watts (Executive Director of Adults, Communities and Wellbeing)
Zakia Loughhead (Assistant Director of Safeguarding and Wellbeing)
Geoff Kent (Assistant Director of Customer Services)
Neil Harris (Ernst & Young – External Audit)
Ciaran McLaughlin (Grant Thornton – External Audit)
Paul Harvey (Grant Thornton – External Audit)
Fiona Hubbard (Senior Democratic Services Officer)
Raj Sohal (Democracy Officer)

Councillor Lloyd Bunday, Portfolio Holder for Finance and Transformation also attended the meeting.

50 Apologies for non-attendance

It was noted that apologies for absence were received from Councillor Anne Lee and Councillor Ian Jelley. Councillor Valerie Anslow attended as a Substitute for Councillor Anne Lee and Councillor Paul Marks attended as a Substitute for Councillor Ian Jelley.

51 Members' Declarations of Interest

The Chair invited those who wished to do so to declare interests in respect of items on the agenda.

There were no declarations received.

52 Minutes of the meeting held on 14 March 2022

The Chair clarified with officers outstanding actions referred to in the minutes and the relevant officer responded as follows:

- 45 (ii) The vacancies for the Internal Audit positions are now being advertised. 400 audit days resource has have been arranged with a contractor. The Chair reiterated the importance of resources needing to be recruited to the vacant posts in a timely basis and that this represents a risk to the delivery of the Audit Plan. The in-house Audit Team has a full complement of 9 staff and currently having 2 in post and employed;
- 46 (ii) The reconciliations in relation to Housing Benefits and Council Tax for Corby and East Northamptonshire Councils were now complete;
- 47 (i) The Committee's feedback had been shared with the Council's Leadership Team and in addition a shared site had been set up for directorate risk registers to update, share information and review.

The Chair queried with the Executive Director of Finance when the Audit and Governance Committee would be receiving the update on s106 monitoring. She advised she had been informed by the Executive Director of Place and Economy that a North Northamptonshire wide s106 team had been formed and a lead officer appointed to oversee the work. Progress was being made and a reporting mechanism has now been actioned which would see regular s106 update reports being taken to the Scrutiny Commission once the work on the Action Plan had been completed. The Action Plan identified the necessity to recruit an additional temporary resource into the team in order to complete the action work in a timely manner. Interviews will shortly take place and officers are confident once this has happened that the element can be progressed at pace. The Executive Director of Place and Economy would attend the next meeting of the Audit and Governance Committee to provide a further update.

The Committee felt strongly that a full team should be in place as soon as reasonably possible and assurance was needed that the Council was not losing money from s106s. The Executive Director of Finance responded that this work is being monitored through the Scrutiny Commission and the Strategic Planning Committee and this Committee will be updated in line with the recommendation.

The Chair stated his opinion that he had hoped and expected that this would have been reported to the Committee by now. He welcomed the planned update from the Executive Director of Place and Economy at the next meeting.

RESOLVED:-

- (i) The minutes of the Audit and Governance Committee held on 14 March 2022, be confirmed as a correct record and signed.

53 Internal Audit Charter and Strategy

The Committee considered a report of the Chief Internal Auditor to approve the Internal Audit Charter and Strategy, which sets out how the Council's Internal Audit Service is delivered and how it complies with statutory requirements and professional standards.

The Chief Internal Auditor presented the report and explained in detail the key areas and points within the Internal Audit Charter and Strategy.

Arising from consideration of the report and discussion, the Chief Internal Auditor responded to questions from the Committee and the following principal comments were made:

- (i) The Chair and Vice Chair both had some suggested amendments to the Internal Audit Charter and Strategy that reflected the current position. These points included how the Audit Team was structured with internal and external resource and how assurance in relation to Northamptonshire Children's Trust was being obtained.

The Chair suggested if the Committee were minded to approve that the Vice Chair and himself meet with the Chief Internal Auditor to agree the amendments.

The Committee asked that once the amendments have been made to the Internal Audit Charter and Strategy that the document be returned to the next Audit and Governance Committee.

RESOLVED:-

- (i) The Chair and Vice Chair meet with the Chief Internal Auditor to discuss the suggested amendments to the Internal Audit Charter and Strategy and report back to the next meeting of the Audit and Governance Committee for consideration and approval.

54 North Northamptonshire Council - Draft Accounting Policies 2021-2022

The Committee considered a report to approve the draft accounting concepts and policies for North Northamptonshire Council's Statement of Accounts for 2021/22, which set out the accounting concepts and policies to be used in preparing the 2021/22 annual accounts. It also contained details of an emergency consultation on the Chartered Institute of Public Finance/Local Authority Scotland Accounts Advisory Committee (CIPFA/LASAAC) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The Assistant Director of Finance and Accountancy presented the report and explained in detail the key areas and points within the draft accounting policies.

RESOLVED:-

- (i) The Audit and Governance Committee approved the accounting concepts and policies set out in the report and noted the key sources of estimation and the outcome of the emergency code consultation.

55 Update on outstanding issues - Corby Borough Council

The Committee considered a report of the Assistant Director of Finance and Accountancy of an update on the outstanding issues relating to the audit of the Statement of Accounts for the former Borough Council in Corby.

The Assistant Director of Finance and Accountancy presented the report and explained in detail the key areas and points within the report relating to outstanding issues in relation to Property Valuations and Value for Money reporting and modifications.

Arising from consideration of the report and discussion, the Assistant Director of Finance and Accountancy and Neil Harris (Ernst & Young - External Audit), responded to questions of clarification from the Committee and the following principal comments were made:-

- (i) Neil Harris (Ernst & Young – External Audit) advised that the delays in the conclusion were due to capacity in the Real Estate Team (Ernst & Young) and the rest of the audit field work was substantially concluded;
- (ii) A query was raised if this was down to lack of resources from the Council's side. Neil Harris (Ernst & Young – External Audit) responded that the level of work involved to perform valuations had increased. He added there had not been significant capacity to move on but the Executive Director of Finance and Accountancy and her team had worked hard to get the field work completed;
- (iii) The Committee expressed their disappointed and concern that these matters had not been concluded and had concerns for the reputational damage to the Council. In response, Neil Harris (Ernst & Young – External Audit) took full responsibility for the position, which was with them to conclude, and were aiming to have this resolved by the end of May;
- (iv) The Chair asked Neil Harris (Ernst & Young – External Audit) of the risks that could cause this not to be completed by the end of May. In response, it was clarified that the main areas were any significant adjustments on valuations from the Real Estate Team. The Assistant Director of Finance and Accountancy advised that any material adjustments could simply flow into the 2020/21 accounts to resolve any issues;
- (v) A member queried what impact this would have on Ernst & Young's fees and sought assurance that any of their additional costs that were attributable to the Auditor were borne by the Auditor. In response Ernst & Young advised they would look at the overall delivery and also consideration in relation to attribution of the cause of any hold ups.

RESOLVED:-

- (i) The Audit and Governance Committee noted the information outlined in the report.

56 Update on outstanding issues - East Northamptonshire Council

The Committee considered a report of the Assistant Director of Finance and Accountancy of an update on the outstanding issues relating to the audit of the Statement of Accounts for the former District Council in East Northamptonshire.

The Assistant Director of Finance and Accountancy presented the report and explained in detail the key areas and points within the report relating to outstanding issues relating to Property Valuations, Contingent Liability, Bank Reconciliation and Value for Money reporting and modifications.

Arising from consideration of the report and discussion, the Assistant Director of Finance and Accountancy and Neil Harris (Ernst & Young - External Audit), responded to questions of clarification from the Committee and the following principal comments were made:-

- (i) Neil Harris (Ernst & Young – External Audit) advised that the Property Valuations were with the Real Estate Team; the Forensic Team were doing an investigation in relation to the Bank Reconciliations and the fraudulent payments; in relation to the Contingent Liability, Ernst & Young confirmed they are now in receipt of information required from the Council and now need to look at the accounting treatment;
- (ii) Queries were raised in relation to the fraudulent payments and the Assistant Director of Finance and Accountancy clarified that it was a failure of internal controls but robust controls are now place with North Northamptonshire Council;
- (iii) Neil Harris (Ernst & Young – External Audit), confirmed they are aiming to conclude the audit by the end of May;
- (iv) On a separate matter, the Chair asked what the position was in relation to the 2020/2021 accounts for North Northamptonshire Council. It was clarified that a team was in place to work through the 2020/2021 accounts and were aiming to complete this by the end of August.

RESOLVED:-

- (i) The Audit and Governance Committee noted the information outlined in the report.

57 Internal Audit Progress Report

The Committee considered a report of a progress update on the work of the Internal Audit Team and the key findings from audits completed to date.

The Chief Internal Auditor presented the report and explained in detail the key areas and points within the internal audit progress report.

Arising from consideration of the report and discussion, the Chief Internal Auditor, the Executive Director of Adults, Communities and Wellbeing and the Assistant Director of Customer Services, responded to questions of clarification and the following principal comments were made:

- (i) In relation to the Audit for Housing Rents, members queried the discrepancy in the level of the former Kettering Borough Council and Corby Borough Council rent arrears. The Chief Internal Auditor confirmed that these had yet to return to pre-Covid levels and the Corby figures were recorded on a different basis which included court costs and recharges;
- (ii) In relation to rent arrears, a query was raised as to how long these arrears would show on the Council's records. The Assistant Director of Finance and Accountancy responded that we would seek recovery of debt for as long as it was viable to do so. The last course of action would be to 'write off' the debt and the Council would try and work with the individual to pay the money back;
- (iii) The question was raised if we had enough staff resource to deal with queries in relation to debt and residents. The Assistant Director of Finance and Accountancy could not confirm the number of staff available but advised they have a reasonable level of staff at Kettering and Corby. Another comment was made that some members of the public are unable to get through to speak to someone. The Assistant Director of Finance and Accountancy would look into this matter. The Executive Director of Adults, Communities and Wellbeing advised that we need to pursue rent arrears but ensure we do not push individuals into more hardship and it's important individuals receive the appropriate debt advice. He had not had the issue raised that we do not have sufficient resources but it could be a mix up between Housing Revenue Account (HRA) issues and not around tenancies. A member commented that it was important to work with individuals to pursue any debt and not 'write it off' but it was also important to work with individuals. Another member added they are working families and we should support them as much as we reasonably can;
- (iv) The Executive Director of Adults, Communities and Wellbeing reported that Housing policies would be reported to the next Executive meeting to harmonise the policies and processes. He added that Housing and Revenue Account (HRA) policies need more working through to harmonise as they have different borrowing arrangements between the neighbours. The Chair responded that as a principle tenants should be treated consistently across the Council area;
- (v) In relation to the Audits of the Adult safeguarding referrals and Adult safeguarding – Deprivation of Liberty Safeguards (DoLS). The Committee raised concerns in relation to workforce resource pressures and challenges of a system which does not allow for more than one 'worklist' and also the use of manual records. The Executive Director of Adults, Communities and Wellbeing provided very thorough and detailed responses relating to their concerns. The Committee thanked the Executive Director of Adults, Communities and Wellbeing and the Assistant Director of Safeguarding for their attendance which gave assurance to the Committee that despite challenges, issues are being addressed. The Executive Director of Adults, Communities and Wellbeing would circulate an update to the Internal Audit Action list for

the Adult safeguarding – Deprivation of Liberty Safeguards (DoLS) Audit to members of the Committee;

- (vi) In relation to the Audit for HR and Health and Safety (home working) a query was raised if this included staff absences due to mental health. The Chief Internal Auditor reported that these would be dealt with under absence procedures. A member suggested that this data may provide assurance over the effectiveness of the wellbeing support offered by the Council and requested consideration of coverage in future audit work on absence due to mental health issues;
- (vii) With regard to the Customer Services Audit a member raised a concern as to why the Council is still operating different IT systems and that Wellingborough does not use a Customer Relationship Management System (CRM). The Assistant Director of Customer Services informed the Committee that a project was underway to procure a new telephony system. A query was raised if information could be shared between teams due to having multiple CRM systems especially if there could be a risk to staff. The Executive Director of Adults, Communities and Wellbeing clarified that safe guarding measures are in place in relation to individuals who pose a risk to staff.

