Finance, Resources, Audit and Governance Committee

Friday 25 November 2016

9:30am, Colman Room
South Norfolk House, Cygnet Court, Long Stratton, Norwich, NR15 2XE

If you have any special requirements in order to attend this meeting, please let us know in advance
Large print version can be made available

Contact Sue Elliott on 01508 533869 or democracy@s-norfolk.gov.uk
Members of the Finance, Resources, Audit and Governance Committee:

Mr P Hardy (Chairman)
Mr T Palmer (Vice-Chairman)
Mr L Dale
Mr W Kemp
Mr T Lewis
Mr R Savage
Mr G Wheatley

This meeting may be filmed, recorded or photographed by the public; however anyone who wishes to do so must inform the chairman and ensure it is done in a non-disruptive and public manner. Please review the Council’s guidance on filming and recording meetings available in the meeting room.
Agenda

1. To report apologies for absence and to identify substitute members;

2. Any items of business which the Chairman decides should be considered as a matter of urgency pursuant to Section 100B(4)(b) of the Local Government Act, 1972. Urgent business may only be taken if, "by reason of special circumstances" (which will be recorded in the minutes), the Chairman of the meeting is of the opinion that the item should be considered as a matter of urgency;

3. To Receive Declarations of Interest from Members; (please see guidance – page 11)

4. To confirm the minutes of the FRAG Committee held on 28 July 2016; (attached – page 12)

5. Progress Report on Internal Audit Activity; (attached – page 17)

6. Internal Audit Follow Up Report; (to follow)

7. Annual Audit Letter; (attached – page 52)

8. Asset Management Plan; (attached – page 76)


10. FRAG Work Programme; (attached – page 116)
Glossary

General Terms

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

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

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

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

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

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

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

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

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

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

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

JCS – Joint Core Strategy – sets out the general vision and objectives for delivering the local development framework
**JOURNAL** - The transfer of a transaction to either a different cost centre or a different categorisation within the finance system e.g. transfer of an item of expenditure between HR and Planning or the transfer of expenditure from electricity to water. These are used to correct input errors, share costs/income between cost centres or to record expenditure or income which has not yet been invoiced.

**KPI** - Key Performance Indicator

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

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

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

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

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

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

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

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

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

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

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

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

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

**RAD** - Rent Assisted Deposit scheme.

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

**SLA** – *Service Level Agreement* – an agreement that sets out the terms of reference for when one organisation provides a service to another
MTP – *Medium Term Plan* – sets out the future forecast financial position of the Council

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

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

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

**Audit Terminology**

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

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

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

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

**Accounting Terminology**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**International Accounting and Financial Reporting Standards Reference Numbers**

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

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

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

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

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

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

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

AXIS - Income receiving system which interacts directly with Integra

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

eXpress – the electoral registration system

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

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

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

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

LALPAC – system used to record licensing details
Working Style of Cabinet Policy Committees

Member Leadership
Members of the Committees will take the lead in understanding the direction provided by Cabinet and delivering work to Cabinet requirements. Whilst recognising political allegiances, members will work in a collaborative manner with officers and cabinet portfolio holders to consider the relevant issues when developing Council policy.

Collaborative Working
All meetings of the Committees will be constructive and conducted in a spirit of mutual respect and trust. Officers will commit to supplying meetings with information relevant to making informed decisions on policies and matters. Members will commit to thoroughly reading and understanding papers, raising questions that are pertinent to the issues at stake. Members will, where feasible, agree definable actions to be taken forward by officers to develop policy, rather than having items for noting or simply to discuss.

Frequency and Nature of Meeting
Each Committee will have at least 3 formal, public meetings per year. In assessing items delegated by Cabinet for review, the Committee may decide that it wishes to meet on a more or less frequent basis.

The Committee may also hold informal meetings should it require in order to progress specific items in detail. However, if the Committee is meeting to determine whether to refer items for Cabinet approval, the meeting should follow the Council's Standing Orders and thus be subject to a formal agenda, be held in public and the meeting recorded.

Informal meetings may be held in any manner suitable for conducting business (e.g. via meeting, conference call, circulation of information via e-mail, or site visits); while relevant information will be supplied by officers where appropriate, these meetings will not be subject to a formal agenda or minutes. Where business of the Committee is undertaken through informal meeting, all members of the Committee will be provided opportunity to participate. Members will expect to be able to participate in a free and frank exchange of views when deliberating subjects.

Training
Members commit to undertaking development – for example, attending formal training sessions, or reading relevant background material, in order to properly equip themselves to deliver their expected role fully.

Accountability
The Policy Committees will be accountable to Cabinet. They will not be able to make decisions themselves, but can recommend decisions to Cabinet. Cabinet may review whether the Committees are discharging their duties effectively, and may receive progress reports on how the Policy Committee is working to discharge its duties.
Work Programmes
The Work Programmes for the Policy Committee will be established by Cabinet. Members of the Committee will not be able to raise items to be included in the work programme. Where topics have been identified for inclusion in the work programme, the Committee will work to identify how it will discharge its responsibilities, including the resources required to do so.

Managing Time
However the Committee is meeting, it will attempt to conclude the business of each meeting in reasonable time. The Chairman will be responsible for ensuring the meeting stays focused on pertinent issue, and does not become side-tracked on issues that are not relevant to the policy under consideration, or those that should be discussed by a separate committee.
DECLARATIONS OF INTEREST AT MEETINGS

Members are asked to declare any interests they have in the meeting. Members are required to identify the nature of the interest and the agenda item to which it relates.

- In the case of other interests, the member may speak and vote on the matter.
- If it is a pecuniary interest, the member must withdraw from the meeting when it is discussed.
- If it affects or relates to a pecuniary interest the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting.
- Members are also requested when appropriate to make any declarations under the Code of Practice on Planning and Judicial matters.
- In any case, members have the right to remove themselves from the meeting or the voting if they consider, in the circumstances, it is appropriate to do so.

Should Members have any concerns relating to interests they have, they are encouraged to contact the Monitoring Officer (or Deputy) or another member of the Democratic Services Team in advance of the meeting.
FINANCE, RESOURCES, AUDIT AND GOVERNANCE COMMITTEE

Minutes of a meeting of the Finance, Resources, Audit and Governance Committee of South Norfolk Council held at South Norfolk House, Long Stratton, on Thursday 28 July 2016 at 9.30 am.

Committee Members Present: Councillors: P Hardy (Chairman), L Dale, W Kemp, T Lewis and T Palmer

Apologies: Councillors: R Savage and G Wheatley

Substitute Members Present: Councillors: D Goldson for R Savage and D Bills for G Wheatley

Officers in Attendance: The Director of Business Development (D Lorimer) the Accountancy Manager (M Fernandez-Graham) and the Senior Accountant (J Brown)

Others Present: Tina Meyer and Kevin Suter (Ernst Young) Alexander Younger and Jo Quarterman (Norfolk Pension Fund)

122 MINUTES

Subject to a minor amendment, the minutes of the meeting held on 24 June 2016 were confirmed as a correct record and signed by the Chairman.

Regarding Minute 121, the Committee received a written update from the Internal Audit Consortium Manager. In response to a member’s question, the Director of Business Development clarified that the term ‘CAE’ referred to the Chief Audit Executive i.e the Head of Internal Audit.
123 AUDITED STATEMENT OF ACCOUNTS 2015/16

The Accountancy Manager presented the Statement of Accounts for 2015/16, advising members that although the audit had not yet quite been finalised, it was anticipated that unqualified opinions for both the financial statements and value for money would be issued. Members were advised of a few alterations to the accounts since they had been reviewed in draft form, but noted that these had mainly been due to a reclassification of headings in the balance sheet for Big Sky Developments and Section 106 monies held on behalf of Costessey Town Council, and that only one change affecting the Council’s net worth had been made.

The Chairman welcomed Alexander Younger and Jo Quarterman from Norfolk Pension Fund to the meeting and invited them to provide a presentation to the Committee, regarding the pension fund and how transactions relating to this were reported through the Statement of Accounts and the relevant notes to the Accounts. (The presentation is appended to these minutes).

Members were provided with information regarding the major reform in public sector pensions following the Independent Public Service Pension Commission report, and were advised of some of the implications to the Local Government Pension Scheme (LGPS) as a result of these changes, in particular its move from a final salary scheme to a career average scheme in 2014. The Committee was also made aware of the wider reform and main focusses of pensions; most recently the emphasis placed on efficiency and the structure of its assets.

Jo Quarterman explained that the LGPS differed from the majority of other public service schemes in that it was a funded defined benefits scheme whose funds were held in assets, as opposed to most other public service schemes where benefits were paid from taxation income. Members were advised about the administration and governance of the scheme, and were provided with figures regarding the numbers of active members, deferred members (previous employees who had frozen their benefits), and those members already in receipt of pension benefits. In response to a member’s question regarding the rise in numbers of active members, Alexander Younger clarified that this could mainly be attributed to the auto-enrollment of new employees into the pension scheme and also the increase in non-teaching staff in schools (in particular those in academies). Jo Quarterman added that many of the members were employed on a part time basis so it was difficult to accurately assess the figures as the figures referred to headcount.

In response to a concern raised regarding the level of expertise and knowledge of those members on the Pension Committee and Local Pensions Board, members were reassured that independent advisers and actuaries were frequently consulted and that there was a mandatory training requirement for Board Members.
A query was raised regarding pension freedoms and it was confirmed that, although it was possible for pension scheme members to take a cash transfer from their scheme to re-invest in a private plan before retirement, there was a requirement for the employee to take independent financial advice. The Committee was reassured that the incidence of employees exercising this option was so rare that it was not felt that this presented any risk to the scheme’s cash flow.

Alexander Younger provided members with details which related to the pension notes given in the accounts, as detailed in the appended presentation, and spoke about the financial assumptions made when calculating the balance sheet and the revenue account.

In relation to the ‘Past Service Costs’ shown in the Comprehensive Income and Expenditure Statement included within the Statement of Accounts, the Director of Business Development clarified that where a member of staff requested to take early retirement after the age of 55, any costs to the Council would be recouped from that employee. She advised that there was an increase in staff taking early retirement or reducing their working hours whilst drawing benefits from their pension fund.

The Committee was advised of the focus placed on efficiency and the structure of its assets as part of the reform, in particular the introduction of asset pooling between pension schemes, in order to reduce costs while maintaining investment performance. Jo Quarterman reassured members that Norfolk Pension Fund’s view was to use evidence when making decisions and that the Local Government Scheme was already cheaper to run than many corporate pension funds. Members were advised of the criteria for pooling investments and were given details of the Norfolk Pension Fund’s inclusion in ‘ACCESS’, which had been set up as a collaboration of central, eastern and southern shires, consisting of around 3,000 employers and 900,000 members. It was stressed that only the operational management of investments was pooled, so this did not take investment decisions away from the local democratic process.

