Internal Audit Progress Report

February 2023

1. Introduction

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

2. Performance

2.1 The Internal Audit team is working on the delivery of the planned audit assignments for 2022/23. At the time of reporting, 51% of the assignments for delivery by the Internal Audit team are completed to final or draft report stages. A further 42% is in fieldwork and review stages and 7% in subject to planning work.

2.2 A full copy of the current audit plan is provided as Table 3, on pages 9 to 16 of this report.

3. Key findings

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

Governance of shared and delegated services – Inter Authority Agreement

In readiness for unitary status, an exercise was undertaken to plan the future of services previously delivered by county / district and borough councils. A blueprint document setting out the service treatment for each function was approved by the Shadow Executive of North Northamptonshire Council (NNC) in September 2020. Based on the blueprint, 49 services at vesting day were set up to be delivered through either a hosted or lead authority arrangement between West Northamptonshire Council (WNC) and NNC, although it is acknowledged that this number has now reduced due to services being disaggregated over the last 18 months. This delegation arrangement for service delivery was captured in an Inter Authority Agreement (IAA).

The review has found a good control environment is in place based on the IAA, which sets out the terms and conditions under which the aggregated services will be delivered and governed. Since the IAA was agreed, a number of developments have taken place to enhance the control environment for the IAA including (a) agreeing the terms of references for the relevant board / committee, (b) producing and implementing a plan to support disaggregation of hosted services, and (c) developing service plans for those areas included in the IAA that were not planned to be disaggregated in the first year of the new Councils.

However, the review has highlighted the following key weaknesses in current arrangements:

- Due to a lack of clarity and understanding around roles and responsibilities, a number of financial charges covering 2021/22 IAA activity have not been transacted throughout the year, although they have been taken into account for the year end position. Corporate

Finance from both councils have taken the lead in completing this exercise and were seeking to complete all transactions by the end of December 2022.

- Whilst performance reports to the Joint Committee indicate strong performance with ad-hoc concerns around individual indicators, Internal Audit do not believe the current suite of indicators provide a meaningful assessment of performance. The review also found gaps in performance report coverage as the team responsible for collating performance are not notified of changes in the services whose performance should be assessed.
- There are gaps in reports received by the Joint Committee, when compared with its terms of reference in that no routine information is currently provided around the financial aspects of the IAA and an annual report for 2021/22 has not been produced by the Committee for each of the Councils.

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

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

Ethical governance – Member Officer protocol

The Council must ensure that there is an appropriate ethical and corporate governance framework in place to ensure that all Members and officers (known as public office holders) comply with the Seven Principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honesty, leadership).

The Member Officer Protocol forms part of the corporate governance framework and is included as part 8.4 of the Council's Constitution. The Protocol is designed to provide a guide to good working relations between Members and officers, to define their respective roles and provide some principles for governing conduct.

The objective of this audit was to confirm that the working relationships between Members and officers are managed in accordance with the Member Officer Protocol. The results of audit testing provided assurance that the framework outlined in the Protocol to regulate the interaction between Members and officers, particularly around information provided by officers and maintenance of political neutrality, is being complied with. There is also a process for raising disputes, although the audit has made some recommendations for providing greater clarity on what formal action may be taken, records maintained and feedback provided. The three disputes that were reported as far as the Monitoring Officer have highlighted the need for some further training to be delivered, which the Monitoring Officer is currently progressing.

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

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

Leisure provision

There is currently a mixture of models used to deliver leisure services across North Northamptonshire, with in-house provision utilised in the Corby locality and a number of contracts in place across the other localities.

A summary of the main leisure facilities currently available in the various localities is as follows:

- Corby – Priors Hall Golf Course, Corby Pool and Lodge Park Sports Centre.
- East Northants – Nene Centre (Thrapston), Splash (Rushden), Pemberton Centre (Rushden) managed by
- Freedom Leisure.
- Kettering – main sports hall and theatre located at the Leisure Village managed by Arena Sports.
- Kettering - Desborough Leisure Centre, Kettering Pool & Corn Market Hall managed by Legacy Leisure until 30th September 2022 and then transferring to Freedom Leisure.
- Wellingborough – Waendel Leisure Centre, Redwell Leisure Centre managed by Places for People.

An exercise to harmonise the various contract management arrangements in place at the legacy Councils has recently taken place and a new process was implemented from April 2022, which incorporated wider use of contract management software that was already in use at East Northants.