RESOLVED:-

- (i) The Audit and Governance Committee noted the progress report.

During the above debate, Councillor Valerie Anslow left the meeting at 4:14 pm and Councillor Mark Pengelly at 4:25 pm and therefore did not take part in the voting.

58 External Audit Progress Report

The Committee considered a report from the Assistant Director of Finance and Accountancy, the purpose of which was to provide the Committee with a progress report and sector update on the work being undertaken by the external auditor, Grant Thornton.

Paul Harvey (Grant Thornton – External Audit), presented the report and explained the key areas and points within the external audit progress report.

RESOLVED:-

- (i) The Audit and Governance Committee noted the progress report and sector update.

59 Close of Meeting

There being no further items of business, the Chair declared the meeting closed.

Chair

Date

The meeting closed at 4.37 pm

Audit and Governance Committee 20th June 2022

Report Title	Internal Audit Charter and Strategy	
Report Author	Rachel Ashley-Caunt, Chief Internal Auditor	
Contributors/Checkers/Approvers		
North MO		
North S151		
Other Director/SME		

List of Appendices

Appendix 1: Internal Audit Charter and Strategy

1. Purpose of Report

- 1.1 To present the Internal Audit Charter and Strategy for the Committee's approval.

2. Executive Summary

- 2.1 The Internal Audit Charter and Strategy sets out how the Council's Internal Audit service is delivered and how it complies with statutory requirements and professional standards. The Charter and Strategy should be approved by the Audit and Governance Committee on an annual basis. Amendments to the Charter and Strategy document have been made, following feedback received during and following the last Audit and Governance Committee meeting, and are incorporated in this version for approval. At the request of the Committee these are shown as tracked changes.

3. Recommendations

- 3.1 It is recommended that the Committee:

- a) Approve the Internal Audit Charter and Strategy attached as Appendix 1.

- 3.2 Reason for Recommendations –

- For the Committee to exercise its duties and responsibilities within its Terms of Reference for overseeing delivery of the Internal Audit service.

4. Report Background

- 4.1 Since 1st April 2022, the Council's Internal Audit service is now delivered by an in house audit team, led by the Chief Internal Auditor. An Internal Audit Charter and Strategy had been approved by the Audit and Governance Committee in July 2021, under the former shared service. In order to align the approval of the document with the start of the new financial year, and to reflect the approach and structure of the new in house service, the Charter and Strategy has been fully reviewed and is presented to the Committee for approval.
- 4.2 The Charter and Strategy is aligned with the Public Sector Internal Audit Standards and establishes Internal Audit activity's position within the Council and reporting lines. The Charter confirms that Internal Audit is authorised to access records, personnel and physical property relevant to the performance of audit work and defines the scope of Internal Audit activities. As such, a copy of the Charter and Strategy has been shared with the Council's Corporate Leadership Team to ensure that all are aware of the remit and access rights of Internal Audit and are supportive of the audit process.
- 4.3 At the meeting of the Audit and Governance Committee in May 2022, it was agreed that the Chair and Vice-Chair of the Committee would provide detailed feedback and suggestions on the Charter and Strategy. It was agreed that an updated version, incorporating any amendments arising from this feedback, would be brought to the meeting in June 2022 for approval and shown as tracked changes for transparency.

5. Issues and Choices

- 5.1 The report provides a copy of the Internal Audit Charter and Strategy for approval. There are no alternative recommendations arising from this report, but the Committee may wish to raise queries or request further amendments, as appropriate.

6. Implications (including financial implications)

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 specific to this report.

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

7.1 None.

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Internal Audit

Charter and Strategy

Executive summary

The Internal Audit Charter defines the purpose, authority and responsibility of North Northamptonshire Council's Internal Audit service. It establishes the scope of the Internal Audit service and outlines how the service complies with statutory requirements and professional standards.

The key principles of North Northamptonshire Council's Internal Audit service are as follows:

- Internal Audit provides an Annual Internal Audit Opinion based on an objective and comprehensive assessment of the Council's framework of governance, risk management and control.
- Internal Audit provides advice and consultancy services with the aim of adding value and improving organisational governance, risk management and control.
- All Council activities fall within the scope of Internal Audit, and the Internal Audit service has a complete right of access to all records and property held by North Northamptonshire Council and to all officers of the Council.
- Assurances over responsibility for statutory functions delivered by partners/contractors will be sought via agreed arrangements. Where Internal Audit has rights of access, such activity may be included in the audit plan.
- Internal Audit operates in compliance with Public Sector Internal Audit Standards (PSIAS) and the Chartered Institute of Internal Auditors' Code of Ethics.
- Internal Audit is independent and, as required, may report directly to the Chief Executive and the Chair of the Audit and Governance Committee. Regular reporting on audit activity is provided to the Section 151 Officer, Corporate Leadership Team and the Audit and Governance Committee.
- The Internal Audit team consists of qualified and part-qualified professionals in assurance and accounting. The service is committed to professional development and continuous quality assurance and improvement.
- Internal Audit staff have a professional duty to operate in an ethical way; be honest; and demonstrate integrity at all times, working in line with the Council's Code of Conduct.
- The Internal Audit Charter is regularly reviewed and approved annually by the Audit and Governance Committee and senior management.

1 PURPOSE, MISSION STATEMENT AND DEFINITION

Purpose of the Charter and Strategy

- 1.1 The purpose of this Internal Audit Charter is to define Internal Audit's purpose, authority and responsibility. It establishes Internal Audit activity's position within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of Internal Audit activities. The Charter and Strategy should enable Internal Audit to deliver a modern and effective service that:
- Meets the requirements of the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations;
 - Ensures effective audit coverage and a mechanism to provide independent and objective overall assurance, in particular to Councillors and management;
 - Provides an independent Annual Opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment;
 - Identifies the highest risk areas of the Council and allocates available Internal Audit resources accordingly;
 - Adds value and supports senior management in providing effective control and identifying opportunities for improving value for money; and
 - Supports the Section 151 officer in maintaining prudent financial stewardship for the Council

Internal Audit Mission Statement

- 1.2 The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Definition of Internal Audit

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

2 CONTEXT

- 2.1 The Council's Internal Audit service is delivered by an in-house team, led by the Chief Internal Auditor. The allocation of resources and use of external contractors to deliver any aspect of the service will be determined by the Chief Internal Auditor, and all resources will be required to comply with the Internal Audit Charter in the delivery of audit work.
- 2.2 The core governance context for Internal Audit is summarised as follows:

The Accounts and Audit Regulations (2015) set out that:

A relevant authority must ensure that it has a sound system of internal control which—

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk.

And that:

A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

A relevant authority must, each financial year—

conduct a review of the effectiveness of the system of internal control required by regulation 3; and prepare an annual governance statement.

The Public Sector Internal Audit Standards (PSIAS) issued in 2017 include the need for risk-based plans to be developed for Internal Audit and to receive input from management and the 'Board' (usually discharged by the Council's Audit Committee). The work of Internal Audit therefore derives directly from these responsibilities, including:

PSIAS 2010 - "The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals."

PSIAS 2450 – "The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisations framework of governance, risk management and control".

2.3 The following definitions have been applied to the PSIAS terminology throughout this document:

Terminology	Definition for North Northamptonshire Council
'Board', as per PSIAS	The Audit and Governance Committee
'Chief Audit Executive', as per PSIAS	The Chief Internal Auditor
'Senior management'	Corporate Leadership Team
'Assurance services'	An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the Council. Examples include financial, performance, compliance, system security and due diligence.
'Consultancy services'	Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisations governance, risk management and control processes without the Internal Auditor assuming management responsibility. Such examples would include advice, facilitation and training.

3 STRATEGY

- 3.1 Internal Audit will provide the public, ~~c~~Councillors and Council officers with the confidence that Council operations are properly governed and controlled, risks are effectively managed and service delivery meets customer need. Where confidence is not possible the service will ensure that the implications and risks are understood to ensure proportionate action is taken. Internal Audit will be responsive to the Council's needs and the risks to which the Council is exposed.
- 3.2 Internal Audit is not responsible for the control systems ~~that~~ it audits. Responsibility for effective internal control rests with the management / executive of the Council. Directors and Heads of Service are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services and achieve approved objectives / policy.
- 3.3 Internal Audit will provide a robust, high quality audit service that delivers honest, evidenced assurance, by:
- **Focusing on what is important**
Deploying its resources where there is most value aligned to the Council's Corporate Plan¹ ~~corporate objectives and~~ priorities, the processes to facilitate these and the key risks to their achievement, whilst ensuring sufficient assurance to support the Annual Governance Statement.
 - **Being flexible and responsive to the needs of the Council**
The Annual Plan will be reviewed at least quarterly enabling Audit resources to be redeployed as new risks emerge, with the agreement of senior management and the board
 - **Being outward looking and forward focused**
The service will be aware of national and local developments and of their potential impact on the Council's governance, risk management and control arrangements.
 - **Providing Assurance**
There is value in providing assurance to senior managers and Members that the arrangements they put in place are working effectively, and in helping managers to improve the systems and processes for which they are responsible.
 - **Balancing independent support and challenge**
Avoiding a tone which seeks to attribute blame~~s, but~~ and instead –being resolute in challenging for the wider benefit of the Council and residents.
 - **Having impact**
Delivering work which has buy-in and which leads to sustained change.
 - **Strengthening the governance of the Council**
Being ambassadors for, and encouraging the Council towards, best practice in order to maximise the chances of achieving its objectives, including the provision of consultancy and advice.
 - **Enjoying a positive relationship with and being welcomed by the 'top table'**
Identifying and sharing organisational issues and themes that are recognised and taken

¹ <https://www.northnorthants.gov.uk/corporate-plan>

on board. Working constructively with management to support new developments.