The Chairman thanked Alexander Younger and Jo Quarterman for their informative presentation and it was then:

RESOLVED: To

1. Note the adjustments to the Statement of Accounts 2015/16;
2. Delegate to the Accountancy Manager to make any necessary adjustments to the Statements for sign-off and publication by 2 August 2016.
3. Delegate the Chairman of the Finance, Resources, Audit and Governance Committee to sign the letter of representation alongside the Director of Business Development.
124  AUDIT RESULTS REPORT AND DRAFT OPINION

Members considered the Audit Results Report for the year ended 31 March 2016 which was presented by Kevin Suter from Ernst & Young (EY). The Committee was advised that the audit was in its final stages and that it was anticipated that work would be completed during the next week.

Mr Suter explained that considerable work had been necessary to audit the group accounts due to the formation of Big Sky Developments and the other companies, as it had been important to ensure the fundamentals were in place so that future audits could be less extensive. He also stressed that should the Council make another similar investment in the future, it would be necessary to repeat the same complex process during audit. The Committee was advised that fees for the work had not yet been agreed but that this would be reported back to a future meeting of the Committee.

In response to a member’s question regarding ‘materiality’ it was confirmed that the Audit Results Report reflected EY’s opinion that SNC’s accounts reasonably stated the Council’s position but, as the auditors could not confirm that every aspect had been checked, there would be some margin for error.

In response to a request from the Chairman, Mr Suter agreed that, in the event of the audit not being completed before 2 August when the Annual Governance Statement was due to be signed by the Chairman, he would notify Cllr Hardy accordingly.

The Chairman thanked Kevin Suter and Tina Meyer, and members noted the report.

125  ANNUAL GOVERNANCE STATEMENT

The Accountancy Manager presented the Annual Governance Statement for 2015/16 and explained to members that the statement was a reflection of the Council’s overall governance arrangements. The Committee was informed that, as in the previous year, a ‘reasonable’ audit opinion had been given by the Audit Manager.

In response to a member’s query it was noted that the wording in paragraph 2.4 of the background to the report should have indicated that members had made the decision to continue to include the Annual Governance Statement within the Statement of Accounts.
It was then:

RESOLVED: To

Approve the Annual Governance Statement for signature by the Chief Executive and the Leader of the Council.

126 FINANCE, RESOURCES, AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME

Members noted the Finance, Resources, Audit & Governance Committee’s Work Programme.

The Chairman advised that two items would be added to the agenda for the next meeting of the Finance, Resources, Audit and Governance Committee on 25 November 2016. These would be:

- Asset Management Plan
- Ombudsman Complaints Report

The meeting concluded at 11.10 am

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Chairman
Eastern Internal Audit Services

SOUTH NORFOLK COUNCIL

Progress Report on Internal Audit Activity

Period Covered: 1 April 2016 to 15 November

Responsible Officer: Emma Hodds – Internal Audit Consortium Manager (IACM)

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1. **INTRODUCTION**

1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.

1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive (known in this context as the Internal Audit Consortium Manager) to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.

1.3 To comply with the above this report includes:-

   - Any significant changes to the approved Audit Plan;
   - Progress made in delivering the agreed audits for the year;
   - Any significant outcomes arising from those audits; and
   - Performance Indicator outcomes to date.

2. **SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN**

2.1 At the meeting on 11 March 2016, the Annual Internal Audit Plan for the year was approved, identifying the specific audits to be delivered. At the time of presenting the report the IT audits for the year were still to be confirmed. The coverage in this area is as follows:

<table>
<thead>
<tr>
<th>Application</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Integra 2</strong></td>
<td>Integra is the Council’s Finance Application, which was upgraded to Integra 2 in late 2015 / early 2016. As this was a major upgrade, an audit of the upgraded application will be undertaken to ensure appropriate controls remain in place.</td>
</tr>
<tr>
<td><strong>Walled Garden</strong></td>
<td>A “Walled Garden” is a closed IT network protected by internal firewalls that secure personally-identifiable customer information derived from the Department of Work and Pensions information and other sources, from unauthorised access, including from the rest of the network at the Council. This infrastructure has been implemented as a result of PSN compliance requirements, and the audit will ensure appropriate IT controls are in place to safeguard the information therein.</td>
</tr>
<tr>
<td><strong>EZRunner</strong></td>
<td>Ez-Runner is the Council’s Leisure Centre Management Application; this has not been subject to review before. The audit will ensure that controls in relation to data, access, interfaces, management trails, back up &amp; recovery and support arrangements are appropriate to ensure that system works effectively and efficiently.</td>
</tr>
</tbody>
</table>
3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

3.1 The current position in completing audits to date within the financial year is shown in Appendix 1 and progress to date is in line with expectations.

3.2 In summary 145 days of programmed work has been completed, equating to 60% of the (revised) Audit Plan for 2016/17.

4. THE OUTCOMES ARISING FROM OUR WORK

4.1 On completion of each individual audit an assurance level is awarded using the definitions shown in the table below.

<table>
<thead>
<tr>
<th>Assurance Level</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substantial Assurance</td>
<td>Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.</td>
</tr>
<tr>
<td>Reasonable Assurance</td>
<td>Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.</td>
</tr>
<tr>
<td>Limited Assurance</td>
<td>Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.</td>
</tr>
<tr>
<td>No Assurance</td>
<td>Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.</td>
</tr>
</tbody>
</table>

4.2 Recommendations made on completion of audit work are prioritised using the definitions shown in the table below.

<table>
<thead>
<tr>
<th>Priority</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urgent</td>
<td>Fundamental control issue on which action to implement should be taken within 1 month.</td>
</tr>
<tr>
<td>Important</td>
<td>Control issue on which action to implement should be taken within 3 months.</td>
</tr>
<tr>
<td>Needs</td>
<td>Control issue on which action to implement should be taken within 6 months.</td>
</tr>
</tbody>
</table>
4.3 In addition, on completion of audit work “Operational Effectiveness Matters” are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

4.4 During the period covered by the report Internal Audit Services have issued eight final reports and the Executive Summary of these reports are attached at Appendix 2, full copies of these reports can be requested by Members from the Internal Audit Consortium Manager.

4.5 As a result of these audits 47 recommendations have been raised; no urgent (priority one), 20 important (priority two) and 27 needs attention (priority three).

Of these 47, 46 have been agreed by management and one has been disagreed, and is explored further in the following paragraph (4.6) within the Walled Garden summary.

In addition five Operational Effectiveness Matters have been proposed to management for consideration.

4.6 In summary the final reports issued conclude the following:

**CNC Building Control – Reasonable Assurance**

The audit reviewed; procedures & processing of applications, plan checks & decisions, inspections & completion certificates, fees & income and performance management.

On conclusion three important recommendations were agreed with management. Two relate to ensuring that; documentary evidence of plan checks is retained and that a sample check of applications to be undertaken prior to the issue of completion certificates, both of which were addressed through a new completions process and have been successfully closed. The third recommendation was to ensure that the reconciliations between the general ledger and the building control system were brought up to date and then completed in a timely and regular manner. This reconciliation is part of a wider review by Internal Audit and Finance in relation to all reconciliations across the Council and is work in progress.

**Early Help Hub – Limited Assurance**

The audit reviewed; receipt of information, flow of information, security of information including adherence to Data Protection requirements, efficiency of processes (manual system versus electronic) and service monitoring by the Early Help Improvement Board and the Council.

On conclusion of the review seven important and six needs attention recommendations were agreed with management to address control weaknesses. The important recommendations relate to; (1) the receipt of information with regards to an audit trail; (2) ensuring there is written guidance for key processes, (3) retaining a signed copy of the co-location agreement, (4) ensuring there is an up to date data exchange agreement, (5) ensuring compliance by all parties to SNC Data Protection requirements (6) reviewing the governance structure in place to ensure that this is fit for purpose and (7) reviewing the service in terms of outcomes achieved.
Home Options – Reasonable Assurance

The audit reviewed; policies & strategies, management & monitoring of the current Service Level Agreement (SLA) and the SLA arrangements (longer term).

The reviewed concluded with two important and four needs attention recommendations being agreed with management. The important recommendations relate to; preparing a formal plan to ensure the Council can fulfil its statutory duties for provision of housing, this is being achieved through a task and finish group to determine the level of provision needed to meet all parties’ statutory duties and requirements, and ensuring that SLA invoices are prepared and sent in a timely manner.

Leisure – Reasonable Assurance

This audit focused on the cash handling arrangements, stock control and banking management for all three sites following the reorganisation of the service. The audit also reviewed the Council’s progress with attaining Quest accreditation through the development of a Quality Management Systems (QMS).

The review concluded with three important and two needs attention recommendations being agreed with management. The important recommendations relate to; two members of staff documenting & undertaking the cash up of the tills & vending machines, reconciliation of the leisure centre income to the general ledger being up to date and formally recording the completion of the stock takes & any discrepancies found.

Licensing and Food Safety – Reasonable Assurance

The audit covered; business development, food safety (policies & procedures, registration, hygiene inspections & complaints) and licensing (registration & issue of licences, payment & recording of income). No recommendations were made in the first two areas and three needs attention recommendations were agreed with management in relation to licensing.

Housing Strategy and Affordable Housing – Reasonable Assurance

The reviewed the systems and controls in place within Housing Strategy and Affordable Housing, to help confirm that these are operating adequately, effectively and efficiently.

No recommendations were made in relation to the Housing Strategy and one important and one needs attention recommendations were agreed with management in relation to Affordable Housing. The important recommendation is to ensure that that the outcomes of the review of the viability appraisal submitted with an application of variation to a section 106 agreement is documented and retained on file, this has already been addressed by management.

Integra 2 – Reasonable Assurance

The finance application – Integra - has recently been upgraded and the audit was undertaken to ensure that the appropriate controls remain within the system, and that these are effective and efficient.

The audit concluded with two important and six needs attention recommendations being agreed with management. The important recommendations relate to ensuring; that system administration is only allocated where this level of access is required and to resolve the issues with the test environment for Integra 2; both of which have been appropriate actioned by management.
Walled Garden – Reasonable Assurance

A “Walled Garden” is a closed IT network protected by internal firewalls that secure personally-identifiable customer information derived from the Department of Work and Pensions information and other sources, from unauthorised access, including from the rest of the network at the Council. The audit reviewed the controls in place within this area to ensure they are at the required standard.

On conclusion of the review two important and five needs attention recommendations were agreed with management. The important recommendations relate to ensuring that; system administrators of the systems within the walled garden grant the appropriate level of access to the auditors undertaking reviews & that this is pre-agreed with the Head of Internal Audit and that intrusion protection is activated to prevent unauthorised access to the systems within the walled garden.

A needs attention recommendation was disagreed by management which was to consider improving the resilience in place for PSN firewall, the management response was; “after internal discussion we have agreed that we do not wish to pursue the dual firewall option discussed during the audit, due to the cost involved we are happy to acknowledge and accept the potential risk of our current configuration”.

4.7 It is also pleasing to note that seven of the eight audits concluded in a positive opinion being awarded, indicating a strong and stable control environment within these areas, with no issues that would need to be considered at year end and included in the Annual Governance Statement.

The significant issues raised within the Early Help Hub audit should all be addressed by management through the recommendations raised within the report by financial year end. This will be reviewed and assessed for inclusion when the Head of Internal Audit’s Annual Report is drafted.