The scope of the audit was to provide assurance over the Council's arrangements for managing leisure contracts. In overall terms, the audit confirmed that there are robust processes in place to monitor the performance of contractors delivering leisure services. Contractors are required to submit quarterly performance reports that are discussed at formal meetings. There is also a comprehensive programme of quarterly site visit inspections undertaken by the Council for all leisure sites managed by contractors. The audit has identified some areas where monitoring arrangements could be improved, chiefly around the level and quality of information provided in contractors' quarterly performance reports.

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

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

Waste management

Waste Management Services are key Council services based in the Place & Economy Directorate. In the context of local government organisation, the service structure is unique when taking account that the service is based around the coming together of five legacy Council arrangements with different delivery models, as well as services delivered through contracts with external providers.

To support the management of the service, a risk register has been developed which has identified five specific risks to the service. The review has focused on providing assurance over the effectiveness of systems and controls in place to mitigate against the risks occurring.

Overall, the high level control environment is considered to be good, with largely effective controls across the areas reviewed. Areas identified for potential improvement related to further developing standard operating procedures and completing composition analysis of non-recycled household waste, both of which were already in progress at the time of the audit, together with introducing a health and safety inspection programme across the service, both for in-house delivery and for third-party contractors.

Levels of compliance were also considered to be good, based on testing of a sample of invoices and processes for safe working practices, with no issues of non-compliance identified.

It was noted that there are clear and detailed plans for migrating the legacy council services to a single NNC operational model and work is already progressing well to implement this plan.

This audit sought to provide high level assurance over the management of the service area. It is intended that future audit work will focus further on contract management arrangements to provide assurance over specific controls operating to ensure performance, cost and statutory compliance are suitably monitored and delivered.

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

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

Asset management – leased assets

The Council holds a significant non-residential assets portfolio (around 780 leased assets were found as part of this review) let to individuals and organisations. These are referred to as 'leased assets' within this audit but also includes those on a licence or other agreement. The leased assets are held by different Service Areas, with the Asset Management Team managing a large proportion of the portfolio largely comprising of retail, office, industrial units and three business centres. Internal Audit were advised that the 2022/23 income forecasted for the commercial portfolio is around £13 million.

The objective of this review was to provide assurance over the processes and controls in place for the leased assets. This review found several issues, all of which generally stemmed from two major root causes; lack of strategy, policies and procedures and concerns over information management.

Currently there is no one strategy encompassing all aspects of leased assets and only legacy procedures for some processes. It is understood that some historic policies had been in

place at the legacy councils and it is a management expectation that officers should be continuing to apply these in their management of assets. A single, North Northamptonshire Council strategy should inform the direction taken with the leased assets, whilst also bringing consistency to processes, and application of controls, and outlining responsibilities.

The leased asset data is held over multiple sources reducing the ability for complete and consistent oversight of these assets and increasing the risk that there is no single source of truth. The information is also not as complete as expected, for example, there is no centralised information detailing which assets should be subject to a regular service charge or insurance rent, or charging of VAT. This also risks a lack of oversight to ensure all properties have a valid legal agreement in place and to co-ordinate regular rent reviews – with gaps noted in these areas in sample testing.

At the time of the audit, no unit inspections had been completed since the COVID-19 pandemic. It is understood that parade inspections have taken place but are not documented. A lack of inspection regime increases both financial risk to the Council, as the tenant may have breached their legal agreement - such as making structural changes, and reputational risk, as tenants / use of the property may not be as agreed.

Legislation, effective from April 2023, will require all leased assets to hold a minimum Energy Performance Certificate (EPC) rating of E. A high priority recommendation has been raised to adopt an evidenced programme for the 140 properties (caveated due to information management concerns as above) which are recorded as having an EPC of F, G or no rating.

The Asset Management Team have completed the first stage of the restructure, with tier 4 and tier 5 appointed. The Head of Asset Management was appointed in September 2022 and they are already aware of the need to consolidate teams, policies and processes and will be considering aspects found from this audit as part of their restructuring process in order to provide support for each area.

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

Internal Audit Assurance Opinion		
Control Environment	🔴	Limited
Compliance	🔴	Limited
Organisational Impact	🟡	Moderate

4. Rolling risk reviews

4.1   As part of this year's Internal Audit plan, rolling risk reviews have been introduced. These are intended to provide real time assurance to the Committee over the Council's Strategic Risk Register entries.