3.4 The Internal Audit Service maintains an ongoing and comprehensive understanding of:

- Local Government / Public Sector issues;
- The Council and its community; and
- Professional Audit and Corporate Governance standards.

3.5 All staff within the Internal Audit service [should](#) hold a relevant professional qualification, part qualification or are actively studying towards a relevant qualification. ~~All Staff also~~ participate in continuing professional development, both in relation to specific audit skills e.g. contract audit, and softer skills e.g. communication skills.

3.6 The mandatory core principles for the Professional Practice of Internal Auditing underpin the way in which the service is delivered and are embedded in ways of working, as detailed in this Charter. The principles ensure Internal Audit:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

4 AUTHORITY

- 4.1 In accordance with the PSIAS, the Chief Internal Auditor has full responsibility for the operation and delivery of the Internal Audit function including the production and execution of the audit plan and subsequent audit activities. The annual audit plan will be agreed in consultation with relevant officers, the Audit and Governance Committee, and the senior management team.
- 4.2 Internal Audit's remit extends across the entire control environment of the Council.
- 4.3 Internal Audit has unrestricted access to all Council ~~and partner~~ records and information (whether manual or computerised systems), officers, cash, stores and other property, it considers necessary to fulfil its responsibilities. Internal Audit may enter Council property and has unrestricted access to all locations and officers without prior notice if necessary. This unrestricted access also applies to partners and contractors, where provided for in contractual arrangements. Where access is restricted, this will constitute a restriction of scope and a specific assessment will be undertaken of the adequacy of assurance. This will be reported to the Audit and Governance Committee in accordance with paragraph 4.6 below.
- 4.4 All Council contracts and partnerships shall contain similar provision for Internal Audit to access records pertaining to the Council's business held by contractors or partners. The frequency of such reviews would be subject to risk assessment and prioritisation in annual audit planning.
- 4.5 All employees are required to assist the Internal Audit activity in fulfilling its roles and responsibilities.
- 4.6 The Audit and Governance Committee (as the Board) shall be informed of any restriction unduly placed on the scope of Internal Audit's activities which, in the opinion of the Chief Internal Auditor, prevents the proper discharge of Internal Audit functions.
- 4.7 The Chief Internal Auditor and individual audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.
- 4.8 To provide for independence, the ~~day-to-day~~ day-to-day management of the Internal Audit Service is undertaken by the Chief Internal Auditor who reports to the Audit and Governance Committee. This accords with the Public Sector Internal Audit Standards which requires the Chief Internal Auditor to report to the ~~very~~ top of the organisation.
- 4.9 The Chief Internal Auditor has direct and unrestricted access to the Council's Chief Executive, Section 151 Officer, Directors, External Audit and Audit and Governance Committee at their discretion, including private meetings with the Chair and Vice-Chair of the Audit and Governance Committee.

5 ETHICS, INDEPENDENCE & OBJECTIVITY

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- 5.1 Independence is essential to the effectiveness of the Internal Audit service; so it will remain free from interference in all regards. This shall include, but not be limited to, matters of audit selection, scope, procedure, frequency, timing, [sample selection](#) or report content.
- 5.2 Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. They will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- 5.3 The Chief Internal Auditor's role includes providing Risk Management support. Responsibility for implementing risk management activity is retained by the relevant officers at the Council, and the role of Internal Audit is to provide advice, support and facilitation for this process rather than to undertake risk management activity directly. Internal Audit reviews of risk management focus on actual risk management activity undertaken by management, not the facilitation work of the Internal Audit team, thus avoiding potential conflicts of interest. This [helps to ensure](#) that there is no impairment to Internal Audit's independence and objectivity, ~~as well as ensuring~~ that Internal Auditors have a high degree of familiarity with the principles of risk management within the organisation to inform their assurance work.
- 5.4 The Internal Audit service also lead on corporate counter fraud work for the Council. Internal Audit lead on investigating whistleblowing referrals relating to fraud, ~~and corruption,~~ and financial impropriety.
- 5.5 In addition to the ethical requirements of the various professional bodies, each auditor is required to sign an annual declaration of interest to ensure that the allocation of audit work avoids conflict of interest and declare any potential ~~conflict of interest~~ on allocation of an audit. Any potential impairments to independence or objectivity will be declared prior to accepting any work.
- 5.6 Internal Auditors also sign acceptance of the Internal Auditor's Code of Ethics on an annual basis.
- 5.7 Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, 'approve' procedures, install systems, prepare records, or engage in any other activity that may impair the Internal Auditor's judgment. Where auditors have previously been involved in any of these activities or consultancy work they will be prohibited from auditing those areas for at least two years. Where appropriate, audits are rotated within the team to avoid over-familiarity and complacency.
- 5.8 The Chief Internal Auditor will confirm to the Audit and Governance Committee, at least annually, the organisational independence of the Internal Audit service. This assurance will be provided in the Annual Audit Report, for example, by confirming that no members of the audit team have audited areas where they have a conflict of interest and the audit team are not responsible for designing or implementing controls in the areas tested.

6 HOW THE SERVICE WILL BE DELIVERED

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Audit Planning

6.1 The audit plan guides the work of the service during the year. The planning principles are:

- Focusing assurance effort on the most important issues, the key obligations, outcomes and objectives, critical business processes and projects, and principal risks; pitching coverage therefore at both strategic and key operational aspects;
- Maintaining up to date awareness of the impact of the external and internal environment on control arrangements;
- Using a risk assessment methodology to determine priorities for audit coverage based as far as possible on management's view of risk in conjunction with other intelligence sources e.g. corporate risk register, audit risk scores;
- Taking account of dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs, but recognising in a resource constrained environment there will be situations when not all needs can be met which is where risk management is key;
- Being flexible so that the plan evolves through the year in response to emerging risks and issues;
- Providing for the delivery of key commitments, such as work done in support of the External Auditor thus reducing the external audit fee, and to deliver governance and counter fraud responsibilities; and
- Including provision for responding to requests for assistance with special investigations, consultancy and other forms of advice.

6.2 The number of available audit days to the Internal Audit Service will be reviewed to be sufficient to enable the audit service to deliver the ~~risk-based~~risk-based plan in accordance with professional standards. This takes into account the fact that additional resource will be procured as and when necessary e.g. for technical IT audits, when significant resource is diverted through unplanned work. The focus on the ~~high-risk~~high-risk areas will reduce the overall coverage required.

6.3 ~~In order to~~To deliver the Annual Audit Plan at the required quality and professionalism, Internal Audit strive to ensure that the team has the required mix of skills and experience. The use of external experts e.g. IT auditors compared to employing or developing these expensive resources in house is constantly under review to ensure that the service delivers a high quality product at best value for money. Future recruitment will take into account the expertise and skills required to fill any gaps within the current service.

6.4 The breadth of coverage within the plan necessitates a wide range of ~~high-quality~~high-quality audit skills. The types of audit work undertaken include:

- Risk based system audit
- Compliance audit
- IT audit
- Procurement and contract management audit
- Project and programme audits
- Fraud/investigation work
- Consultancy and advice

- 6.5 Internal Audit can procure external audit resource to enhance the service provision as necessary. This may include co-source arrangements with professional firms that provide internal audit services.

Internal Audit Annual Opinion

- 6.6 Each year the Chief Internal Auditor will provide a publicly reported opinion on the effectiveness of governance, risk and control, which also informs the Annual Governance Statement. This will be supported by reliable and relevant evidence gathered through all work undertaken by Internal Audit during the year.

Conduct of work

- 6.7 The principles of how the Internal Audit work is conducted are:

- Focusing on what is important to the Council and in the ultimate interests of the public;
- Ensuring that risks identified in planning are followed through into audit work;
- Agreeing the scope, objectives and any limitations of audit coverage at the outset of every assignment, which will be documented in an audit planning record. This record will be approved by the relevant Assistant Director or above, and will set out the risks which will be covered within the audit fieldwork;
- Ensuring that the right skills and right approaches are in place for individual assignments;
- Applying an informed, unbiased approach to sample selection and audit testing;
- Striving continuously to foster buy-in and engagement with the audit process;
- Ensuring findings and facts reported are accurate and informed by a wide evidence base, including requesting information from other stakeholders where appropriate;
- Informing management of key findings at the earliest, appropriate opportunity;
- Suggesting actions to address findings which are pragmatic and proportionate to risk, tailored for the best result and take into account the culture, constraints and the cost of controls;
- Focusing, as a rule, on ensuring compliance with existing/expected processes and systems and reducing bureaucracy rather than introducing additional, unnecessary layers of control;
- Being resolute in challenging; taking account of views, escalating issues and holding position when appropriate;
- Driving the audit process by agreeing, and delivering to, deadlines and escalating non-response promptly in order to complete assignments; and
- Maintaining high standards of behaviour at all times and operating in line with the Council's Code of Conduct and Equality and Diversity policies.

Reporting

- 6.8 The reports produced by the service are its key output. The reporting principles are:

- Providing balanced evidence-based reports which recognise both good practice and areas of weakness;
- Reporting in a timely, brief, clear and professional manner. It is anticipated that a draft report would be issued within 10 working days of a clearance meeting;
- Ensuring that reports clearly set out assurance opinions on the objectives/risks

Internal Audit Charter & Strategy

identified in planning work;

- Always seeking management's response to reports so that the final report includes, whenever possible, a commitment to action;
- Sharing reports with senior management and Members, identifying key themes and potential future risks so that audit work has impact at the highest levels; and
- Sharing learning, where appropriate, with the wider organisation with a view to encouraging best practice across the Council.

6.9 A written report will be prepared and issued following the conclusion of each Internal Audit engagement, including follow up audits which test that recommendations are being implemented; unless in the opinion of the Chief Internal Auditor a written report is unnecessary. A summary of this will be reported to the Audit and Governance Committee.

6.10 Each report will:

- identify any restriction on the scope of the audit;
- provide an evidenced opinion on the adequacy of the governance, risk and control processes;
- identify inadequately addressed risks and non-effective control processes;
- detail agreed actions including explanation for any corrective action that will not be implemented;
- provide management's response and timescale for corrective action;
- provide management's explanations for any risks that will not be addressed; and
- identify individuals responsible for implementing agreed actions.

6.11 Each draft audit report will be issued to the lead officer and service management/Head of Service for initial comments, responses to recommendations and agreement of accuracy. A final draft will be issued to the Assistant Director for agreement and sign off. Where the report gives an opinion of Limited Assurance (as defined within Annex A) or lower, the report will be sent to the relevant Director for sign off, being finalising. A copy of each final audit report is also sent to the Section 151 Officer. Alternative reporting arrangements can be agreed to incorporate specific officers and/or additional senior management leads, as appropriate, where agreed in the scoping of the audit and audit planning record.