5. PERFORMANCE MEASURES

5.1 The new Internal Audit Services contract includes a suite of key performance measures against which the new contractor will be reviewed on a quarterly basis. There are a total of 11 indicators, over 4 areas. The performance measures can be seen at Appendix 3.

5.2 There are individual requirements for performance in relation to each measure; however performance will be assessed on an overall basis as follows (for the first year):

- 9-11 KPIs have met target = Green Status.
- 5-8 KPIs have met target = Amber Status.
- 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by the contractor and agreed with the Internal Audit Consortium Manager to ensure that appropriate action is taken.

5.3 The first two quarters work has been completed and two reports on the performance measures was provided to the Internal Audit Consortium Manager, outcomes highlights that the performance of the contractor is as expected and no issues need addressing.

5.4 In addition to these quarterly reports from the Contractors Audit Director, ongoing weekly updates are provided to ensure that delivery of the audit plan for the current financial year is
on track. A review of the most recent update indicates that the audit plan has to date progressed as planned and audits are being completed in line with expectations.

6. PROPOSAL

6.1 The Finance, Resources, Audit and Governance Committee are requested to receive and note the Progress Report. In doing so the Committee is ensuring that the Internal Audit Service remains compliant with professional auditing standards.

7. RECOMMENDATIONS

7.1 That members note the outcomes of the eight completed audits in the period covered by this report, and the position of the (revised) Internal Audit Plan for 2016/17.
## APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

<table>
<thead>
<tr>
<th>Audit Area</th>
<th>Audit Ref</th>
<th>No. of days</th>
<th>Revised Days</th>
<th>Days Delivered</th>
<th>Status</th>
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APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Assurance Review of CNC Building Control

Executive Summary

OVERALL ASSURANCE ASSESSMENT

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<th>CONTROL AREA</th>
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ACTION POINTS

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SCOPE
The objective of the audit was to review the systems and controls in place for managing CNC Building Control, as detailed in the action points above, to help confirm that these are operating adequately, effectively and efficiently.
RATIONALE

• The systems and processes of internal control are, overall, deemed ‘Reasonable’ in managing the risks associated with the management of CNC Building Control. The assurance opinion has been derived as a result of three ‘important’ recommendations being raised upon the conclusion of our work.

• The audit has also raised one ‘operational effectiveness matter’, which sets out a matter identified during the assignment where there may be an opportunity for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

Positive Findings

We found that the Council has demonstrated the following points of good practice as identified in this review and we will be sharing details of these operational provisions with other member authorities in the Consortium:

• The indexation of documentation and review process for process maps and procedure notes for the purposes of managing building control applications, is well established and this is reflected in the recent award of ISO accreditation in February 2016.

• The robust and fit for purpose IDOX Uniform system used by the Council provides a variety of useful tools and functions to facilitate the Building Control Team in providing services to customers and the member authorities.

It is acknowledged there are areas where sound controls are in place and operating consistently:

• Procedures are in place for all aspects of building control which are regularly reviewed as part of a rolling audit programme.

• Building control application plans are checked against building regulations by qualified surveyors prior to decisions being made.

• Building control fees have been set, approved and charged to applicants in accordance with Council policy and statutory regulations.

• Building control application decisions and completions are authorised in line with delegated levels of authority.

• Fees for inspections are invoiced for in a timely manner.

• Key performance indicator monitoring is undertaken for all aspects of the building control service with weekly management team meetings and bi-annual CNC Board meetings to discuss and resolve any issues identified.
Issues to be addressed

The audit has highlighted the following areas whereby controls would benefit from being strengthened, and as a result of these findings three ‘important’ recommendations have been made.

Plan checks and decisions

- Documentary evidence of full plan checks undertaken by surveyors is to be retained on file and easily accessible in order to reduce the risk of the Council being unable to demonstrate compliance to correct procedure if disputes were to arise, which may lead to reputational damage for the Council.

Inspections and completion certificates

- An independent sample check of applications be undertaken prior to the issue of completion certificates so as to mitigate the risk that fraudulent or erroneous applications go undetected and processed, leading to financial loss and reputational damage for the Council.

Fees and income

- Reconciliations between the building control system and the general ledger to be brought up to date, kept up to date and independently reviewed, so as to reduce the risk of income being incorrectly accounted for within the Council's accounts and or not being accurately monitored against budget estimates.

Operational Effectiveness Matters

The operational effectiveness matter, for management to consider relates to the need undertake regular reviews of user access within the IDOX Uniform system to ensure that user access remains relevant and appropriate.

During testing of full plan building control applications, two instances were identified where the issue of the decision notice had not been undertaken within the statutory five or eight week deadline. Management have accepted the potential risk posed and have deemed that the risk to be mitigated by the current controls in place, therefore a recommendation has not been raised.
Assurance Review of Early Help Hub

Executive Summary

OVERALL ASSURANCE ASSESSMENT

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<thead>
<tr>
<th>Control Area</th>
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* Refers also to Receipt of information.

SCOPE

The objective of the audit was to review the systems and controls in place within the Early Help Hub, with specific focus on receipt of information, flow of information, security of information including adherence to data protection requirements, efficiency of processes and service monitoring by the Early Help Improvement Board and the Council.
RATIONALE

- The systems and processes of internal control are, overall, deemed ‘Limited’ in managing the risks associated with Early Help Hub. The assurance opinion has been derived as a result of seven ‘important’ and six ‘needs attention’ recommendations being raised upon the conclusion of our work.

- It is recognised that the Early Help Hub has developed a collaborative approach, through partnership working, to enable early intervention and ensure that those in need can easily access the help required to reach their potential. The recommendations raised within this report should ensure that; the processes followed by all partners are as efficient and effective as they can be (including the use of IT systems), that the receipt, flow and security of information is well controlled, that governance arrangements are finalised and that the service review will enable a clear and transparent cost and value of the service to be identified.

KEY FINDINGS

Positive Findings

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Uniform system is now being used by the Early Help Hub Team to record requests for support applications. This system has only been in use recently and is still being reviewed to ensure it is fit for purpose. However, this should improve the efficiency of the service through the semi-automation of the request for supporting the application process. Applications submitted through the South Norfolk Council (SNC) website and intranet automatically populate Uniform and generate an email informing the Early Help Hub Team that a request has been made.

- Access to the Early Help Hub spreadsheet and Uniform system for recording requests for support applications is restricted to relevant staff with the use of passwords controlled in accordance with corporate SNC ICT Policies.

- Performance of the Early Help Hub is measured through the production of a performance dashboard which is reported to the Early Help Improvement Board in the form of locality updates. In addition to this, themes for 2016/17 are in place which, include outcomes and measures. These will be reported to the improvement board from quarter two of 2016/17.

- The Council has registered all relevant data, including data shared within the Early Help Hub, with the Information Commissioner.

- Currently, there is a project scoping review being looked at by the Strategic Leadership Team (SLT) which includes an analysis of internal and external service interactions with the Early Help Hub; use of South Norfolk District Council facilities (including resources and technology) and; to identify areas for improvement and subsequently measure the “hard” (tangible) benefits after implementation. A progress report is due to be presented to the SLT at its meeting scheduled for 26th July 2016. The findings of this audit will be shared with this review thereby providing a joined up approach.
Issues to be addressed

The audit has highlighted the following areas where seven ‘important’ recommendations have been made.

Receipt of information

- The request form to be fully completed, ensuring a complete audit trail and thereby mitigating the risk of unreliable information being used which could lead to cases being resolved incorrectly and or action being delayed.

Flow of information

- Written guidance/procedures are produced for all elements of the Early Help Hub process including; the receipt of information, how this information is to be sent to the relevant partner and how this is to be followed up. This should mitigate the risks of inconsistent practices occurring and inefficient and ineffective processes being applied.

Security of information including adherence to Data Protection requirements

- To obtain signed Co-location agreements for all Early Help Hub practitioners so as to reduce the risk of weakening the Council’s legal position should non compliances arise.
- To ensure an up to date Data Exchange Agreement is provided for the South Norfolk Early Help Hub thereby helping to mitigate the risk that there is a breach of data protection requirements.
- To obtain separate confirmation from all partner organisations that they have read and agree to comply with, the SNC Data Protection Policy thereby mitigating the risk to the Council of potential breaches with the disclosure of confidential data.

Service monitoring by the Early Help Improvement Board and the Council (including the SLT)

- The current (and previous) governance arrangements to be reviewed to ensure that the TOR are fit for purpose, that there are appropriate links between the group, that decisions are made at the right level and that local issues are sufficiently discussed. This may involve consideration of a local steering group or locality board mitigating the risk that there is insufficient governance on a local basis leading to local issues not being addressed and ultimately the Early Help Hub’s objective not being achieved.

- Quarterly performance information is reported to the SLT including outcomes for the customers; potential savings across the Early Help Partner; high level data on sources/types of requests for support and the status of the implementation of the Uniform system. This should mitigate the risk that outcomes/performance is, including adverse performance where applicable, is not considered and addressed at the strategic level within the Council.

The audit has also highlighted the following areas where six ‘needs attention’ recommendations have been made.

Receipt of information

- To include more detail as part of the ongoing review of the Early Help request form and the finalisation of the Uniform module. This should help mitigate the risk of incomplete and or unreliable information being used which could lead to cases being resolved incorrectly and action being delayed.
Flow of information

- To commence obtaining and formally documenting user and partner feedback regarding the service which is reported to the Early Help Improvement Board as part of the locality updates so as to mitigate the risk that a poor level of service is provided and objectives not being met.

Security of information including adherence to Data Protection requirements

- To fully populate the partner contact list with approved named individuals mitigating the risk that information is disclosed to unauthorised personnel.

- A review be undertaken of the Co-location agreement and Data Exchange Agreement so that they take in to account the requirements of the SNC ICT Policies mitigating the risk that partner organisations and internal staff are not made aware of these resulting in insufficient protection for the Council.

Efficiency of processes

- To undertake a risk assessment of the Early Help Hub which, identifies all risks that could prevent the objectives of the Early Help Hub from being achieved.

Service monitoring by the Early Help Improvement Board and the Council (including the SLT)

- The South Norfolk Early Help Executive Group Action Plan to be regularly updated with current progress mitigating the risk that agreed outcomes/actions are not completed as intended.
Assurance Review of Home Options

Executive Summary

OVERALL ASSURANCE ASSESSMENT

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SCOPE

The objective of the audit is to review the systems and controls in place within Housing Options, with specific focus on Policies and strategies, Management and monitoring of the current SLA and SLA arrangements (longer term).
RATIONALE

- The systems and processes of internal control are, overall, deemed ‘Reasonable’ in managing the risks associated with Home Options. The assurance opinion has been derived as a result of two ‘important’ and four ‘needs attention’ recommendations being raised upon the conclusion of our work.

- The audit has also raised one ‘operational effectiveness matter’, which set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

Positive Findings

It is acknowledged there are areas where sound controls are in place and operating consistently:

- There is a Housing Allocations Scheme policy dated April 2012. The policy includes details of the Council’s obligations for housing allocations as defined in the 1996 Housing Act. The document has been reviewed and updated in the current year and was presented to the Cabinet meeting on the 3rd May 2016. The changes suggested, relating to local eligibility, required further clarification with worked examples. A revised version was due to be presented for approval to the Cabinet meeting on 13th June 2016, although has been deferred until the Cabinet meeting scheduled for 18th July 2016.