4.2   The Risk Register was developed further earlier this year and now includes scoring of both inherent and residual risk. The residual risk should reflect the current risk exposure, on the basis of the identified controls in place to manage the inherent risk. As such, reliance is placed on those identified controls to manage the risk to this level. The objective of these

rolling risk entry reviews is to confirm that those controls are in place, as stated, and are operating in accordance with the description on the risk register.

4.3   The risk selected for review was Risk 4 - Disruption to service delivery and community due to unplanned incident or emergency. This was selected on the basis that the inherent risk score given is 20 and the listed controls are relied upon to reduce this to a residual risk of 12. An audit on Business Continuity Management was included in the 2022/23 audit plan but it was proposed that assurances over existing controls could be gathered through this rolling risk review and the remaining audit days can then be used to pro-actively engage and support development work, in an advisory capacity, in the final quarter of the financial year.

4.4   For the risk entry, evidence of each of the listed controls was reviewed and assigned a RAG (red, amber, green) rating based on the findings. All controls were assessed as 'green' – as all appear to be in place and operating as stated. There were six recommendations made to clarify and expand upon the risk entry references. The full findings are provided in Table 2 on pages 19 to 24.

5.   Implementation of recommended actions

5.1   Where any weaknesses or opportunities for improvement are identified by audit testing, recommendations are made and an action plan agreed with management. These actions are subject to agreed timeframes and owners and implementation is followed up by Internal Audit on a monthly basis.

5.2   Since the last Audit and Governance committee meeting, 39 open actions have been confirmed as implemented – an overview is provided in Table 3 of this report. There are currently 61 recommendations which are overdue for implementation.

5.3   To provide the Committee with further detail on high risk actions which remain overdue for more than three months, full details are provided in Table 4, with latest updates from officers. There are four such actions at this time.

6.   *Refreshing audit plan coverage*

6.1   The Internal Audit plan should remain subject to review throughout the financial year to ensure it remains focused on key areas of risk and responds to changes in the risk and control environment.   Amendments are proposed, based on discussions with senior management, and supported by the Chief Internal Auditor, as follows:

- The planned internal audit coverage of fixed assets would duplicate some work of external audit and year end work and, as such, it is proposed that assurance be taken from the work of the external auditors with no additional internal audit coverage at this time;
- A new e-recruitment system is currently being implemented and, as such, associated processes will change. Therefore, it is proposed that the audit of Recruitment be postponed to 2023/24, when the audit testing will look at the new/current processes and controls and how these are be applied going forward; and
- A new position of Head of Performance, Intelligence and Partnerships has been created. Pending the role being filled and changes in structure, it is proposed that the Partnerships audit be postponed until 2023/24.

6.2   Some of the key audit assignments delivered during the last quarter, such as Asset Management, have taken additional time and resource to deliver due to a wide number of issues and complications including multiple systems/processes to audit rather than a single set of key controls. There have also been a number of additional grants requiring urgent internal audit review, which has diverted audit days from planned work. The additional audit days could be covered by the amendments proposed in 6.1, above.

Table 1: Progressing the Annual Internal Audit Plan

KEY
Current status of assignments is shown by shading

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Governance											
Governance of shared / delegated services	Q3						▓▓▓	Satisfactory	Satisfactory	Minor	See section 3
Partnerships	Q4							Postponement recommended, pending appointment to Head of Performance, Intelligence and Partnerships role			
Ethical governance - values	Q2						▓▓▓	Consultancy review			Reported in November 2022
Ethical governance – Member Officer protocol	Q3						▓▓▓	Good	Substantial	Minor	See section 3
Oversight of post case review								Covered by external audit in Value for Money work.			

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Risk management											
Real time risk assurances	All year			▓				See Table 2 for latest outcomes			
Risk management and legacy issue support / reporting	All year			▓				Consultancy support			
Corporate compliance with key controls and policies											
Fees and charges	Q1						▓	Satisfactory	Satisfactory	Minor	Reported in November 2022
Procurement compliance – report 1	Rolling						▓	Satisfactory	Good	Minor	Reported in November 2022
Staff recruitment	Q3							Postponement recommended pending implementation of new e-recruitment system.			
Use of temporary staffing / agency workers	Q1					▓					
Performance management	Q4		▓								
PCI DSS compliance	Q4			▓							
Contractor health and safety	Q2					▓					