6.12 Senior Management shall ensure that agreed corrective actions are introduced.

6.13 Periodic summary reports are issued to the Audit and Governance Committee. Senior management (Director and/or Assistant Director) from the respective service area will be invited to attend the Audit and Governance Committee meeting in respect of any reports receiving an opinion of Limited Assurance or below.

6.14 To assist the manager/reader in easily identifying the areas that are well managed and the significance of areas of concern, actions, objectives and overall assurance, the opinions are categorised using three key elements as summarised below (and set out in detail at Annex A):

- 1) Assess and test the **control environment**;
- 2) Test **compliance** with those control systems; and
- 3) Assess the **organisational impact** of the matters arising.

Actions / Recommendations

6.15 Actions are categorised dependent on the risk as follows:

Category	Definition
High	Action is imperative to ensure that the objectives for the area under review are met
Medium	Requires actions to avoid exposure to significant risks in achieving objectives for the area
Low	Action recommended to enhance control or improve operational efficiency

Follow up

6.16 All High and Medium actions are followed up in accordance with the agreed action implementation dates. Further follow ups are undertaken as required. Management are asked-required to provide evidence when an action has been fully implemented.

Quality Assurance

6.17 The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- UK Public Sector Internal Audit Standards (PSIAS);
- Professional standards and Code of Ethics required by auditor's respective professional bodies;
- Internal Audit Strategy, Charter and Audit Manual; and
- All relevant legislation.

6.18 The Chief Internal Auditor maintains an appropriate Quality Assurance Framework and reports on this annually. The framework includes:

- An audit manual documenting methods of working
- Supervision and review arrangements
- Customer feedback arrangements
- Quality Standards
- Annual Internal review
- Periodic external reviews
- Performance measures, including:
 - Proportion of audit plan completed
 - Productive/direct time as a % of total time
 - Customer satisfaction levels

6.19 The completion of every assignment shall be monitored against:

- end to end time
- days taken to complete
- time between key audit stages e.g. draft issue to final report issue
- customer satisfaction

6.20 The Audit and Governance Committee, senior management and the Section 151 Officer receive regular updates on audits completed, the assurance opinions and actions implemented. Weak and limited opinion reports and key actions not implemented are discussed in more detail as appropriate with management, the Section 151 Officer and / or the Audit and Governance Committee.

6.21 Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of its activity. This consists of:

- ongoing performance monitoring;
- an annual self-assessment of the service and its compliance with the UK Public Sector Internal Audit Standards (PSIAS);
- an external assessment at least once every five years by a suitably qualified, independent assessor;
- a programme of Continuous Professional Development (CPD) for all staff to ensure that auditors maintain and enhance their knowledge, skills and audit competencies;
- the Chief Internal Auditor holding a professional qualification (current Chief Internal Auditor is a member of [the Chartered Institute of Public Finance and Accountancy \(CIPFA\)](#) and being suitably experienced; and
- encouraging, and where appropriate acting upon, customer feedback.

7 AUDIT AND GOVERNANCE COMMITTEE OVERSIGHT

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- 7.1 The Chief Internal Auditor will provide regular update reports to the Audit and Governance Committee to advise on the progress in completing the audit plan, the outcomes of each Internal Audit engagement, and any significant risk exposures and control issues identified during audit work. The report will identify if there is any significant risk of the Internal Audit Plan not being achieved or insufficient audit coverage to deliver the Internal Audit Annual Opinion.
- 7.2 The Chief Internal Auditor will also provide an annual report giving an opinion on the overall adequacy and effectiveness of the control environment which will be timed to support the Council's Annual Governance Statement. In addition, the Audit and Governance Committee will:
- approve any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken;
 - approve and suggest, but not direct, changes to the audit plan;
 - be informed of results from the quality assurance and improvement programme; and
 - be informed of any instances of non-conformance with the Public Sector Internal Audit Standards.

8 ANTI-FRAUD AND ASSOCIATED ISSUES

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- 8.1 The Chief Internal Auditor will ensure that all work is undertaken in accordance with, and all staff are conversant with, the Council's Counter Fraud policies and culture, including:
- Anti-Fraud and Corruption policy
 - Whistleblowing policy
 - Anti-Money Laundering Policy
- 8.2 All Internal Audit staff will be alert to possibility of fraud during assignments, but auditors are not responsible for identifying fraud.

Annex A

INTERNAL CONTROL ASSESSMENT

Control Environment Assurance	
Level	Definitions
Substantial	There are minimal control weaknesses that present very low risk to the control environment
Good	There are minor control weaknesses that present low risk to the control environment
Satisfactory	There are some control weaknesses that present a medium risk to the control environment
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment

Compliance Assurance	
Level	Definitions
Substantial	The control environment has substantially operated as intended with no notable errors detected.
Good	The control environment has largely operated as intended although some errors have been detected.
Satisfactory	The control environment has partially operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

Where specific compliance reviews are undertaken e.g. grant certification, the following definitions are used to assess the level of compliance in each individual reviewed, albeit each certification usually requires the Chief Internal Auditor and Chief Executive to formally certify compliance with grant conditions

Opinion for Compliance Audits – Levels of Compliance	
Level	Definitions
High	There was significant compliance with agreed policy and/or procedure with only minor errors identified.
Medium	There was general compliance with the agreed policy and/or procedure. Although errors have been identified there are not considered to be material.
Low	There was limited compliance with agreed policy and/or procedure. The errors identified are placing system objectives at risk.

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Audit and Governance Committee 20th June 2022

Report Title	Internal Audit Annual Report and Opinion 2021/22	
Report Author	Rachel Ashley-Caunt, Chief Internal Auditor	
Contributors/Checkers/Approvers		
S151	09/06/22	
MO		
Other Director/SME		

List of Appendices

Appendix 1: Internal Audit Annual Report and Opinion 2021/22

1. Purpose of Report

- 1.1 To provide the Committee with the Head of Internal Audit's Assurance Opinion for 2021/22 and the Annual Report detailing the basis for this opinion.

2. Executive Summary

- 2.1 The Public Sector Internal Audit Standards (the Standards) require the Chief Internal Auditor (Head of Internal Audit) to provide an annual Internal Audit report and opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment) that can be used by the organisation to inform its Annual Governance Statement. This report provides a copy of the Annual Report which contains the annual opinion and the basis for this, for the Committee's attention.
- 2.2 The overall assurance opinion for 2021/22 is of Satisfactory Assurance. This reflects the significance of issues highlighted in internal audit reviews and the actions taken by management following audit recommendations.

3. Recommendations

- 3.1 It is recommended that the Committee:
- a) Note the Annual Internal Audit Report and Opinion for 2021/22 attached as Appendix 1.
- 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.

4. Report Background

- 4.1 Based upon the work undertaken by Internal Audit during 2021/22, the Head of Internal Audit's overall opinion on the Council's control environment is that a level of Satisfactory Assurance can be given over the Council's systems of internal control, governance and risk management. However, no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. The limitations to this opinion, where audit coverage has been limited, are explained further within the complete opinion statement and this includes coverage on IT risks.
- 4.2 Appendix 1 provides a copy of the Annual Report which includes the detailed Head of Internal Audit opinion on the Council's control framework for 2021/22 and the basis for this opinion.
- 4.3 Delivery against the audit plan has been reported to the Audit and Governance Committee during 2021/22. A summary of all reports which have been finalised since the last committee meeting are provided within the Annual Report.
- 4.4 The report also provides an overview of implementation of agreed actions arising from audit assignments in 2021/22, investigation activity and conformance with the Public Sector Internal Audit Standards.

5. Issues and Choices

- 5.1 The report provides the Internal Audit Annual Report and Opinion for 2021/22. There are no alternative recommendations arising from this report.

6. Implications (including financial implications)

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 specific to this report.

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

7.1 None.

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Annual Internal Audit Report 2021/22

1. Introduction and context

- 1.1 This report outlines the internal audit work carried out by Internal Audit for the year ended 31st March 2022.
- 1.2 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. Internal Audit helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.
- 1.3 Internal Audit is a statutory requirement for local authorities, in accordance with:
- Section 151 of the Local Government Act 1972 – which requires every local authority to make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs; and
 - The Accounts and Audit Regulations 2018 (England) – which state that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.4 Internal Audit independence is achieved by reporting lines which allow for unrestricted access to the Chief Executive, Corporate Leadership Team (which includes the Section 151 Officer), and the Chair of the Audit & Governance Committee. Internal auditors have no direct operational responsibility or authority over any of the activities audited and the Internal Audit Charter sets out how independence and objectivity is maintained and evidenced.
- 1.5 The Public Sector Internal Audit Standards require the Chief Internal Auditor to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, which should provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1 and takes into account other sources of assurance, as appropriate. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.
- 1.6 As such, the Annual Report contains:
- the Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment);
 - a summary of the audit work from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
 - a statement on the extent of conformance with the Standards.

2. Head of Internal Audit Opinion 2021/22

2.1 Based upon the work undertaken by Internal Audit during the year, the Chief Internal Auditor's overall opinion on the Council's system of internal control is that:

The 2021/22 financial year has been the first year of the Council's operation and, as such, a unique situation in which to be assessing the governance, risk and control framework. The Internal Audit coverage in a single year cannot seek to cover all areas of governance, risk and control and the opinion is given in this context.

I am satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control for 2021/22. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

It is my opinion that **Satisfactory Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2021/22 – see definition of assurance opinions in section 4.1 of this report. This control environment comprises of the system of internal control, governance arrangements and risk management. Limitations over this opinion are detailed and explained further below.

Financial control

Controls relating to the key financial systems which were reviewed during the year were concluded to be generally operating at a level of Satisfactory Assurance or above. A number of recommendations have been made during 2021/22 regarding control account reconciliations and these have been subject to action plans and follow up activity.

This assurance must be caveated in that year end assurances over the shared financial systems (Payroll, Accounts Payable, Accounts Receivable and Pensions) are yet to be received at the time of reporting. Initial testing of these controls in the first quarter of the year did not report any significant areas of weakness but the year-end audits must provide assurance over compliance during the twelve months.

Risk management

Structures and processes for identifying, assessing and managing risk have been established during 2021/22. The risk strategy was reviewed by the Audit and Governance Committee in July 2021 and the register was reviewed by the Audit and Governance Committee on a quarterly basis. During 2022, directorate level risk registers have also been produced and the risk management approach has been further developed and embedded.

Internal control

For the audits completed by the Internal Audit service in 2021/22, 90% of the opinions given in relation to the control environment and compliance have been of at least Satisfactory Assurance.

The audit plan coverage had targeted areas of known risk, including Deprivation of Liberty Safeguards (DoLS) and S106 monitoring. Opinions of 'Limited Assurance' were given by

Internal Audit in relation to these and a further three audit areas. The audit of DoLS gave an opinion of 'Major' risk to the organisation, should the identified risks materialise.