- In February 2016 a Home Options Cost Proposal was prepared by the Housing Access and Standards Manager which provided a breakdown of the charge, at the request of the Landlords. In order to provide a breakdown, an assessment of the time taken to produce a housing application was prepared. Cost summaries for the department were also provided in order to give an hourly rate per assessment.

- Housing register applications were being assessed in accordance with the current Housing Allocations Scheme. As such, the Council is complying with its statutory duties.

- Within the SLA there is a section on the Vision and Objectives that are expected to be achieved. There are seven objectives and a review of these was completed to ensure that the Council was providing services in a way that met those objectives.

Issues to be addressed

The audit has highlighted the following areas where two ‘important’ recommendations have been made.

SLA Arrangements (longer term)

- The Council needs to be able to demonstrate, through a formal plan, that it can discharge its statutory duties in relation to housing options should the registered providers withdraw from the current SLA and / or not sign up to a new SLA, when the current SLA expires in 2018. There is a risk that the Council may be unable to meet its statutory duties for home options, without the continued support of the registered providers.

Management and monitoring of current SLA

- Invoices to be raised promptly at the start of each financial year in accordance with the terms of the current SLA, so as to reduce the risk that income due to the Council is delayed or not received, as was found to be the case with the invoice for Saffron Housing for 2015/16, which had not been requested by Housing until August 2015 and not actually raised by Finance until March 2016. Three further invoices for 2015/16 also remained unpaid at the time of the audit fieldwork. At the time of the review (June 2016) invoices for 2016/17 had not been raised.
The audit has also highlighted the following areas where four ‘needs attention’ recommendations have been made.

**Management and monitoring of current SLA**

- Dates for meeting with registered providers to discuss the longer term SLA arrangements be agreed forthwith as without this there may be inadequate time available to produce reports supporting the Council’s position and engagement with the providers may be lost with no formal agreement in place for future provision once the current SLA expires.

- Information relating to Home Options requires review on the website to provide greater clarity of the services provided by the Council so as reduce the risk of the Council not be meeting one of the objectives of the SLA, as information on Home Options is not clear or concise.

- A need to confirm the accuracy of the figures calculated for the Home Options Cost Proposal for 2015/16 and to provide a breakdown of the costs being invoiced to registered providers for future costs, thereby reducing the risk of figures being inaccurate and or queried.

**SLA arrangements (longer term)**

- A plan for benchmarking against other Councils be agreed which allows time for data to be reviewed in advance of meetings with registered providers. Without such a plan, benchmarking data is either not obtained or obtained too late for it to be properly analysed, thereby weakening the Council’s position in negotiating a new SLA.

**Operational Effectiveness Matters**

The operational effectiveness matter, for management to consider, relates to copies of signed SLA’s. Each Housing Association has an agreed SLA with the Council which was produced in 2012. The SLA’s are all identical to ensure consistency of service. Signed copies were held for seven of the eleven Housing Associations. The Housing Options Team Leader contacted the Associations for copies, however they were unable to provide.
Assurance Review of Leisure

Executive Summary

OVERALL ASSURANCE ASSESSMENT

<table>
<thead>
<tr>
<th>Control Area</th>
<th>Urgent</th>
<th>Important</th>
<th>Needs Attention</th>
<th>Operational</th>
</tr>
</thead>
<tbody>
<tr>
<td>QMS/Quest procedures</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cash handling arrangements</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Banking management</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Stock control</td>
<td>0</td>
<td>1</td>
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<td>1</td>
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<tr>
<td><strong>Total</strong></td>
<td>0</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

SCOPE

The objective of the audit was to review the systems and controls in place within Leisure, with specific focus on QMS/Quest procedures, cash handling arrangements, banking management and stock control.
RATIONALE

• The systems and processes of internal control are, overall, deemed ‘reasonable’ in managing the risks associated with Leisure. The assurance opinion has been derived as a result of three ‘important’ and two ‘needs attention’ recommendations being raised upon the conclusion of our work.

• The audit has also raised one ‘operational effectiveness matter’, which sets out a matter identified during the assignment where there may be an opportunity for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

Positive Findings

It is acknowledged there are areas where sound controls are in place and operating consistently:

QMS/Quest procedures

• Quality Management Systems and procedures are in place to provide effective guidance on all aspects of leisure services and are operating across all three leisure centres.

Cash handling arrangements

• Cash is securely held at leisure centres prior to banking.

Banking management

• Cash taken at leisure centres is banked on a regular basis, and cash holdings are within insurance limits.

• Insurance cover is up to date.

Stock control

• Controls are in place to manage the ordering and receipt of goods, including segregation of duties between ordering and confirming receipt of goods prior to payment of invoices.

• An external stock taker has been engaged to undertake monthly stock checks and confirm that the leisure centre's processes are effective. A report is produced for the Head of Leisure Services and, in future, this will include trend analysis of stock levels, profit, and wastage.

Issues to be addressed

The audit has highlighted the following areas where three ‘important’ recommendations have been made.

Cash handling arrangements

• The daily reconciliation sheet be amended to include the requirement for, and provide evidence of, the presence of two officers during the cash receipting stage. This will reduce the risk of income being misappropriated, leading to financial loss to the Council.
• Reconciliations between leisure centre income banked and the general ledger, which had not been completed for the current financial year, are
brought up to date and kept up to date, to reduce risk of income not being correctly accounted for, which could lead to financial loss for the Council.

Stock control
• Details of the member(s) of staff completing each stock check be formally recorded with any discrepancies noted and reported to management. This
will help reduce the risk of items being unaccounted for, which may lead to financial loss to the Council.

The audit has also highlighted the following areas where two ‘needs attention’ recommendations have been made.

Cash handling arrangements
• Monitoring spreadsheets used for managing club and school block bookings to be independently checked, to reduce the risk of financial loss in the
event of payments not being received.

Stock control
• Diss and Long Stratton leisure centres introduce a stock signing out sheet when restocking vending machines. This would help to reduce the risk of
stock being unaccounted for, leading to financial loss to the Council.

Operational Effectiveness Matters
• The operational effectiveness matter for management to consider relates to the use of the EZRunner system to manage and record stock checks.
Assurance Review of Licensing and Food Safety

Executive Summary

OVERALL ASSURANCE ASSESSMENT

SCOPE

The objective of the audit was to review the systems and controls in place within Licensing and Food Safety, with specific focus on Business Development / Corporate Objectives, Food Safety and Licensing.
RATIONALE

- The systems and processes of internal control are, overall, deemed ‘reasonable’ in managing the risks associated with Licensing and Food Safety. The assurance opinion has been derived as a result of three ‘needs attention’ recommendations being raised upon the conclusion of our work.

- The audit has also raised one ‘operational effectiveness matter’, which sets out a matter identified during the assignment where there may be an opportunity for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

**Positive Findings**

It is acknowledged there are areas where sound controls are in place and operating consistently:

**Business Development / Corporate Objectives**

- The Council has set and is delivering against objectives for developing an innovative approach to delivering food safety across the district.

- The Council is continually monitoring and reporting on progress made towards the delivery of these objectives.

**Food Safety**

- Inspections are conducted in accordance with the Food Hygiene Rating Scheme and businesses are promptly notified of outcomes.

- Complaints are addressed in a timely manner with follow up action taken where necessary, evidence retained and complainants notified of outcomes.

**Licensing**

- Licences, including those relating to taxis, animals and alcohol, are only awarded to vetted applicants, are promptly processed and in line with delegated authority levels.

- Processes are in place for the enforcement of suspensions and revocations, conducted in line with approved Council policy and statutory regulations.

**Issues to be addressed**

The audit has highlighted the following areas where three ‘needs attention’ recommendations have been made.

**Licensing**

- The Council to extend and record the monitoring arrangements for identifying new premises or events requiring licences, to reduce the risk of unlicensed events taking place which would lead to reputational damage and financial loss to the Council.

- A reconciliation to be undertaken between licence fee income recorded on the Uniform system and the general ledger, to reduce the risk of financial loss due to income not being received or being incorrectly accounted for.

- The Licensing Team to retain evidence that the correct fee has been raised and received prior to the issue of the license, so as to reduce the risk of financial loss to the Council where payment has not been forthcoming.
Operational Effectiveness Matters

- The operational effectiveness matter for management to consider relates to linking the public licensing register on the Council’s website with the Uniform system so that it is automatically updated.

The audit also highlighted that some routine, low risk business, food safety inspections are overdue as a result of previous staff shortage. However, since action is being taken to bring them up to date, a recommendation is not considered necessary.

In addition, as a consequence of a Food Hygiene Rating Scheme Inter-authority audit, which took place in September 2015 between all seven local authorities in Norfolk, it was recommended that the Council's food service plan be updated. The Licensing, Food and Safety Team Leader confirmed that the food service plan is currently in the process of being updated.
Assurance Review of Housing Strategy and Affordable Housing

Executive Summary

OVERALL ASSURANCE ASSESSMENT

ACTION POINTS

<table>
<thead>
<tr>
<th>Control Area</th>
<th>Urgent</th>
<th>Important</th>
<th>Needs Attention</th>
<th>Operational</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Strategy</td>
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<td>0</td>
</tr>
<tr>
<td>Affordable Housing</td>
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</table>

SCOPE

The objective of the audit was to review the systems and controls in place within Housing Strategy and Affordable Housing, to help confirm that these were operating adequately, effectively and efficiently. The audit covered Housing Strategy and Affordable Housing.
RATIONALE

- The systems and processes of internal control are, overall, deemed ‘Reasonable’ in managing the risks associated with Housing Strategy and Affordable Housing. The assurance opinion has been derived as a result of one ‘important’ and one ‘needs attention’ recommendations being raised upon the conclusion of our work.

KEY FINDINGS

Positive Findings

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Housing Strategy includes details of the Council's vision for housing which is to ensure all residents have access to and are able to maintain a good quality home that meets their needs and aspirations. One of the ways this will be achieved is by delivering affordable housing that meets local need through the Council's Affordable Housing Grants Scheme, planning policy and working with developers.

- The Greater Norwich Joint Core Strategy target is to have 2,698 new homes built by 2019 and 486 new affordable homes built by 2019. The Council's Corporate Plan 2016-2020 states that the Council's target is to have delivered 16,500 new homes developed by 2026 and 1,500 affordable homes delivered by 2026. The Affordable Housing performance target; which is a three year cumulative target and currently in its third and final year, is 850 affordable homes by the end of quarter four. As at quarter one, 786 affordable homes had been reported as delivered against the quarter one cumulative target of 670.

- Section 106 agreements signed by Council officers and developers exist for the samples of new developments reviewed. The section 106 agreements upheld Policy 4 Housing Delivery requirements and the required percentage of affordable housing were included in all the section 106 agreements reviewed.

- Development Management Committee papers; evidence of delegated authority confirming approval of the planning permissions; and copies of the approved planning permission signed by the Director of Growth and Localism were available on the Council's website for all the developments reviewed.