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Contract extensions	Q3				▓						
Grant claims											
Supporting Families	All year			▓				Q1, Q2 and Q3 submissions signed off for claim.			
Covid Outbreak Management Fund	Q1						▓	Declaration completed			
Homelessness prevention grant							▓	Declaration completed			
Rough Sleeper Initiative	Q1						▓	Declaration completed			
Protect and Vaccinate	Q1						▓	Declaration completed			
Test and Trace	Q1						▓	Declaration completed			
Disabled Facilities Grant	Q2						▓	Declaration completed			
Bus Service Operators Grant	Q2			▓							
Adult Weight Management Services Grant	Q4						▓	Declaration completed			
Local Transport Capital Funding	Q2						▓	Declaration completed			

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Key financial systems - Providing assurance that the Council has made arrangements for the proper administration of its financial affairs, these system audits focus on the systems with the highest financial risk.											
Treasury management	Q1						▓	**Substantial**	**Substantial**	**Minor**	Reported in September 2022
Creditors	Q4	To be delivered by host authority's internal audit team – Cambridgeshire County Council									
Government Procurement Cards (GPCs)	Q1						▓	**Good**	**Satisfactory**	**Minor**	Reported in September 2022
Debtors	Q4	To be delivered by host authority's internal audit team – Cambridgeshire County Council									
Payroll	Q4	To be delivered by host authority's internal audit team – West Northamptonshire Council									
Main accounting system	Q4			▓							
Bank reconciliations (Q1)	Q1						▓	**Good**	**Good**	**Minor**	Reported in September 2022
Local taxation	Q4			▓							
Housing benefit	Q4			▓							

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Pensions	Q4	To be delivered by host authority's internal audit team – West Northamptonshire Council									
Fixed assets	Q4							External audit / year end coverage in Q4 – internal audit work cancelled to avoid duplication.			
Budgetary control	Q4			█							
Adults, Health Partnerships and Housing Priorities and Risks											
Direct payments	Q1						█	**Good**	**Good**	**Minor**	Reported in November 2022
Adult safeguarding	Q4		█								
Adult Social Care – Target Operating Model	Q1						█	**Satisfactory**	**Satisfactory**	**Moderate**	Reported in September 2022
Approved Mental Health Professionals	Q3			█							
Housing repairs	Q3					█					
Voids management	Q3					█					
Rent arrears	Q2					█					
Leisure provision	Q2						█	**Substantial**	**Good**	**Minor**	See section 3

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Local bank accounts (Adults)	Q4				▓						
External placements	Q3			▓							
Homelessness and Temporary Accommodation	Q4			▓							
Public Health											
Commissioning and contracting in Public Health	Q3					▓					
Place & Economy Services Priorities and Risks											
S106 monitoring – follow up	Q4			▓							
Management of capital projects	Q3			▓							
Asset management – leases	Q2						▓	**Limited**	**Limited**	**Moderate**	See section 3
Business continuity	Q4			▓							
Fleet & fuel management	Q3		▓								
Climate change strategy	Q4			▓							
Planning fee income	Q2			▓							

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Waste management service	Q2						▓	**Good**	**Good**	**Minor**	See section 3
Asset Management – compliance	Q4			▓							
Project Management Office (consultancy support)	Q4										As required
Children's and Education services											
Schools thematic audit	Q3					▓					All school audits completed
Children's Trust commissioning and governance	Q4			▓							
Early years providers	Q2			▓							
Engagement with schools forum and pro-active support (including Schools Financial Value Standard)	All year			▓							

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
ICT and Transformation											
ICT – Asset management	Q2							**Satisfactory**	**Satisfactory**	**Moderate**	Reported in September 2022
ICT – Access controls	Q2							**Satisfactory**	**Satisfactory**	**Moderate**	Reported in November 2022
ICT – Cyber security	Q2							**Satisfactory**	**Satisfactory**	**Moderate**	Reported in November 2022
ICT – Disaster recovery	Q2										

The Auditor's Opinion

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

Compliance Assurances		
Level	**Control environment assurance**	**Compliance assurance**
Substantial 🟢	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended 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. 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.

Organisational Impact	
Level	**Definition**
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.