At the time of reporting, coverage of IT risks and controls has been limited due to availability of IT staff to support the shared service audits. Once this work has concluded, the findings will be reported to the Audit and Governance Committee. As such, the audit opinion given does not include assurance over IT security and related risks at this time, pending the conclusion of audit work in this area. The Council has recently appointed a Cyber Security lead officer who will be supporting regular audit activity going forward.

Of the recommended actions agreed during 2021/22, and due for implementation, 85% had been completed during the year.

There have been no incidences where Internal Audit has highlighted a fundamental risk or weakness during 2021/22 and management have sought to accept the risk, rather than agree an appropriate action.

Internal Audit has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion. No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

- 2.2 The basis for this opinion is derived from an assessment of the individual opinions arising from assignments from the risk-based Internal Audit plan that have been undertaken throughout the year. Assurances from other sources have also been taken into consideration, where appropriate and available.
- 2.3 The assessment has taken account of the relative materiality of areas highlighted for improvement and management's progress in addressing any control weaknesses.

3. Summary of findings

- 3.1 All final reports have agreed action plans, dates and responsible officers, where required. The audit opinions arising from the work of Internal Audit are summarised in Table 1, split by assurance area.

Table 1 – Summary of audit opinions 2021/22:

Area	Substantial	Good	Satisfactory	Limited	No
Financial systems	-	15	11	2	-
Adults, Communities and Wellbeing Services	-	4	10	2	-
Place & Economy Services	-	4	3	3	-
Children's services	-	-	2	-	-
Corporate and cross cutting reviews	-	4	8	-	-
Total	-	27	34	7	-
Summary	-	40%	50%	10%	-

- 3.2 The Internal Audit team's work has been targeted upon areas of identified risk and has sought to support service areas in identifying and prioritising areas for improvement. Areas receiving opinions of less than 'Satisfactory' assurance have been subject to senior management attendance at Audit and Governance Committee and oversight by the Council's Corporate Leadership Team of Senior Officers.

4. Review of audit coverage

Audit opinion on individual audits

- 4.1 The Committee is reminded that the following assurance opinions can be assigned:

Table 2 – Assurance categories:




































Level of Assurance	Definition
Substantial	There are minimal control weaknesses that present very low risk to the control environment. The control environment has substantially operated as expected and either no, or only minor, errors have been detected.
Good	There are minor control weaknesses that present low risk to the control environment. The control environment has largely operated as intended although some errors have been detected.
Satisfactory	There are some control weaknesses that present a medium risk to the control environment. The control environment has mainly operated as intended although errors have been detected.
Limited	There are significant control weaknesses that present a high risk to the control environment. The control environment has not operated as intended and significant errors have been detected.
No	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment. The control environment has fundamentally broken down and is open to significant error or abuse.








































- 4.2 All individual reports represented in this Annual Report are final reports, unless otherwise stated. As such, the findings have been agreed with management, together with the accompanying action plans.































Summary of audit work

- 4.3 Table 3 details the assurance levels resulting from all audits undertaken in 2021/22 and the date of the Committee meeting at which the outcome of the audit was presented.
- 4.4 All completed assignments have been delivered in accordance with the agreed terms of reference and provide assurance in relation to the areas included in the specified scope.

Table 3 – Summary of audit opinions 2021/22:

Audit Area	Design of Control Environment	Compliance	Organisational Impact	Committee Date
Financial systems – providing assurance that the Council has made arrangements for the proper administration of its financial affairs				
Legacy Council bank accounts	Limited 	Limited 	Moderate 	September 2021
Bank reconciliations	Good 	Satisfactory 	Moderate 	September 2021
General ledger	Satisfactory 	N/A	Minor 	November 2021
Government Procurement Cards (GPCs)	Satisfactory 	N/A	Minor 	September 2021
Accounts payable (Q1 assurances)	Good 	Good 	Minor 	November 2021
Manual interface payments	Satisfactory 	Good 	Minor 	April 2022
Accounts receivable (Q1 assurances)	Good 	Good 	Minor 	January 2022
Debt recovery (Q1 assurances)	Satisfactory 	Satisfactory 	Minor 	January 2022
Payroll (Q1 assurances)	Good 	Good 	Minor 	January 2022
Treasury management	Good 	N/A	Minor 	November 2021
IT financial controls	Good 	Good 	Minor 	January 2022
Financial decision making	Good 	N/A	Minor 	November 2021
Council tax	Good 	Good 	Minor 	March 2022

Audit Area	Design of Control Environment	Compliance	Organisational Impact	Committee Date
Housing benefits	Satisfactory 	Good 	Minor 	March 2022
Legacy debt	Satisfactory 	Satisfactory 	Minor 	January 2022
Business rates	Satisfactory 	Satisfactory 	Minor 	June 2022
Adults, Communities and Wellbeing Services Priorities and Risks				
Adult Safeguarding– Safeguarding referrals	Satisfactory 	Satisfactory 	Moderate 	April 2022
Adult Safeguarding– DoLS	Limited 	Satisfactory 	Major 	April 2022
Financial assessments	Good 	Satisfactory 	Minor 	March 2022
Housing allocations	Good 	Satisfactory 	Minor 	January 2022
Housing rents	Satisfactory 	Satisfactory 	Moderate 	April 2022
Landlord Health and Safety	Satisfactory 	Satisfactory 	Moderate 	June 2022
Homelessness and temporary accommodation	Good 	Limited 	Moderate 	June 2022
Appointeeships and Deputyships	Good 	Satisfactory 	Minor 	April 2022
Place & Economy Services Priorities and Risks				
S106 monitoring	Limited 	Limited 	Moderate 	January 2022
Asset management (compliance regimes)	Limited 	Satisfactory 	Moderate 	June 2022

Audit Area	Design of Control Environment	Compliance	Organisational Impact	Committee Date
Parking income	Satisfactory 	Satisfactory 	Minor 	January 2022
Taxi licensing	Good 	Good 	Minor 	April 2022
Contract management in Place and Economy	Good 	Good 	Minor 	June 2022
Children's services risks				
Children's Trust commissioning	Satisfactory 	Satisfactory 	Moderate 	June 2022
Corporate and cross cutting reviews				
Procurement compliance	Satisfactory 	Satisfactory 	Moderate 	June 2022
Transformation – disaggregation projects	Good 	Good 	Minor 	June 2022
Human Resources & Health and safety – remote working	Good 	Good 	Minor 	April 2022
Information governance	Satisfactory 	Satisfactory 	Minor 	June 2022
Partnership assurance framework	Consultancy review			April 2022
Customer services	Satisfactory 	Satisfactory 	Minor 	April 2022
Enforcement casefiles	Satisfactory 	Satisfactory 	Moderate 	June 2022

- 4.6 Audit outcomes have been reported to the Audit and Governance Committee during the 2021/22 financial year. Summaries of those which have been finalised since the last progress report was presented are provided in Appendix B to this report.

Implementation of Internal Audit recommendations

- 4.7 Internal Audit follow up on progress made against all recommendations arising from completed assignments to ensure that they have been fully and promptly implemented. Internal Audit trace follow up action on a monthly basis.
- 4.8 A total of 40 audit recommendations have been implemented by officers during 2021/22.
- 4.9 Details of the implementation rate for the audit recommendations made during 2021/22 are provided in Table 4, as at 31st March 2022.

Table 4 - Implementation of audit recommendations agreed and due in 2021/22:

	'High' priority	'Medium' priority	'Low' priority	Total
Agreed and implemented	2	21	17	40 (31%)
Agreed and not yet due for implementation	18	50	17	85 (64%)
Agreed and due within last 3 months, but not implemented	-	7	-	7 (5%)
Agreed and due over 3 months ago, but not implemented	-	-	-	-
TOTAL	20	78	34	132 (100%)

- 4.10 In addition to audit recommendations arising during 2021/22, the Council inherited a number of open audit actions from legacy councils. These have been subject to follow up by Internal Audit and all remaining actions are being followed up in related audit coverage to confirm whether the actions are now redundant or should be amended to reflect changed control environments and risk.

4.11 A full overview of overdue actions is provided in Table 5.

Table 5 - Summary of overdue recommendations from 2021/22

Audit	Audit Year	High		Medium		Low	
		Over 3 months overdue	Under 3 months overdue	Over 3 months overdue	Under 3 months overdue	Over 3 months overdue	Under 3 months overdue
Council tax	2021/22				2		
General ledger	2021/22				1		
GPCs	2021/22				1		
Housing benefit	2021/22				1		
Parking income	2021/22				1		
S106 monitoring	2021/22				1		
Totals		0	0	0	7	0	0

5. Internal Audit contribution and performance

Added value

- 5.1 It is important that Internal Audit demonstrates its value to the organisation. The service provides assurance to management and members via its programme of work and also offers support and advice to assist the Council in new areas of work.
- 5.2 During 2021/22, the Internal Audit service was delivered under a shared service arrangement led by Milton Keynes Council. From 1st April 2022, this service is now in house.
- 5.3 In April 2022, the delegated Internal Audit service had completed fieldwork on approximately **90%** of the assignments from the 2021/22 Audit Plan. Some audit reports remain outstanding at the time of reporting, due to delays in delivery across the former shared service, as acknowledged in the limitations to the annual opinion. The outcomes of all remaining assignments will be reported to the Audit and Governance Committee once finalised. Delivery against the Audit Plan has been reviewed during the year and regularly reported to the Audit and Governance Committee.

Internal Audit contribution in wider areas

- 5.4 Key additional areas of Internal Audit contribution to the Council in 2021/22 are set out in Table 6:

Table 6 – Internal Audit contribution

Area of Activity	Benefit to the Council
Providing independent advice and guidance on risk management and embedding of the new risk management strategy and registers.	Embedding a risk management culture and seeking to continue to develop the organisation's risk maturity. This also gives Internal Audit an insight into the emerging risks identified and areas where assurance is needed.
Sharing advice and fraud alerts in relation to the Covid-19 business grants.	Pro-active counter fraud support and learning from other authorities.
Maintaining a fraud reporting mailbox to enable concerns to be raised directly with Internal Audit.	Supporting the Council in its Counter Fraud strategy and reinforcing a zero tolerance culture.
Maintaining good working relationships with External Audit.	Maximising value of audit resources.
Ad hoc advice and assistance.	Assistance with ad-hoc queries and advice. Raising the profile of Internal Audit with service leads to increase the effectiveness of the service.

Area of Activity	Benefit to the Council
Leading on the use of the NFI Fraud Hub.	Delivering savings through identifying fraud/error in real time data matching.