- Eligibility of applicants for affordable housing is assessed by the Housing Strategy and Enabling Officer for shared equity. The conditions for eligibility in order of priority were clearly set out in the section 106 agreements relating to all developments reviewed. Evidence existed to confirm compliance with guidance over the eligibility of applicants selected for affordable housing options.

- Where applicable, the Section 106 agreements reviewed detailed both the total number of affordable houses, the trigger point(s) and a breakdown by type of dwelling such as rented, shared ownership and shared equity that a developer is required to deliver.

- Trigger points for the developer to deliver affordable housing, as stated in the Section 106 agreements, are monitored. Sites are visited every six months to verify if trigger points have been reached and if affordable housing has been delivered as stated in the Section 106 agreements. Evidence
existed confirming that developments had been reviewed in accordance with these requirements, with a summary of outcomes of the visit formally documented.

- The Housing Strategy and Enabling Officer maintains a list of all housing developments and the affordable housing to be delivered by the developer. New schemes are added to the list as they are completed.

**Issues to be addressed**

The audit has highlighted the following areas where one ‘important’ recommendation has been made.

**Affordable Housing**

- The Council to ensure that the outcomes of the review of the viability appraisal submitted with an application of variation to a section 106 agreement is documented and retained on file. This provides confirmation that correct practices have been applied in the assessment of affordable housing considerations, and mitigates the risk of challenge and the subsequent reputational damage.

The audit has highlighted the following area where one ‘needs attention’ recommendation has been made.

**Affordable Housing**

- Appeal procedures and guidance on how to deal with borderline cases for affordable housing shared equity schemes applicants, be put in place. Potential litigation from unsuccessful applicants may be avoided where an appeal procedures is followed in dealing with aggrieved unsuccessful applicants.
Assurance Review of the Integra 2 Finance Application

Executive Summary

OVERALL ASSURANCE ASSESSMENT

ACTION POINTS

<table>
<thead>
<tr>
<th>Control Area</th>
<th>Urgent</th>
<th>Important</th>
<th>Needs Attention</th>
<th>Operational</th>
</tr>
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<tr>
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<tr>
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<td>0</td>
</tr>
<tr>
<td>Support Arrangements &amp; Change Controls</td>
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<td>1</td>
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</tr>
<tr>
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<td>6</td>
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</table>

No recommendations were raised in the areas of Data Output, Interfaces and Management Trails

SCOPE

The objective of the audit was to review the systems and controls in place within the Integra 2 Finance Application, as detailed in the action points above, to help confirm that these are operating adequately, effectively and efficiently.
RATIONALE

• The systems and processes of internal control are, overall, deemed ‘Reasonable’ in managing the risks associated with the Integra 2 Finance Application. The assurance opinion has been derived as a result of two ‘important’ recommendations and six ‘needs attention’ being raised upon the conclusion of our work.

• The audit has also raised one ‘operational effectiveness matter’, which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

KEY FINDINGS

Positive Findings

It is acknowledged there are areas where sound controls are in place and operating consistently:

• There are daily and weekly management checklists in place to demonstrate the adequate completion of relevant application overnight processing jobs;
• The Finance Systems Team Leader is the formally appointed System Administrator for the Integra 2 and Civica OPENRevenues applications;
• Joiners, leavers and movers processes are being adequately managed;
• The application leverages the available Single-Sign-On process that links user accounts to their Windows Domain account, thus removing the need to manage passwords within the application itself. This process also helps remove user access to the application when a user leaves the Council as this severs the link between their Windows Domain account and Integra 2.

Issues to be addressed

The audit has highlighted the following areas where two ‘important’ recommendations have been made.

Access Controls

• The number of user accounts with System Administration privileges needs to be reduced to reduce the risk of security vulnerabilities.

Support Arrangements & Change Controls

• The issues with the Integra 2 test environment need to be resolved so that patches to resolve known functional issues can be tested and implemented.

The audit has also highlighted the following areas where six ‘needs attention’ recommendations have been made.

Access Controls

• Formal ownership of the application and data needs to be assigned so that accountability can be demonstrated; and
• Role-based access profiles should be created to map to a user’s job role to help keep the number of required security groups to a minimum.

**Data Input**

• The Invoice Registration process needs to be automated to help reduce manual processing overheads; and
• The process of manually uploading data to the automated upload polling processes requires testing to establish whether the application will detect a possible duplicate upload.

**Backup & Recovery**

• A review of the Finance Service Area Business Continuity Plan is required to ensure that it is aligned to current requirements.

**Support Arrangements & Change Controls**

• A ‘template’ testing script should be created to use as a basis for all patch and hotfix testing cycles to reduce the need to create separate test scripts on each occasion.

**Operational Effectiveness Matters**

The operational effectiveness matters, for management to consider relate to giving consideration to adding further email addresses to the daily email confirming completion of the nightly processing jobs.
Assurance Review of the Walled Garden Firewall Administration

Executive Summary

OVERALL ASSURANCE ASSESSMENT

ACTION POINTS

<table>
<thead>
<tr>
<th>Control Area</th>
<th>Urgent</th>
<th>Important</th>
<th>Needs Attention</th>
<th>Operational</th>
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</thead>
<tbody>
<tr>
<td>CRB/DBS background checking processes</td>
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<td>Firewall architecture</td>
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<td>Firewall rules and services</td>
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</tr>
<tr>
<td>Firewall Operating System (OS) and patch management</td>
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</tr>
<tr>
<td>Firewall backup and resilience</td>
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<tr>
<td>Logging and monitoring</td>
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</tr>
<tr>
<td>Total</td>
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<td>2</td>
<td>5</td>
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</tr>
</tbody>
</table>

No recommendations have been raised in respect of Firewall Administration, Firewall Change Control & Intrusion Detection.

SCOPE

The objective of the audit was to review the systems and controls in place within the Walled Garden Firewall, as detailed in the action points above, to help confirm that these are operating adequately, effectively and efficiently.
RATIONALE

- The systems and processes of internal control are, overall, deemed ‘Reasonable’ in managing the risks associated with the Walled Garden Firewall. The assurance opinion has been derived as a result of two ‘important’ and five ‘needs attention’ recommendations being raised upon the conclusion of our work.

KEY FINDINGS

Positive Findings

It is acknowledged there are areas where sound controls are in place and operating consistently:

- There are Human Resources processes in place for Disclosure and Barring Service (DBS) checking for all staff prior to granting them full access to Public Sector Network (PSN)-related data.
- Administrative access to the Walled Garden firewall appliance is adequately restricted to three known IT administration staff.
- Patch management for the firewall appliance was found to be adequate.
- All administration changes and rules activity history are recorded in separate audit logs that are referred to on demand.

Issues to be addressed

The audit has highlighted the following areas where two ‘important’ recommendations have been made.

Disclosure Barring Service Background Checking

- An agreed formal process for managing temporary user access to PSN-related data is needed to reduce the potential risk of non-compliance with legal requirements.

Firewall Rules and Services

- Available Intrusion Prevention functionality needs to be enabled to reduce the risk of unauthorised access to the PSN network.

The audit has also highlighted the following areas where five ‘needs attention’ recommendations have been made.

Firewall Architecture

- The legacy Outlook Web Access (OWA) functionality that is available for accessing GCSX-related emails from outside the Walled Garden domain needs to be disabled to reduce the risk that sensitive data leaves the PSN network.

Firewall OS & Patch Management

- Appropriate Anti-Virus/Malware systems need to be deployed into the Walled Garden domain to reduce the risk of malicious software infecting the domain.
Firewall Backup & Recovery

- Appropriate resilience for the Walled Garden firewall should be deployed to reduce the risk that the PSN domain cannot be accessed due to firewall failure.

Logging & Monitoring

- Formal incident management procedures need to be documented, agreed and communicated to reduce the risk that relevant incidents are managed inconsistently and/or incorrectly.

- The ability of the firewall to generate custom alerts needs to be investigated and implemented to reduce the risk that key events that could affect service are not managed effectively.
# APPENDIX 3 – PERFORMANCE MEASURES

<table>
<thead>
<tr>
<th>Area / Indicator</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audit Committee / Senior Management</strong></td>
<td></td>
</tr>
<tr>
<td>1. Audit Committee Satisfaction – measured annually</td>
<td>Adequate</td>
</tr>
<tr>
<td>2. Chief Finance Officer Satisfaction – measured quarterly</td>
<td>Good</td>
</tr>
<tr>
<td><strong>Internal Audit Process</strong></td>
<td></td>
</tr>
<tr>
<td>3. Each quarters audits completed to draft report within 10 working days of the end of the quarter</td>
<td>100%</td>
</tr>
<tr>
<td>4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter</td>
<td>100%</td>
</tr>
<tr>
<td>5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report (a sample of these will be subject to quality review by the Contract Manager)</td>
<td>100%</td>
</tr>
<tr>
<td>6. Compliance with Public Sector Internal Audit Standards</td>
<td>Full</td>
</tr>
<tr>
<td>7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Clients</strong></td>
<td></td>
</tr>
<tr>
<td>8. Average feedback score received from key clients (auditees)</td>
<td>Adequate</td>
</tr>
<tr>
<td>9. Percentage of recommendations accepted by management</td>
<td>90%</td>
</tr>
<tr>
<td><strong>Innovations and Capabilities</strong></td>
<td></td>
</tr>
<tr>
<td>10. Percentage of qualified (including experienced) staff working on the contract each quarter</td>
<td>60%</td>
</tr>
<tr>
<td>11. Number of training hours per member of staff completed per quarter</td>
<td>1 day</td>
</tr>
<tr>
<td>12. Number of high and medium priority recommendations made per quarter</td>
<td>To decrease over the life of the contract (from year 2)</td>
</tr>
<tr>
<td>13. Number of audits which are considered to add value</td>
<td>To increase over the life of the contact (from year 2)</td>
</tr>
</tbody>
</table>
In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies 2015-16’. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.
Executive Summary
Executive Summary

We are required to issue an annual audit letter to South Norfolk District Council (the Council) following completion of our audit procedures for the year ended 31 March 2016.

Below are the results and conclusions on the significant areas of the audit process.

<table>
<thead>
<tr>
<th>Area of Work</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opinion on the Council’s:</td>
<td></td>
</tr>
<tr>
<td>► Financial statements</td>
<td>Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2016 and of its expenditure and income for the year then ended</td>
</tr>
<tr>
<td>► Consistency of other information published with the financial statements</td>
<td>Other information published with the financial statements was consistent with the Annual Accounts</td>
</tr>
<tr>
<td>Concluding on the Council’s arrangements for securing economy, efficiency and effectiveness</td>
<td>We concluded that you have put in place proper arrangements to secure value for money in your use of resources</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Area of Work</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports by exception:</td>
<td></td>
</tr>
<tr>
<td>► Consistency of Governance Statement</td>
<td>The Governance Statement was consistent with our understanding of the Council</td>
</tr>
<tr>
<td>► Public interest report</td>
<td>We had no matters to report in the public interest.</td>
</tr>
<tr>
<td>► Written recommendations to the Council, which should be copied to the Secretary of State</td>
<td>We had no matters to report.</td>
</tr>
<tr>
<td>► Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014</td>
<td>We had no matters to report.</td>
</tr>
</tbody>
</table>
### Area of Work | Conclusion
--- | ---
Reporting to the National Audit Office (NAO) on our review of the Council’s Whole of Government Accounts return (WGA). | The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

| Area of Work | Conclusion |
--- | --- |
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit. | Our Audit Results Report was issued on 28 July 2016 |
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office’s 2015 Code of Audit Practice. | Our certificate was issued on 5 August 2016 |

In December 2016 we will also issue a report to those charged with governance of the Council summarising the certification work we have undertaken.