Table 2: Latest risk entry review

Risk Register Ref.	Risk	Owner
4	Disruption to service delivery and community due to unplanned incident or emergency.	Executive Director of Place & Economy

Assurance and Findings				
Key Control Reference	Key Control	Sources of assurance	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
1.	Workforce planning.	None.	🟢 Green	The main sources of assurance for workforce planning are not recorded in the Risk Register and comprise: • The (emergency, on call) Duty Officer Rota. • Strategic & Tactical Emergency Management training delivered by the Emergency Planning College in July 2022. **Internal Audit recommend the risk entry is amended accordingly.** Further, it is noted that the BC steering group terms of reference do not include any responsibility for ensuring suitably robust workforce planning arrangements are maintained in this area and **Internal Audit recommend this is added to the remit of the group.**
2.	Training plans.	NNC has an established BC steering group to coordinate and oversee the development	🟢 Green	The action recorded in the Risk Register to carry out a cyber attack exercise programme across each service area is in progress and this is being used to, not only to raise awareness of

		Assurance and Findings		
Key Control Reference	Key Control	Sources of assurance	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
		of BC arrangements across the organisation.		one of the key risks to service disruption but also, to embed wider aspects of business continuity good practice. BC steering group minutes show that the group is overseeing delivery of this training. In addition, BC steering group minutes confirm that a formal training needs analysis has been completed and a detailed, formal training programme will be rolled out in 2023/24. As mentioned under Risk 1 above, Strategic & Tactical Emergency Management training delivered by the Emergency Planning College in July 2022 is not currently reflected as a source of assurance.
3.	Effectively managed BC programme.	NNC has an established BC steering group to coordinate and oversee the development of BC arrangements across the organisation.	🟢 Green	As per the mitigating action recorded in the Risk Register, ongoing delivery of the BC work programme is being directed and overseen by the BC steering group, as evidenced in the steering group minutes and supporting papers. Work completed to date includes a BC plan template and an assessment tool that is currently being rolled out, together with the continuing rollout of a cyber security training exercise programme across service areas. It is noted that there is no reference in the risk register to the controls in place to address the

		Assurance and Findings		
Key Control Reference	Key Control	Sources of assurance	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
				Council's dependency on third party contractors e.g. key contractors being required to provide a copy of their BCPs as part of compliance with the Contract Procedure Rules. **Internal Audit recommend that the risk entry is suitably amended to reflect this contractor risk.**
4.	Adequate investment to address critical resilience issues;	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. NNC has an established BC steering group to coordinate and oversee the development of BC arrangements across the organisation.	🟢 Green	There is a critical incident plan in place that is subject to regular review. In addition, rollout of the cyber security training exercise programme is identifying any current issues that need to be addressed. For 2022/23, a significant task has been completing the disaggregation of the Emergency Planning service and NNC investing to ensure the area is an adequately resourced service. However, identifying suitable candidates to fill vacancies is currently a problem but this is not reflected in the Risk Register. **Internal Audit recommend that the action being taken to address current resourcing issues is recorded in the risk entry.** In addition, it is noted that the BC steering group terms of reference do not explicitly cover any responsibility for assessing whether

		Assurance and Findings		
Key Control Reference	Key Control	Sources of assurance	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
				adequate investment is being made to address critical resilience issues and **Internal Audit recommend this is added to the remit of the group** and the wording of the control amended to reference that adequate resourcing is achieved through monitoring by the BC steering group and the Critical Incident Plan.
5.	Defined, established and rehearsed emergency management processes.	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.	🟢 Green	There is a Critical Incident Plan in place that has been approved by the BC Steering Group. It is currently going through its annual review (as per the related action in the Risk Register), including being renamed as the Incident & Emergency Incident Plan. The scope of this review is documented and includes taking account of lessons learned from recent incidents. The Plan is further supported by a Corporate Business Continuity Plan. There have been several incidents affecting the Council over the past year and the lessons learned from these are captured and presented to the BC Steering Group for discussion. There are also horizon scanning, scenario-based desktop exercises reviewed at these meetings, which focus on emerging risks such as the potential for power black outs this winter.

Actions Status				
Key Control	Action	Owner	Timescale	Latest status
3.	Ongoing delivery of the BC work programme under direction of BC steering group	Head of Emergency Planning & Community Resilience	Mar-23	Work completed to date includes a BC plan template and an assessment tool that is currently being rolled out, together with the continuing rollout of a cyber security training exercise programme across service areas. Further work still required to implement a revised business continuity planning process, for which a formal delivery plan has yet to be produced.
2.	Conduct cyber attack exercise programme.	Head of Emergency Planning & Community Resilience	Mar-23	This is currently being rolled out across service areas, with some exercises completed and others yet to be completed.
3.	Roll out of BC assessment tool and plans template	Head of Emergency Planning & Community Resilience	Mar-23	BC plan template and assessment tool developed and in process of being rolled out across service areas.
4.	Review of NNC Critical Incident Plan	Head of Emergency Planning & Community Resilience	Mar-23	Currently going through the annual review process.