Professional Standards

- 5.5 The Public Sector Internal Audit Standards (PSIAS) were adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) from April 2013. The standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.
- 5.6 The objectives of the PSIAS are to:
- Define the nature of internal auditing within the UK public sector;
 - Set basic principles for carrying out internal audit in the UK public sector;
 - Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
 - Establish the basis for the evaluation of internal audit performance and to drive improvement planning.
- 5.7 During 2021/22, the Internal Audit service was delegated to a shared service led by Milton Keynes Council. A detailed self-assessment against the PSIAS was completed by the Chief Internal Auditor and the outcome of the assessment was that the Internal Audit service was operating in general conformance with the Standards.
- 5.8 From 1st April 2022, the Internal Audit service is being delivered in house and a Quality Improvement Plan is being drafted by the current Chief Internal Auditor to support ongoing development, in line with the Standards. Assessment against the Standards will be embedded in the delivery of the service and ongoing development work. An external assessment must be completed at least every five years and the timing of the first external assessment will be agreed with the S151 Officer and Chair of the Audit and Governance Committee.
- 5.9 The Chief Internal Auditor can confirm that there has been no evidence of impairment of the independence of the Internal Audit team during 2021/22 and no auditors have reviewed systems/controls which they have been responsible for delivering.

6. Investigation activity

- 6.1 The Counter Fraud team, led by the Chief Internal Auditor, is set up to receive and handle referrals regarding allegations of fraud, misconduct and irregularities via a number of channels. There is a fraud reporting mailbox available to internal and external stakeholders, in addition to the whistleblowing procedures and general service referrals.
- 6.2 All referrals are logged, assessed and allocated to the relevant party for investigation, where appropriate. Included in Table 7 below is a summary of the referral activity within the service during the financial year to date. Whilst investigations are progressing, it is not appropriate for further details of allegations to be shared at the risk of jeopardising formal investigation outcomes.

Table 7 – Investigation activity in 2021/22

Description	Financial year to date	Comments
Referrals received to date	74	
Breakdown of referral type:		
- Blue badge	11	Referrals received via dedicated mailbox, service areas and internal intelligence.
- Housing	17	
- Revenues discounts	13	
- Benefits	6	
- Grants	11	
- Parking	11	
- Agency staff	2	
- Social care / No Recourse to Public Funds	2	
- Staff conduct	1	
Referrals closed at time of reporting	60	
Breakdown of outcomes:		
- Referred to partner agency	19	One housing property has been recovered – the Cabinet Office applies a notional figure to such recoveries as a saving of £93,000.
- Property/monies being recovered	3	
- Advice to service area on controls	3	A right to buy application was cancelled following investigation into fraud, the discount which would have applied would have been £55,000.
- No further action following initial enquiries	33	
- Right to buy cancelled	1	Single person discounts cancelled as a result of investigation included one of £419 per year.
- Staff disciplinary process completed	1	

Appendix A: Limitations and responsibilities

Limitations inherent to the Internal Audit's work:

The work has been performed subject to the limitations outlined below:

Opinion

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our agreed annual programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence management and the Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

Internal control

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

Future periods

The assessment of controls relating to the areas audited is for the period 1st April 2021 to 31st March 2022. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

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

Responsibilities of management and internal auditors

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

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities.

However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Appendix B: Internal Audit reports finalised since the last committee meeting

Business rates

The purpose of this audit is to provide assurance that the material risks associated with the collection and management of business rates taxes are sufficiently mitigated. Effective collection of revenue underpins the Council's financial resilience and supports the delivery of all front-line services. North Northamptonshire Council is due to collect business rate income totalling £135,129,000 during the 2021/22 year, of which 49% is retained by the Council.

The four localities that correspond to the previous legacy Councils continue to run separate business rate systems, although East Northants, Kettering and Wellingborough use the same software (Academy). The Corby locality utilises the Northgate system. Plans to introduce one system covering the whole of North Northamptonshire are at a relatively early stage, with the current intention being to achieve this during the 2022/23 year.

Key controls for the business rates system are reviewed by audit on a cyclical basis. For the 2021/22 year, the audit covered the following key controls:




- Collection and posting of income.
- Main accounting system reconciliations.
- Recovery and enforcement proceedings.
- Refunds and write-offs.
- Performance management (i.e. collection rates).

The audit did not cover the following controls, which will be reviewed as part of the 2022/23 audit plan:

- Set up of the initial liability.
- Maintenance and reconciliation of property records.
- Billing controls.
- System access controls.
- Discounts and exemptions

In overall terms, the audit concluded that there is a requirement to improve processes in respect of suspense and control account reconciliations. Debt recovery processes were found to be operating in accordance with prescribed policy and procedures in 100% of cases tested, but there remain challenges in addressing the increased overall level of arrears that currently exist (approx. £2 million higher than 2020/21 at the time of audit).

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

Internal Audit Assurance Opinion	
Control Environment	 Satisfactory
Compliance	 Satisfactory
Organisational Impact	 Minor

Landlord health and safety

As landlord, the Council has a number of statutory responsibilities regarding the safety of its tenants. These are set out in the Regulatory Reform (Fire Safety) Order 2005, Control of Asbestos Regulations 2012, Gas Safety (Installation and Use) Regulations 1998, The Electrical Equipment (Safety) Regulations 1994 and the Housing Act 2004.

The Kettering and Corby localities currently use different asset management systems to administer and record safety compliance actions for NNC's social housing stock, these being the systems that the previous legacy Councils operated. Risk assessments, inspections and servicing is delivered across both localities using a mixture of in-house teams and contractors for the seven key compliance areas tested (gas, electricity, water hygiene, asbestos, radon gas, fire safety and lift maintenance).

In overall terms, the audit concluded that the Council has functioning landlord health and safety arrangements in place, but some issues were noted in respect of the following:

- a backlog in undertaking electrical safety inspections at Kettering;
- missed updated fire risk assessments for some properties in Kettering; and
- a backlog in addressing remedial actions identified from fire risk assessments and Legionella risk assessments.

In arriving at the assurance level, note has been taken that sample testing confirmed the system for ensuring annual gas safety inspections are completed is operating as required. An action plan is in place to address all weaknesses highlighted in respect of electrical safety inspections, fire risk assessments and water hygiene (Legionella) risk assessments.

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

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

Homelessness and temporary accommodation

The proper, effective and efficient management of homelessness applications and compliance with the Council's duties under part 7 of the Housing Act (1996), Homelessness Act (2002) and Homelessness Reduction Act (2017) is critical in ensuring that everyone who is homeless or at risk of homelessness will have access to help, irrespective of their priority need, as long as they are eligible for assistance. The Homelessness Reduction Act 2017 modified and extended existing homelessness protection in a number of key areas.

The Council's homelessness service is administered using the Jigsaw system, which was adopted from April 2021, having previously been used by the former Kettering, Corby and Wellingborough Councils.




In overall terms, the audit concluded that whilst there is an appropriate control framework in place for the Council's duties under the Homelessness Reduction Act to be discharged, sample

testing highlighted numerous instances of non-compliance with these controls. Key themes arising from the audit are summarised as follows:

- Delayed and incorrect decisions made based on the evidence available;
- Crucial information and evidence not recorded in clients' files;
- Failure to communicate with clients when there was a clear requirement to do so; and
- Incorrect housing bands applied on the Housing Allocation system .

Authorities also have a duty to reach an agreement with applicants on a Personal Housing Plan (PHP) that must be recorded and should set out the steps the applicant and authority are required to take to ensure accommodation is secured and/or retained. Sample testing on 14 cases where a PHP should have been produced highlighted one case where the PHP had not been created properly and a further 3 cases, where a PHP had not been agreed. In the 10 cases where a plan had been produced, in only one case was it clear that the plan had been agreed with the client.

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

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

Asset management (compliance regimes)

The Council has a range of responsibilities in relation to the ongoing maintenance and inspection of its corporate buildings, in order to ensure these comply with relevant legislation and standards and align with its duty of care to staff and users of the buildings. The degree of responsibility depends upon the contractual relationship between the service provider and the council. Where the council retains direct use of the service delivery provided from the building, the Council retains full responsibility for compliance. This audit has focused on compliance in operational properties (i.e. offices, depots, community centres, libraries) and has not included housing or educational properties.

Upon the transition to a unitary authority, the Council inherited property portfolios which had been subject to different compliance regimes and record keeping arrangements, including some outsourced arrangements. The auditor was advised of 74 properties identified as operational properties (i.e. excluding car parks, leased properties etc) across the authority. The Council has a Property team but does not currently operate a corporate landlord model.

The Council is yet to adopt formal procedures in relation to key compliance areas (i.e. fire safety, contractor management etc) or introduce corporate contracts. In the absence of procedures, and given the various systems and approaches to estate management inherited by the unitary council upon transition, there is currently a lack of clear and consistent approach to tracking, recording and commissioning compliance inspections/servicing and no central record of compliance regimes. However, the Council has a number of competent and qualified




staff with responsibility for compliance and, despite the lack of documented procedures and guidance, sample testing has provided assurance on areas of compliance and good practice in certain areas, albeit this was not consistent across all properties.

There is currently a lack of evidence to demonstrate that remedial actions arising from inspections have been consistently tracked and completed. A lack of accountability and clear handover following the transition has been cited in relation to some such gaps and these require addressing via a prioritised action plan.

It is evident that officers have acknowledged the need to address the compliance issues and develop a clear record of the current status for every property. Staff consultation was also underway during the course of the audit, with a potential move to a corporate landlord model being considered, as a means of strengthening and centralising these controls within a professional property service. The outsourced arrangements used by the Wellingborough legacy council also end on 1st April 2022 and this provides a timely opportunity to bring all properties under robust, consistent procedures going forward.

Audit testing has highlighted areas of good practice in relation to safe ways of working for contractor management – with examples of recent permits to work, risk assessment and method statements for a sample of works provided during the course of the audit. Albeit, there have been known gaps in these controls, with works on some properties not subject to such controls under outsourced arrangements, and no standardised templates in use.

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

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




Contract management in Place and Economy

The Council's Place and Economy Directorate is responsible for delivering services under the following key headings: Highways and Waste; Assets and Environment; Growth and Regeneration and Regulatory Services.

The Council's publicly available Contract Register includes 276 contracts that come under the responsibility of the Place and Economy Directorate.

In overall terms, the audit concluded that there are effective arrangements in place for managing contracts, although it should be noted that this conclusion has been reached on the basis of testing a sample of those contracts that come under the responsibility of the Place and Economy Directorate. Contract Managers for the sample of contracts chosen were found generally to be undertaking appropriate monitoring controls to ensure that goods and services were delivered in accordance with contract terms. Testing confirmed clear client/contractor roles and responsibilities, clearly specified service/performance standards and/or outcomes, appropriate quality review mechanisms (e.g. inspections, sampling or other independent verification processes) and checking and approval of contract payments in accordance with contract conditions and evidence of service delivery.