We would like to take this opportunity to thank the Council’s staff for their assistance during the course of our work.

Kevin Suter

Executive Director
For and on behalf of Ernst & Young LLP
Purpose
Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2015/16 Audit Results Report to the Finance, Resources, Audit and Governance Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.
Responsibilities
Responsibilities

Responsibilities of the Appointed Auditor

Our 2015/16 audit work has been undertaken in accordance with the Audit Plan that we issued on 11 March 2016 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

► Expressing an opinion:

► On 2015/16 financial statements; and

► On the consistency of other information published with the financial statements.

► Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.

► Reporting by exception:

► If the annual governance statement is misleading or not consistent with our understanding of the Council;

► Any significant matters that are in the public interest;

► Any written recommendations to the Council, which should be copied to the Secretary of State; and

► If we have discharged our duties and responsibilities as established by thy Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on you Whole of Government Accounts return. The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.
Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
Financial Statement Audit
Financial Statement Audit

**Key Issues**

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 5 August 2016.

Our detailed findings were reported to the 28 July 2016 Finance, Resources, Audit and Governance Committee.

The key issues identified as part of our audit were as follows:

<table>
<thead>
<tr>
<th>Significant Risk</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management override of controls</td>
<td>We obtained a full list of journals posted to the general ledger during the year, and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested a sample of journals that met our criteria and tested these to supporting documentation.</td>
</tr>
<tr>
<td>A risk present on all audits is that management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</td>
<td>We have not identified any material weaknesses in controls or evidence of material management override.</td>
</tr>
<tr>
<td>Auditing standards require us to respond to this risk by testing the appropriateness of journals, testing accounting estimates for possible management bias and obtaining an understanding of the business rationale for any significant unusual transactions.</td>
<td>We have not identified any instances of inappropriate judgements being applied.</td>
</tr>
<tr>
<td>For local authorities the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of management override. We therefore review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.</td>
<td>We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.</td>
</tr>
<tr>
<td>Our testing did not identify any expenditure which had been inappropriately capitalised.</td>
<td></td>
</tr>
</tbody>
</table>

We have not identified any instances of inappropriate judgements being applied. We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business. Our testing did not identify any expenditure which had been inappropriately capitalised.
Revenue and expenditure recognition
Auditing standards also required us to presume that there is a risk that revenue and expenditure may be misstated due to improper recognition or manipulation.
We respond to this risk by reviewing and testing material revenue and expenditure streams and revenue cut-off at the year end.
For local authorities the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of management override. We therefore review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.

Our testing has not revealed any material misstatements with respect to revenue and expenditure recognition.
Overall our audit work did not identify any issues or unusual transactions which indicated that there had been any misreporting of the Council’s financial position.
Our testing did not identify any expenditure which had been inappropriately capitalised.

Group Accounts
The Council has set up a number of commercial companies under the Big Sky Ventures banner which will require consolidating into the Council’s 2015/16 financial statements.
Production of statements and disclosure notes for the group accounts and the closedown and consolidation process for the Big Sky Ventures companies therefore presents a financial statement risk.

We reviewed the Council’s assessment of the group under relevant accounting standards, agreed the consolidated figures in the consolidated set of accounts; and reviewed the associated disclosures to ensure these are in line with the Code and associated guidance.
A number of adjustments were made to the group accounts.
Value for Money
Value for Money

We are required to consider whether the Council has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.
We issued an unqualified value for money conclusion on 5 August 2016.

Our audit did not identify any significant matters in relation to the Council's arrangements.

The Comprehensive Spending Review continues to impact on the Council's budget and medium term financial planning during current and forthcoming financial years alongside putting in place plans to achieve the required savings in the medium term. The Council continues to respond to the financial challenges it, along with other public sector bodies, is facing. The challenge continues to increase and the wider economy contains evermore significant uncertainties, for example the UK's future withdrawal from the European Union. Such economic financial uncertainties may well impact on the Council's future financial stability and will need to be considered as part of its strategic financial planning process.

Members should remain aware of the assumptions and sensitivities included in the Council's financial forecasts, and should not underestimate the challenge the Council has faced and will continue to face in the future. It is likely that further difficult decisions will need to be made to secure the Council's continued sound financial standing.
Other Reporting Issues

Whole of Government Accounts
The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

Annual Governance Statement
We are required to consider the completeness of disclosures in the Council’s annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest
We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations
We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received
We did not receive any objections to the 2015/16 financial statements from member of the public.

Other Powers and Duties
We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.
Independence

We communicated our assessment of independence in our Audit Results Report to the Finance, Resources, Audit and Governance Committee on 28 July 2016. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

We have adopted a fully substantive approach and have therefore not tested the operation of controls.
Focused on your future
Focused on your future

<table>
<thead>
<tr>
<th>Area</th>
<th>Issue</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU referendum</td>
<td>Following the majority vote to end the UK’s membership of the European Union (EU) in the EU Referendum held on 23 June 2016 there is a heightened level of volatility in the financial markets and increased macroeconomic uncertainty in the UK. All three major rating agencies (S&amp;P, Fitch and Moody’s) took action on the UK Sovereign credit rating and, following the rating action on the UK Government. For entities in the public sector, there is likely to be an impact on investment property valuations if confidence in the wider UK property market falls; and the valuation of defined benefit pension obligations may also be affected. It is too early to estimate the quantum of any impact of these issues, but there is likely to be significant ongoing uncertainty for a number of months while the UK renegotiates its relationships with the EU and other nations.</td>
<td>Many of the issues and challenges that face the UK public sector will continue to exist, not least because continued pressure on public finances will need responding to. Additionally it may well be that the challenges are increased if the expected economic impacts of the referendum and loss of EU grants outweigh the benefits of not having to contribute to the EU and require even more innovative solutions. We are committed to supporting our clients through this period, and help identify the opportunities that will also arise. We will engage with you on the concerns and questions you may have, provide our insight at key points along the path, and provide any papers and analysis of the impact of the referendum on the Government and Public Sector market.</td>
</tr>
</tbody>
</table>
Appendix A  Audit Fees

Our proposed final fee for 2015/16 is higher than the scale fee set by the PSAA and reported in our 11 March 2016 Audit Plan.

<table>
<thead>
<tr>
<th>Description</th>
<th>Final Fee 2015/16 * (£)</th>
<th>Planned Fee 2015/16 (£)</th>
<th>Scale Fee 2015/16 (£)</th>
<th>Final Fee 2014/15 (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Audit Fee - Code work</td>
<td>tbc</td>
<td>50,949</td>
<td>50,949</td>
<td>67,932</td>
</tr>
<tr>
<td>Total Audit Fee - Certification of claims and returns</td>
<td>16,236</td>
<td>16,236</td>
<td>16,236</td>
<td>26,500</td>
</tr>
</tbody>
</table>

Our proposed final fee is higher than the scale fee set by the Public Sector Audit Appointments (PSAA Ltd) due to additional work required to review the Council’s group accounts, which were included in the accounts for the first time in 2015/16.

Our fee for the certification of grant claims is based on the indicative scale fee set by the PSAA. Our actual fee will be determined on completion of the Housing Benefit subsidy claim, by 30 November 2016.

We confirm we have not undertaken any non-audit work outside of the PSAA’s requirements.

* Our final fee is subject to approval by PSAA.
The Asset Management Plan 2017

Report of the Property Manager
Cabinet Member: Michael Edney, Finance and Resources

CONTACT
Renata Garfoot 01508 533749
Rgarfoot@s-norfolk.gov.uk
1. Introduction

1.1 The Council’s current Asset Management Plan (AMP) is a 3 year plan (2014 – 17). With the formation of the Big Sky companies and a change in asset management responsibilities following a retirement and realignment of the property and facilities team, it gave the Council opportunity to strategically review its asset management and investment activities going forward.

1.2 Officers wish to share the draft Asset Management Plan with FRAG committee to gain feedback on the new documents, to ensure it meets the Council’s priorities/objectives, reflects service requirements and legislation, before presenting to Cabinet in 2017 seeking approval for adoption.

2. Background

2.1 The original plan was produced by NPS and was in subsequent years refreshed. During 2012/13 the Asset Management Group worked with FRAG committee to rewrite and redesign the document that was adopted by Cabinet in 2013. The plan was for a 3 year period and along with changes to asset management as described in 1.1, a new plan was required.

2.1.1 NPS have been appointed to review and rewrite the Asset Management Plan and provide a separate strategy for commercial and residential property.

2.1.2 Community Assets are not included within this document as these are dealt with under the Community Asset Strategy.

3. Current Position

3.1 Council assets are to be managed effectively to enable the delivery of the Council Corporate and Business Plans and the achievement of its priorities. The AMP and supporting documents detail how these priorities aims and objectives will be met through the proactive asset management of the Council’s asset portfolio.
3.2 The AMP sets the strategic direction by identifying the Council’s future asset management requirements and includes the strategic context and direction of asset management, an action plan, key achievements and procedures.

3.3 The Commercial Property Strategy sets out the rationale and objectives including an overview of the portfolio, the approaches to investment and action plan.

3.4 The Residential Property Strategy sets out rationale and objectives for developing and managing residential property through its companies Big Sky Developments and Big Sky Property Management. It includes the strategic context, managing arrangements and action plan.

4. Proposals

4.1 It is proposed that the Frag committee review the draft AMP document and provide feedback to enable officers to amend the document as stage 1 of the process.

4.2 Stage 2 will be to share the commercial strategy and residential strategy at the next FRAG committee for member review and feedback.

4.3 Stage 3 will be to present all documents to Cabinet seeking approval for adoption in 2017.

5. Risks and implications arising

5.1 Risks around asset management are described in the documents.
6. Recommendation

6.1 FRAG Committee to review the draft documents, provide feedback to enable officers to amend the draft documents prior to presenting to Cabinet seeking agreement to the adoption of the finalised plan.
South Norfolk District Council

Asset Management Plan

Near Final Draft
# ASSET MANAGEMENT PLAN

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1 Introduction

1.1 Purpose & Scope of AMP

This Asset Management Plan (AMP) identifies the key strategic policy and resource influences affecting South Norfolk District Council and in response to these sets a broad direction for asset management enabling its property portfolio to be optimised to meet identified needs. It is intended as a practical tool which helps to define, implement and measure how the council:-

- Makes its investment decisions
- Maintains and improves its assets
- Increases the cost effectiveness of its portfolio
- Ensures the property portfolio is ‘fit for purpose’
- Promotes innovation and development in asset management
- Listens and responds to property users

The plan has a medium-term (3-5 years) planning horizon and will be updated periodically. It is restricted to consideration of the property assets that the council owns or uses.