RAG Rating Indicator Values & Assurances	
🔴 Red	Control is not present or not currently operating.
🟡 Amber	Control is not operating fully or consistently in line with risk register entry.
🟢 Green	Control in place and evidenced as operating as stated.

Table 3: Implementation of Audit Recommendations

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and implemented since last Committee meeting	13	72%	18	27%	8	54%	39	39%
Actions due within last 3 months, but not implemented	1	6%	19	28%	5	33%	25	25%
Actions due over 3 months ago, but not implemented	4	22%	30	45%	2	13%	36	36%
Totals	18	100%	67	100%	15	100%	100	100%

Table 4: 'High' priority actions overdue for more than three months

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date	Revised Date (if provided)
Enforcement files 2021-22	Legal Services	Risk assessment form The risk assessment forms for enforcement cases should be adopted and consistently applied. Spot checks by management should seek assurance over the consistent completion of these forms and the judgement applied.	Policy/procedure and ancillary documents – consultation has now finished. Policy/procedure/forms (forming part of the wider Legal Services Office Manual) will be in final form and rolled out at date below. N.B: This is an organic document and it is intended that policies/procedures be reviewed periodically and amended if/where necessary. Mechanism for review will be as set out in the Legal Services Office Manual. Anticipated date: w/c Monday 13th February 2023 due to the organic nature of the document.	Assistant Director – Legal and Democratic Services	May 2022	February 2023
Enforcement files 2021-22	Legal Services	Data retention Processes must be implemented to apply data retention policies for the data within the case management system. All historic data from legacy systems must be subject to this same policy.	Policy/procedure and ancillary documents – closing form shall include a link to the corporate retention schedule (in which Legal & Democratic services have an area) and the form has sections which lawyers are expected to complete in order to advise support colleagues as to the relevant dates for their matter. In addition, opening/closing procedure will form part of the wider Legal Services Office Manual. Anticipated date: w/c Monday 13th February 2023 due to the organic nature of the document.	Assistant Director – Legal and Democratic Services	June 2022	February 2023

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date	Revised Date (if provided)
Governance of Children's Trust 2021-22	Children's Services	Intelligent Client Function To develop a framework for assessing the effectiveness of the Client Function	On-going - Bevan Brittan were instructed to provide advice which was provided on 19/12/2022. The advice stated that the Councils should: 1. Enter into an Interface Agreement (inter authority agreement) 2. Document and agree an operational document that governs the role of the ICF so that the split of liabilities and governance arrangements between the Councils and the ICF are more clearly understood. This advice was discussed at the Joint Officer Board on 19th January 2023 with further actions agreed to be reported back on at the meeting in Feb 2023. A revised timescale will be agreed with Joint Officer Board to prepare a report which defines the roles and responsibilities of the Client Function, sets out metrics / mechanisms to assess its effectiveness and describes an annual review process as recommended by the audit report.	Director of Children's Services / Assistant Director Commissioning and Partnership	31/08/2022	TBC
Governance of Children's Trust 2021-22	Children's Services	Service delivery contract Development of detailed protocols for issues such as unregulated or unregistered placements and Ofsted inspections.	On-going - The ICF are working with the Councils and NCT to review and agree amendments to arrangements for ICF assurance of NCT services delivered on behalf of the Councils. This will include data provided by NCT, regular deep dives into thematic areas, refreshing KPI's and targets/tolerances and case tracking completed by ICF staff. This will ensure that robust scrutiny and assurance of NCT's activities in delivering services for which the Councils, through there respective Directors	Director of Children's Services / Assistant Director Commissioning and Partnership	30/09/2022	TBC

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date	Revised Date (if provided)
			of Children's Services have statutory responsibilities for. It is hoped that this work will be completed by March 2023. Legal advice will be instructed to support the implementation of this work as and when required.			

Limitations and Responsibilities

Limitations inherent to the internal auditor's work

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

Opinion

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

Internal control

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

Future periods

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:
- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

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