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

Internal Audit Assurance Opinion		
Control Environment		Good
Compliance		Good
Organisational Impact		Minor

Children's Trust commissioning

Following a statutory direction from the Secretary of State for Education, Northamptonshire County Council established an operationally independent but wholly council-owned company to deliver children's social care services. Northamptonshire Children's Trust ('Children's Trust') was established on 1st November 2020 and was a company limited by guarantee that was initially wholly owned by Northamptonshire County Council.

As part of this arrangement, statutory responsibility for children's services remains with the Council through the role of Director of Children's Services. The Trust is operationally independent, and a contract exists between the Children's Trust and the Council with the aim of ensuring the Children's Trust develops and provides high quality social care services to children and young people in Northamptonshire within the financial resources made available to it.

On 1st April 2021, ownership of the Children's Trust transferred to North and West Northamptonshire Councils as part of the transition to unitary Councils. For the financial year 2021/22, the contract value was approximately £137 million.

The Council recognises, within its Strategic Risk Register, the risks associated with failure of this key contract with the Children's Trust. It is important to provide context to the current support arrangements around this. At vesting day, the contract had been in place for less than six months. When the Unitary Councils took over responsibility for this arrangement, work was still required in the following key areas to ensure appropriate contract arrangements were in place:

- Only two posts in the Intelligent Client Function had been filled prior to vesting day; and
- Contracts / Agreements needed to be reviewed to (a) reflect new responsibilities including that of the hosting Council, and (b) to agree arrangements covering support services as the previous arrangement only covered the period up to vesting day.

The contract has a built-in review mechanism, in the form of an annual review, to look at the effectiveness of current arrangements. The first review for the period up to March 2022 has yet to take place although information reviewed in the audit has highlighted that several issues around governance and key performance indicators have already been identified and will be considered as part of the review.

Whilst the audit found that the service delivery contract clearly defines arrangements around key aspects of the contract - including the financial mechanism and performance framework - the following key weaknesses have been identified in respect of current arrangements:

- An effective Intelligent client function has not been in place to oversee contract management as the team has not been fully resourced during 2021/22. As a result, the function has been dealing with the administrative / operational aspects of the contract rather than robustly holding the Children's Trust to account for performance, quality assurance and finance.
- The need to improve arrangements supporting key performance indicators including (a) ensuring indicators are aligned to Trust / Council priorities, (b) definitions are agreed as to how indicators will be measured, (c) to provide clarity around how performance targets and tolerance levels (i.e. an agreed level of performance below a target which is viewed as acceptable) have been set and (d) to ensure KPI performance is reported at a Council rather than County level.

It was noted that defined arrangements are generally operating as intended around performance, governance and reporting. There is regular reporting against 21 performance indicators and the Council is suitably represented at a senior level in the governance structure (at the Operational and Strategic Groups, Improvement Board and Joint Board/Committee). However, gaps in the expected focus of the Intelligent Client Function has meant that some expected activities have not been carried out in 2021/22, for example:

- Providing assurance over the accuracy of information considered by the Operational Group especially in respect of areas such as finance and key performance indicators.
- Evaluating reports received and providing appropriate scrutiny and challenge either directly to the Children's Trust or through the Operational Group.
- Proactively seeking to identify new or emerging matters (i.e. issues considered by the Social Care Improvement Board and taking advantage of rights of access as defined in the contract) that should be considered within contract governance arrangements.

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

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

Procurement compliance

The Council's Contract Procedure Rules are primarily designed to ensure probity and value for money when procuring goods, works or services that meet the needs of local residents and comply with legal and regulatory requirements in respect of competition and transparency.

If evidence is not available to confirm that a fair, transparent and competitive process has been followed in procuring goods and services for the Council, there is a risk of failure to maximise value for money from the purchase and the Council may be exposed to risks of challenge, fraud and corruption.

In overall terms, the results of audit testing confirmed compliance with Contract Procedure Rules for cases where the procurement team were involved in the tendering and contracting process. However, the results of sample testing in cases that were below the limit of

procurement team involvement highlighted a number of gaps in the evidence available to demonstrate that correct procurement processes had been followed. The sample testing of cases where the Procurement Team were involved were fully evidenced to demonstrate the procurement processes undertaken.

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

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

Transformation – disaggregation projects

A key strategic driver of the Local Government Reorganisation (LGR) process across Northamptonshire was the chance to reimagine local government, the way it provides services and its relationship with the community, as well as being more efficient and financially stable. A Transformation Plan has been approved and is in the process of being implemented to contribute to achieving these objectives that includes the disaggregation of over 20 previous county-wide services over the next two years. Assurance is required that the process in place to achieve disaggregation of services is robust and effective.

The following six previous county-wide services were due for disaggregation by the end of March 2022, and this timeline was achieved without delay:

- Emergency Planning
- Country Parks
- Deprivation of Liberty Safeguards (DoLS)
- Waste Disposal
- Adults Learning Independence, Voluntary & Employment (LIVE) (Adults Directorate)
- HR Advisory Service (Schools) – service ceased (Governance & HR Directorate)

There is an overarching timetable in place that sets out four distinct phases for each service to be disaggregated as follows:

Discovery – fact finding and research to understand issues and scope of project.

Design – preparation of business case for each project.

Delivery – Implementation of required changes.




Completion – Planned completion date for each project.

There is a clear distinction between service disaggregation, which is a joint activity between the two new unitary authorities, and subsequent service improvement of the disaggregated services, which is delivered by each council without necessarily including the other. The latter work is outside the scope of this audit.

There is a clear distinction between service disaggregation, which is a joint activity between the two new unitary authorities, and subsequent service improvement of the disaggregated services, which is delivered by each council without necessarily including the other. The latter work is outside the scope of this audit.

The audit has examined disaggregation that had followed a formal process managed with the assistance of the Transformation team. In overall terms, the audit concluded that robust arrangements have been developed to support and oversee the disaggregation of former county-wide services.

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

Internal Audit Assurance Opinion		
Control Environment		Good
Compliance		Good
Organisational Impact		Minor

Information governance

The primary aim of information governance is to establish compliance with statutory obligations set out in the UK General Data Protection Regulation (UK GDPR) and Data Protection Act 2018 (DPA 2018). Following the unification of four Councils into one in April 2021, the Interim Data Protection Officer has identified the need for an Information Governance Strategy Framework to be developed - to set out the data protection and privacy arrangements to enable the Council to meet their obligations under the UK GDPR and DPA 2018. Development of the Framework is due to start in 2022 and will form the basis for future improvement delivery.




The objective of the audit was to provide assurance that controls are in place to ensure personal data is processed in accordance with the UK GDPR Principles. This review focused on controls over data sharing; data breaches/incidents; transparency; and the roles, responsibilities and training of officers, in line with regulations.

Based on the audit testing performed, the Council appears to be generally compliant with the regulations in the areas within the scope of this audit. The Council has established some sound information governance working practices, with clear guidance available to both staff and customers via the Council's intranet and internet. The Council's Data Protection Policy is available on the Council's website along with relevant policy documents. The use of Data Protection Impact Assessments is established, with guidance and support available to staff. Evidence was provided to demonstrate data breaches/incidents are managed and investigated, with some areas for improvement to recordkeeping noted. Assurance has been provided that the Council's transparency obligations are clear and concise and include matters in relation to the Council's lawful basis for processing data.

Information Asset Registers are held for each of the sovereign councils, a full review to amalgamate and update these forms part of the Information Governance Strategy Framework. It was highlighted that a Retention and Disposal Policy is yet to be adopted and this is an area where it is acknowledged that further work is required.

Mandatory online annual data protection training has been completed by 90% of officers, whilst 77% of Members attended a data protection training session in June 2021.

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

Internal Audit Assurance Opinion	
Control Environment	 Satisfactory
Compliance	 Satisfactory
Organisational Impact	 Minor

Enforcement casefiles

The decision to prosecute, or not to prosecute, is a significant decision for the Council in relation to its enforcement activity. Fair and effective enforcement is essential to the maintenance of law and order and policies and procedures should be applied to make fair and proportionate decisions in all cases. A broad range of Council services engage in enforcement activity which can range from verbal warnings to notices and ultimately prosecution through the courts.

Prior to the transition to the unitary council, service areas received varying levels of support from legal services - with differing approaches and templates in use. The Council's litigation team is actively working with key service areas and enforcement officers to develop and embed consistent approaches, templates and record keeping. The activity during the year to date has highlighted gaps in enforcement officer training and awareness in relation to the key controls to be applied when compiling a robust casefile. A Corporate Enforcement Group has been established, with representation from key services, which is a valuable forum for developing consistency and officer skillsets in this area.

Sample testing of cases which had been subject to legal involvement during the last twelve months highlighted areas for development in relation to case file structuring, evidenced risk assessments and use of consistent templates for opening and closing files. It was evident that certain cases highlighted a lack of officer training within services, for example in relation to producing quality witness statements and obtaining relevant admissible evidence which can be presented to court. These areas have all been acknowledged by legal services management, with draft templates being actively developed at the time of audit review and detailed training scheduled via the Corporate Enforcement Group.

A number of cases selected in sample testing had been discontinued by the Legal team based upon a review of the available evidence in the matter. In some cases correspondence with the service area was seen, where the legal professional had given advice on lessons learned and how practices could be improved going forward to build a robust enforcement case. The closure of such cases either before files are submitted to the court, or prior to a final hearing if already before the court, demonstrates the application of risk assessment, review of evidence and public interest by the legal professionals – which should protect the Council from the associated financial and reputational risks of a failed case. It is essential that service areas are encouraged to engage with the Legal team at an early opportunity. The Corporate Enforcement Group is a means of promoting this engagement, so the Legal team are alert to

potential litigation at the earliest opportunity, and enables officers to share lessons learnt across the Council in a timely way.

It is noted that action is being taken to strengthen controls in this area and embed the Council's Enforcement Policy and good working practices.

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

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

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Audit and Governance Committee 20th June 2022

Report Title	Strategic Risk Register update	
Report Author	Rachel Ashley-Caunt, Chief Internal Auditor	
Contributors/Checkers/Approvers		
North MO		
North S151		
Other Director/SME		

List of Appendices

Appendix A: Strategic Risk Register

Appendix B: Risk scoring methodology

1. Purpose of Report

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

2. Executive Summary

- 2.1 The Council's Risk Management Strategy defines the Council's risk management approach and the practices required to make it work. The strategy includes quarterly updates on the Strategic Risk Register for the Audit and Governance Committee.
- 2.2 An updated register is provided for the Committee's consideration. The format has been further developed and reviewed with Corporate Leadership Team and the content has been subject to a full review by management.