1.2 Overview of the Portfolio

The council has a small but diverse property portfolio. It contains a mix of asset types which have been acquired and are held for a variety of purposes. The portfolio can be categorised into three broad asset classes – each of which have their own management objectives. These are summarised in simple terms in the table below.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Management Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Assets – held primarily to support (directly or indirectly) the delivery of council services</td>
<td>Functional Suitability</td>
</tr>
<tr>
<td>Investment Assets – held solely for the purposes of generating rental income and / or for capital growth</td>
<td>Rate of return</td>
</tr>
<tr>
<td>Community Assets – held by the council in perpetuity to support recreational, cultural &amp; social well-being of the area.</td>
<td>Ease of Access</td>
</tr>
</tbody>
</table>

Note: This excludes assets owned by Big Sky Management Ltd
The number of assets in each asset class and their asset value is given in the table below. A full schedule of property assets is given in Appendix A.

<table>
<thead>
<tr>
<th>Asset Class, Type &amp; Use</th>
<th>Number</th>
<th>Asset Value¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Offices</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Service Depots</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Car parks (pay and display)</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Temporary Accommodation</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Leisure Centres</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Gipsy &amp; Travellers Sites</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Commercial Industrial Offices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Offices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Retail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>Public Toilets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commons &amp; Parish Land</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Countryside sites</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Amenity land</td>
<td>103</td>
<td></td>
</tr>
<tr>
<td>Cemeteries</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

¹ Asset value is for capital accounting purposes and is not necessarily related to market value.

1.3 Format & Content of the AMP

This section has set out the purpose and scope of the AMP. The remaining document is in four parts (Sections 2 – 5) with appendices containing supporting material. Each section can be read on a stand-alone basis and collectively they constitute the AMP.

- **Section 1 – Strategic Context and Direction** provides a statement of strategic direction for property asset management through an analysis of the environment in which the council is operating and its own priorities in response to this.

- **Section 2 – Asset Management in Action** amplifies the broad direction articulated in part 1 with more specific detailed proposals for different types of assets and individual properties; with details of major project initiatives underway or on the immediate horizon and acts as a summary of intended actions.

- **Section 3 – Asset Management Practice** provides a brief summary of how the Council operates in terms of governance, decision making, policy and procedures with respect to managing its property portfolio.
**Section 4 – Implementation** provides a consolidated action plan looking forward and describes the key issues relating to delivery of the plan including agreed budget allocations where known.

**1.4 Links to Other Plans**

The AMP does not exist in isolation but is set against wider corporate and service strategies. The AMP itself is amplified through a range of supporting strategies and policies. The positioning and linkage of the AMP to these is illustrated in Diagram 1 below. The AMP focuses principally on the Council’s operational property assets with other parts of the portfolio having complimentary but discrete strategies.

*Diagram 1 – The Links between the AMP and other Strategies*
2.0 Strategic Context & Direction

2.1 Influences for Change

There are a range of influences that are driving change in the area and to which the council must respond through its portfolio management. These can be recognised at a national and regional level and locally through the council’s policies and initiatives.

National

In the medium term the national context is shaped by significant national debt which needs to be reduced. This means an era of public spending constraint and a drive for efficiency savings to encourage better use of limited financial resources. This emphasis on efficiency allied with rising public expectations of council services implies a need for public service transformation and a focus on exploring new ways of delivering services. There is also a policy drive to promote sustainable communities with an aspiration to create vibrant areas, which are attractive places, to live, work and play. Part of this is concerned with encouraging citizen participation (Small State - Big Society) and place shaping which is the council and community collectively articulating a new vision for the character of the area.

The localism agenda is concerned with decentralisation – moving power, money and knowledge from central government towards individuals, communities and councils. It is intended to lift the burden of bureaucracy by removing unnecessary regulation; empower communities by creating rights for people to get involved with delivery of public services; diversify public service supply by ‘ending public sector monopolies’; open government to public scrutiny by releasing more information into the public domain and strengthen local accountability by empowering people to change their services. Voluntary groups, social enterprises, parish councils and others have a ‘community right to challenge’ local authorities over their services and in future could compete to provide services. New rights mean communities can ask Councils to list certain assets as being of value to the community. If a listed asset comes up for sale communities have the right to bid to buy it.

There is a strong drive for partnership working. At a national level this is seen as both a policy and resource imperative exemplified through the One Public Estate initiative which is focussed on managing collective public property assets in an area as a single portfolio. Norfolk and Suffolk are jointly collaborating as a pilot area for the Government’s One Public Estate initiative. The broad aims of the this initiative
ASSET MANAGEMENT PLAN

are to generate receipts, reduce running costs and promote growth, especially housing, with optimal use of assets through co-location and sharing arrangements.

Regional

Norfolk, along with Suffolk, is part of the Anglia Local Enterprise Partnership (LEP). Working with public agencies and private business the LEP seeks to promote the regional economy through job creation. Both counties are leaders in life sciences, food and agriculture and a growing force in the development of the green economy with the LEP chosen as the government’s Green Economy Pathfinder. Priorities for the LEP are around the green economy, developing tourism and skills development.

Critical to the LEP’s ambitions for jobs growth is the need for infrastructure and skills. The Better Broadband for Norfolk programme has been extended and this will in the future allow more Norfolk premises to have fibre broadband connection and give a stimulus to the rural economy. A growing economy also needs to be a ‘mobile’ economy with improved transport links. Improved dualling of the A11 and proposed investment in the Eastern Main Line infrastructure and rolling stock will help to improve access. Within Norfolk regional policy direction is to promote Norwich as a cultural, retail and economic centre and the Greater Norwich Growth Centre is anticipated to see 3500 new homes before 2026.

Norfolk, Suffolk and Cambridgeshire are responding to the government’s devolution agenda with a devolution deal announced in the March 2016 budget. This builds on existing collaborative work between all public sector agencies in the three counties. This is promoting shared use of assets to promote seamless access to public services.

2.2 Council Initiatives

The Council recognises that in meeting its aspirations for the community it serves it too has to change. These changes need to improve value for money in services and support prosperity of the area. There are a range of corporate initiatives to which the management of the property portfolio must respond. These are articulated through the Council’s Corporate Plan for 2016-2020. The overall vision is to retain and improve the quality of life in South Norfolk, for now and future generations, to make it one of the best places to live and work in the country. To achieve this the Council intends to focus resources and efforts in three areas. These are:-
ASSET MANAGEMENT PLAN

- **Economic Growth, Productivity and Prosperity** – is about creating the environment to stimulate growth, productivity and prosperity and sharing the benefits of growth with our communities. This will require working as part of Greater Norwich to support investment in infrastructure; increasing the number of jobs locally; supporting businesses to grow; providing targeted support to key business sectors; developing skills to match business needs and sustaining the vitality of local market towns and rural communities.

- **Health, Well-being and early Help** – is concerned with working proactively with communities to provide help at the earliest opportunity and enhancing the health and well-being of South Norfolk residents. This means encouraging residents to live active lives; supporting those who need the most help; working with communities to provide this help and supporting older and vulnerable residents to remain independent and in their own homes for longer.

- **Place, Communities and Environment** – is focussed in improving the quality of life for communities and enhancing the built and natural environment in towns and villages. This will require keeping streets and public spaces, safe, clean and tidy; encouraging re-cycling to reduce the amount of waste sent to landfill, supporting development that enhances the distinctive character of the area and working with others to make sure residents have access to the range of services for their needs.

These priority areas will need to be underpinned in terms of their delivery through the Council’s continuing commitment to provide a high quality, customer focussed service - **Moving Forward Together** -which is a collaborative, efficient, business-like, entrepreneurial and innovative approach to service delivery.

These priorities and activities all have an impact on how the Council manages its portfolio of property assets. The new direction for asset management must be responsive to, and supportive of these priorities, and individual actions in managing the Council’s properties must directly support these priorities. To do this the Council recognises that within the scope of asset management it will need to:- seek external resources to deliver required infrastructure; improve the range of housing to meet local needs and deliver more affordable housing; protect green and open spaces; support new local businesses by developing supply of business premises; encourage market town vibrancy through promotion of local service hubs and work in partnership with other agencies to deliver services with the potential to share assets to reduce costs.
2.3 Resource Context

The Council is facing significant budget pressures over the medium term. The council is responding to these pressures through a combination of reducing expenditure and making efficiencies through a lean approach. In addition rather than reducing services the Council is committed to developing new income streams and using innovative and devolved funding schemes to support the revenue budget. There is a budget shortfall of £6M over the five years to 2020/21. The intention is to bridge this gap by developing commercial income streams. There is an expectation, although no specific target, that a significant proportion of this can be achieved through managing and growing the commercial property portfolio. The Council has capital funding available and would consider borrowing to acquire additional investment assets subject to a robust business case on an asset by asset basis. Within the operational asset portfolio there will be a need to bear down on overall operating costs and generate additional income where possible through an improved commercial approach.

2.4 Problems & Pressures in the Portfolio

A number of issues have been identified which may inhibit the effective management of the portfolio or which represent an incipient risk to the Council. These are not considered significant at this stage but are referenced in order to raise awareness so that appropriate corrective action can be taken in a timely manner as appropriate.

- **Consistency with ‘Best Practice’** – The Council is managing its property portfolio in an effective way with its procedures consistent with the relatively small size of portfolio. There are some areas where current practice is not fully consistent with recommended ‘best practice’ in asset management. These include the lack of a corporate asset management group to consider asset management issues on a cross-service, strategic basis; lack of current condition surveys for the portfolio and poorly developed asset review processes.

- **Maintenance & Statutory Compliance** – Whilst the Council has good informal knowledge of the condition of its building stock the lack of a systematic approach to undertaking conditions surveys allied with the use of ‘non-property’ staff as ‘officers in charge’ for some service buildings may pose a
risk to the Council; particularly around health and safety matters. This risk is managed through the Council’s 3 H & S Committees

- **Capacity & Expertise** – The Council’s current property team is consistent with managing the portfolio at its current size. However with the Council’s aspirations to further develop and expand its commercial property portfolio there is a requirement to review asset management capacity and expertise in the medium term. The key requirement looking ahead will be to ensure the right blend of expertise to manage a mixed portfolio of operational, commercial and residential property assets whilst also ensuring a degree of resilience across all asset management activities.

### 2.5 Strategic Direction

The planning context outlined in sections 2.1 to 2.3 above implies a revised direction for asset management focussed on a more entrepreneurial use of property to encourage community vibrancy; support service delivery and to respond to budget pressures (through cost reduction and income generation). In the future asset management needs to:-

- Adopt a robust approach to allocation of capital with investment directed to supporting council’s priorities and to assets with greatest need / likely benefit.
- Lower the operating costs of property.
- Support through One Public Estate the provision of seamless, integrated access to public services through joint working with partner agencies to create multi-agency service facilities – a ‘locality based model’ for public service.
- Encourage partner organisation to retain and enhance their facilities to support locality working and to help sustain vibrancy in market towns and rural communities.
- Minimise the future cost to the council from reducing the maintenance liabilities of the portfolio and lowering the overall carbon footprint.
- Take a more commercial approach to the management of investment properties to optimise income generation.
Diagram 2 – The Relationship between the Corporate Plan and Asset Management

To retain and improve the quality of life and prosperity of South Norfolk, for now and future generations, to make it one of the best places to live and work in the country.