3. Recommendations

- 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

- 4.1 The Risk Management Strategy and the Council's first Strategic Risk Register were presented to the Audit & Governance Committee in July 2021. The last update on the Register was provided in March 2022.
- 4.2 The Council is seeking to further develop its risk management approach and ensure a risk management culture is embedded across the organisation's activities. Directorate level Risk Registers are now held and maintained by service leads and any risks identified as requiring escalation to the Strategic Risk Register are incorporated as part of the ongoing review process. The format of the Strategic Risk Register has also been reviewed and further developed for the start of the 2022/23 financial year. Amendments include:
- Reviewing risk descriptions - to reflect the risk faced rather than general risk areas / objectives and ensure appropriate focus of entries;
 - Reflecting both inherent and residual risk scores – this provides an insight into the estimated impact of the controls that are in place to mitigate the risk and reliance on those controls. This assists in informing audit coverage and ensuring key controls are identified; and
 - Introducing a field for sources of assurance – this is an initial step in mapping assurances that can be taken in respect of the Council's key controls and should assist in directing the work of the auditors and informing the Annual Governance Statement.
- 4.3 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. Some items, whilst they relate to a similar theme, will re-start for risk purposes such as the risk to the in-year and medium-term financial position.
- 4.4 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 15 - Pandemic Impacts across all services	This risk has been removed from the Strategic Risk Register as the Council moves to business as usual in managing the associated risks of the Covid-19 pandemic.
Risk 2 - Statutory Compliance across all services	This risk entry has been consolidated with Risk 17 - Good governance and lawful decision making within organisation. It was considered that there was

Risk entry	Update
	overlap between these risk entries and one consolidated entry was more informative.
Risk 12 - The Council's dependency on hosted and shared services provided to NNC by WNC.	This risk entry has been consolidated with Risk 10 – effective and robust contract management. It is considered that the management of hosted services should be subject to the same robust contract management arrangements as those applied to other procured services. As such, the same controls should apply.

- 4.5 A copy of the risk scoring methodology is provided as Appendix B 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

- 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)

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

7.1 None.

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 Council's Intelligent Client Function (ICF).	NCT does not meet its requirements in the improvement plan. ICF fails to identify and address areas for improvement.	Risks to child safeguarding. Poor quality of service and outcomes for service users.	Exec Director of Children's Services	5	4	20	Intelligent Client Function (ICF) is in place and clear governance arrangements set out in the contract with monitoring of performance and financial plans via operations board and strategic board. Regular Ofsted monitoring visits will provide independent performance feedback at regular intervals.	Ofsted inspections. Internal Audit of governance arrangements 2021/22: Satisfactory Assurance - with action plan in place to prioritise areas for improvement.	3	5	15	Complete restructure and recruit to posts.	Assistant Director of Commissioning	Jun-22	
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.	Director of Governance & HR	4	5	20	Decision making training undertaken and resources available on intranet. Stabalised 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.	Records of decision, Forward Plan, increased advice from legal and democratic services. Audits of service. Policies and Procedures.	4	4	16	A programme of training and engagement for all staff will be implemented.	Assistant Director of Legal and Democratic	01-Dec	
3	Loss of data or systems due to cyber attack	Failure of preventative and detective controls leads to successful attack on Council systems.	Financial fines / penalties. Reputational damage. Disruption to service delivery.	This risk is confidential to protect system resilience. Its presence on the Register reflects the importance of this issue. It does not represent that weaknesses are evident. Controls in this area include critical software being kept up to date through regular patching and updates and acting quickly upon reports of issues and on feedback from specialist IT auditors / penetration testers.												
4	Disruption to service delivery and community due to unplanned incident or emergency	Lack of adequately resourced, experienced staff to fulfill BC roles. Lack of understanding of BC processes by Service Areas. Failure to address critical BC issues. Lack of completed BC plans to	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,	CLT	5	4	20	Workforce planning; Training plans; Effectively managed BC programme; Adequate investment to address critical resilience issues; Defined, established and rehearsed	NNC has an established Critical Incident Plan which is supported by emergency management arrangements to provide a core capability for the management of disruptive incidents. These arrangements have been validated by incidents in the last 12 months. Where lessons were identified, action is underway to address these issues	3	4	12	Establish BC programme Establish NNC cross organisational BC coordination forum Recruit additional BC Officer capacity	Emergency Planning Manager	Mar-23	
5	Failure of capital and revenue projects to deliver upon intended benefits, within budget and planned timeframes.	Multiple causes including lack of resources, lack of pace, poor scoping of activities, outcomes and benefits, time slippage, budget or scope creep, change of legislative or orginal priorities, external factors taking priority	Failure to deliver timely and effective projects. Financial penalties. Reputational damage. Legal implications, penalties and failures. Service failure. Customer/community impact.	Executive Director of Place and Economy / Executive Director of Finance / Director of Transformation	4	4	16	Defined governance programme in place including: Place Capital Programme Board; Strategic Capital Board; Governance within the Transformation Programme including: Corp Gov/SoD, Officer Transformation Board; Member Transformation Board. Reporting into Service Delivery EAP. Monthly Capital and Revenue Reports to Executive. Individual Project Boards established for relevant projects. Transformation Change Control process. Emerging Benefits Management Strategy.	Internal Audit Review of Capital Programmes scheduled for 2022. Internal Transf. Team reviews and Internal Audit (recent "Good" score for disagg programme, for eg.)	3	4	12	Regular scrutiny of programme progress at established Boards and ad-hoc e.g. project/programme audits by Transf. Team or Internal Audit.	Executive Director of Place and Economy / Executive Director of Finance / Director of Transformation	Sep-22	
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's wellbeing. Poor outcome for people.	Exec Director of Adults, Communities and Wellbeing	4	5	20	Audit compliance NSAB Delivery Board Workstream on Safeguarding KPI data reporting on Safeguarding Training on Safeguarding Quality Assurance Board with Commissioning Forthcoming Safeguarding Audit to be established. Principal Social Worker Framework	Internal Audit of Adult Safeguarding referrals 2021/22 - satisfactory assurance Internal Audit of Adult Safeguarding referrals 2021/22 - limited assurance	3	4	12	Audit compliance NSAB Delivery Board Workstream on Safeguarding KPI data reporting on Safeguarding Training on Safeguarding Quality Assurance Board with Commissioning Forthcoming Safeguarding Audit to be established. Principal Social Worker Framework	Executive Director of Adults, Communities and Wellbeing / Assistant Director of Safeguarding and Assistant Director of ASC		

7	Unsustainable finances (medium term)	A balanced budget has been set for 2022/23. The position from 2023/24 is more uncertain due to changes in the funding regimes planned from April 2023 which have yet to be consulted on from central government. Therefore, there is some doubt as to whether these will be implemented in full. There may be more limited changes before a more significant reconfiguration of finances across Local Government. There remains risks from COVID-19 in some form, rising inflation, general demographic changes and continuing LGR/transformation related changes. This risk reflects this uncertainty of scale of impact.	Future 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	4	4	16	Ongoing intelligence and lobbying alongside working to ensure robustness of the budgets following LGR. Financial planning and budget proposals and savings / income generation options. based on prudent assumptions. Challenge of budget proposals. All work linked to future transformation programme across all aspects of the Council. Transformation and specific working groups to address specific budget areas. Review potential external funding opportunities to meet service need.	CIPFA Financial Management Code self-assessment Internal and External Audit reviews of controls and accounts	2	4	8	Review of budget for 2022/23 and 2023/24 onwards based on the outturn for 2021/22. Update MTFP forward projections based on the latest intelligence and national announcements. Work with services and partners to identify efficiencies.	Executive Director of Finance	Dec-22	
8	Unsustainable finances (current year)	Continuing Impact of COVID on the Councils Finances and the wider economy. Rising inflation affecting all costs and also potential impact on pay bill above estimate.	The Council will not remain within budget in the current financial year 2022/23. Including non-delivery or under delivery of savings	Exec Director of Finance	3	4	12	Reserves and contingency to offset in year pressures. Robust governance arrangements for approval of any new/unplanned spend or proposals. Close monitoring of the financial position, reporting to CLT, Executive and Finance and Resources Scrutiny. Work with colleagues to mitigate any pressures in year. Specific attention to the commercial portfolio.	CIPFA Financial Management Code self-assessment	3	2	6	Continue to monitor budget and seek in-year efficiencies to address any shocks to the financial position. Include any longer term efficiencies, income generation within MTFP assumptions.	Executive Director of Finance	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.	Director of Governance & HR	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	Internal Audit of Information Governance 2021/22 - Satisfactory assurance.	3	4	12				
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	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: Commercial Board, CLT and Resources and Governance Scrutiny Committee	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	Procurement training for officers Development of Future NNC Procurement Strategy	Head of Procurement	Aug-22	
11	Inadequate organisational capacity.	Increased turnover resulting in increased vacancies. Recruitment challenges due to a buoyant employee market.	Reduced service provision, negative impact on health and wellbeing of officers	Director of Governance & HR	5	4	20	Data considered by members and senior leaders on a monthly basis. 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	HR data presented to Executive monthly. Management information provided to managers within the organisation. Policies and Procedures.	3	4	12				

13	Historic and Legal issues that the Council inherits from 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.	Risk Registers	3	5	15				
14	Consolidation and/or disaggregation of services into the new Unitary delivery.	Significant recruitment Onboarding staff from WNC to NNC. Pay and responsibility differentials.	Reduced levels of services to customers Difficult to recruit to key/statutory posts Increased cost of service delivery	Director of Transformation	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 Transformation Impact assessments undertaken	Transformation Impact Assessments Transformation Business cases decision process through Joint Officer Board and Shared Services Joint Committee Member Transformation Board Directorate Union consultation Forums	3	4	12	Ongoing Disaggregation Activity reported to Member Board and Committee			
16	Breaches of health and safety responsibilities result in injuries/harm to staff, tenants or service users.	People 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. IT Unsuitable IT systems to aid risk management. Property 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.	Director of Governance and HR	5	5	25	•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	•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	Complete review of HSW policy with key stakeholders to ensure roles and responsibilities are clear, policy to be signed off by Chief Executive / CLT and Leader of the Council. Finalise HSW Service Plan and gain agreement of JHSWC. Development of Directorate / Service level HSW plans/actions and gain agreement at DHSWF. Recruit for vacant HSW positions or fill with agency temporarily. Ensure access to e-learning courses or provide alternative arrangements for employees without access to work email and or computers.	Director of Governance & HR/HSW Lead Director of Governance & HR/HSW Lead Directors HSW Lead CLT	June-22 June-22 TBC July-22 ??	
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.	Director of Transformation	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.	Internal Transf. Team reviews and Internal Audit (recent "Good" score for disagg programme, for eg.)	3	3	9	A clear Transformation Plan will be produced to reflect corporate objectives, along with costed contingency plans.	Director of Transformation	Sep-22	

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Appendix

Appendix

Appendix B

Impact Descriptors

	Negligible (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Legal and Regulatory	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
Financial	<£0.5m	<£1m	<£5m	<£10m	>£10m
Service provision	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
People and Safeguarding	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



Verbal update for Accounts for 2019-2020 for Corby and East Northamptonshire Councils.

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