Moving Forward Together
Customer focussed
Business Like
Efficient
Collaborative
Entrepreneurial

Implications for Asset Management
Minimise operating costs
Promote shared asset use
Maximise asset utilisation
Improve income generation
Use capital to optimize benefit
Minimise liability from repairs

2.6 A Framework for Action

Looking forward there are a number of actions required to respond to the challenges identified above. An action plan is presented below. The actions are referenced to the Council’s Corporate Plan priorities. The funding implications and timing of these actions are identified where these are known.
<table>
<thead>
<tr>
<th>Actions</th>
<th>Links to Corporate Plan Priorities &amp; Delivery</th>
<th>Timing &amp; Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provide all weather football pitch at Long Stratton Leisure Centre (subject to planning approval &amp; funding from the FA)</td>
<td>Economic Growth, Productivity &amp; Prosperity</td>
<td>Health, Well-being and Early Help</td>
</tr>
<tr>
<td>• Undertake options assessment for expansion or re-provision of Ketteringham Depot</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Undertake assessment of space utilisation of South Norfolk House to identify potential for space release (for letting)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Development of commercial property at Maple Park. To commence the construction of 800M² of high quality commercial modular office space</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Investigate opportunities for investment in prime growth areas for the acquisition or development of commercial property (e.g. Hethel, A11 corridor)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Completion of viability appraisal and business case for Park Road, Diss. Redevelopment for a mixed use scheme. Possible opportunity for Big Sky Developments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Assess viability of development including custom build and starter home opportunities and business case at Friarscroft, Wymondham. Possible opportunity for Bi Sky Development</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The identified actions are key initiatives and do not include day to day asset management activities
3.0 Asset Management in Action

3.1 Service Strategies & Implications for the Operational Portfolio

There are a number of service strategies to which the management of the operational portfolio needs to respond. The major operational asset holdings are summarised below with a concise summary of future direction and required actions with any implications identified.

- **Offices** - The Council accommodates its staff in its a single administrative base at South Norfolk House in Long Stratton. The building has undergone remedial works in recent years and is in a good condition and fit for purpose with perhaps the most significant required works being the replacement of the metal suspended ceiling in the longer term. The emphasis looking forwards is to undertake any planned and reactive maintenance to the building fabric, plant and equipment and to ensure that office space, as an expensive resource, is well utilised. Whilst the building is ‘working at capacity’ in terms of the number of desks and car parking provision and there is some space let out to external agencies there is also further potential to increase overall utilisation. This will come from a change of culture – moving from a fixed desk for each member of staff to the use of agile working practices with shared desk spaces. There has been no measured occupancy survey to assess how well desk and meeting space is used. There may be scope to release space for re-letting to other agencies generating off-setting income for the running costs of the building. Facilities management services for this and other operational buildings are provided by the Council’s in-house team, along with specialist contractors.

- **Leisure Centres** – The council owns and operates three leisure centres at Wymondham, Long Stratton and Diss. The broad strategy is for the Council to initially consolidate the operational viability of its existing centres through a major refurbishment programme and then grow its leisure offering through enhanced facilities in order to support the health of the community and generate additional income to make the service subsidy free. The Council is considering the opportunities to extend its outreach geographically through working in partnerships with other bodies (such as schools and colleges) and the scope for blending some additional commercial activities (e.g. coffee shops) within the Leisure facilities. It’s long term ambition is to replace the ageing leisure facility at Diss and is currently exploring options with other public agencies for a community hub.
Ketteringham Depot – The Council owns the freehold of Ketteringham Depot from which it provides its waste services. This is an old and ‘traditional’ depot; which whilst currently supporting waste services effectively is working at capacity and is not ‘fit for the future’. There is likely to be a growth in the demand for waste services in the future due to housing growth in the area. Options for redevelopment are being considered – either through expansion at the existing site with the use of adjoining land or through re-provision at an alternative site.

Car Parks – The Council has 17 off-road car parks, located in Diss, Harleston, Loddon, Long Stratton and Wymondham. These collectively provide over 980 spaces. Both the on-street and off-street parking services are under review and the current management arrangements (enforcement officers in-house with administration of Penalty Charge Notices and cash collection through external partners) and current policies around charging regimes and season tickets are under consideration. These policy changes will assist the market towns in ensuring the central town car park increases the turnover of the number of vehicles parking as well as helping to create a cost-neutral service. There are no plans to release any existing sites but rather there is demand for further capacity in the existing settlements and potential demand for off-street parking provision in other areas such as Costessey; Poringland and Hethersett.

Temporary Accommodation - Provision of temporary accommodation is a statutory responsibility and the council will need to provide in the future according to demand. The Council adopts a risk-based approach according to client needs and will use the private sector if its own accommodation is full or where some client support may be needed. There has been a review of accommodation that has resulted in 4 temporary accommodation sites being surplus to requirements and disposed to Big Sky Developments. There is no oversight of the properties on a day to day basis which can lead to properties becoming prone to lack of cleanliness or vandalism resulting in remedial work with a cost liability for the council to make fit for reuse.

Gypsy & Traveller Sites – The Council owns the freehold of a Gypsy & Travellers site which is granted on a long lease to Norfolk County Council who manage and operate the site with no SNDC involvement. The Council also owns a transit site for short-term placement of travellers.
3.2 The Commercial Portfolio

As identified in 1.2 the assets held as part of the commercial portfolio are not required to support the council’s service delivery obligations but held in order to support the revenue and capital budgets through generating a medium-term revenue stream or long-term capital appreciation. It comprises industrial, office and retail investment class assets. Increasingly emphasis is being placed on proactive management of the commercial portfolio as part of the Council’s wider financial management strategy and there is an aspiration to expand the commercial portfolio over the medium term. This therefore has a separate strategy document which amplifies the operating context, strategic direction and actions for this portfolio. This is an accompanying document to this AMP.

3.3 The Residential Portfolio

Residential properties are a class of investment assets which have specific management needs different from those of other investment assets held within the commercial portfolio. The Council has two wholly owned private companies (Big Sky Developments and Big Sky management) which develops, owns and manages these residential properties to secure a revenue stream for the council as well as supplementing the housing supply in South Norfolk. This is a relatively new and innovative area of work for the Council and the approach to this has been documented in a separate strategy document.

3.4 The Community Assets Portfolio

The Community Asset Strategy provides an overarching framework which defines how the Council will actively manage these assets to the maximum benefit of the council and the wider community for the mid to long term. Community assets are defined to include: Common Land – Registered commons subject to Schemes of Regulation; ‘Commons’ – None registered ‘Public Open Space’; parks, countryside areas and public open space; trees and planting; easements and rights (such as grazing rights, agricultural tenancies) and infrastructure Assets (street lighting, pathways, car park areas, playgrounds and play equipment, public toilets, benches etc.). As such the strategy encompasses buildings, land, rights and equipment.

These may be held or “managed” by the council on behalf of the community in a number of different ways including freehold ownership; ownership by third parties; held by the Council under Lease/license/agreement for community benefit or as
assets held by others into which the Council has an input via various mechanisms, management, financial, advisory. The Community Assets Strategy is a separate document but related to this AMP.

3.5 Key Achievements in 2015/16

Over the last 12 months the Council has demonstrated its commitment to asset management through a range of initiatives. Whilst not an exhaustive list some of the more significant achievements include:-

- Completed £150,000 upgrade of facilities at Diss Leisure Centre including refurbishment of reception areas and improvement to changing facilities.

- Potentially Secured 65% funding from the Football Foundation for the provision of football pitch at Long Stratton Centre – SNDC to provide supplementary funding

- Completed the transfer of ownership title of the Leisure Centre at Long Stratton into South Norfolk District Council from Norfolk County Council.

- Wymondham leisure centre has undergone a major re-development to include pool refurbishment work, new change facilities, new spa, café, reception, gym studio, main hall refurbishment and associated upgrades. Centre partially re-opened in October 2015 (pool and sports hall) with full re-opening in spring 2016.

- Replacement of carpeting throughout the ground floor areas of South Norfolk House alongside the refurbishment and upgrading of the Council Chamber and replacement of the Building Management System (BMS)

- The Council has created two limited companies to undertaken property development, investment and management activities.

  - Big Sky Developments Ltd was established and is developing land for mixed use schemes to generate income and to support the local economy, infrastructure and jobs. 80% of phase 1 at Roseberry Park was reserved in 5 weeks.

  - Big Sky Property Management Ltd was established to invest and manage residential property to generate revenue income to
support council services. 87% of residential portfolio is currently let.

- Big Sky Developments Ltd is constructing commercial properties on behalf of the Council that it will add to its commercial investment portfolio to generate revenue income and support economic growth. Crafton House is the first to be built at Rosebery Park, Poringland and was completed early 2016.

- The commercial property portfolio has seen an increase in the return it is generating which is now at 7%.

4.0 Asset Management Practice

4.1 Governance Arrangements

Critical to effective asset management is a clearly defined vision and objectives for the property portfolio against which options can be considered and delivery plans developed. The Council has been operating with an informal (but not fully defined) set of objectives. These are stated explicitly below. The Council recognises that property can contribute positively to both the delivery of its core services and its aspirations for the future of South Norfolk as a whole.

<table>
<thead>
<tr>
<th>Vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>To enhance the quality, responsiveness and cost effectiveness of public service delivery and community well-being through the better use of the Council’s property assets (and associated capital and revenue expenditure).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>The whole portfolio should be:</td>
</tr>
<tr>
<td>- Planned and managed on a council wide basis</td>
</tr>
<tr>
<td>- Assessed in terms of its performance</td>
</tr>
<tr>
<td>- Managed corporately with clearly defined responsibilities</td>
</tr>
<tr>
<td>- Managed using clear procedures</td>
</tr>
</tbody>
</table>

| Individual Properties should be: |
| - Owned/managed corporately |
| - Suitable and sustainable |
| - Safe and secure |
| - Maintained to appropriate standards |
| - Reviewed regularly |
| - Used to deliver council’s goals |

The Council has a Corporate Projects Board comprising senior officers from across the organisations. This reviews progress on major capital projects and as such has a remit which embraces many asset management activities. Asset management matters are report through
ASSET MANAGEMENT PLAN

to the Council’s senior officer management team (SLT – Strategic Leadership Team) and to Cabinet as appropriate. Property matters are also referred to the Portfolio Holder for Finance and Resources who sits on Cabinet. These governance arrangements are appropriate for the size and nature of the Council’s portfolio.

4.2 Managing Properties through the Life-Cycle

The status and management issues related to properties change through their life-cycle. The Council has a set of procedures covering each of the key stages through this life-cycle. These are summarised briefly below and amplified in an appendix as appropriate.

**Acquisitions** - Unless there are exceptional circumstances, the Council will only acquire land or property for the following reasons: contribution towards the provision of the Council’s services; Economic Development purposes or Purchases which consolidate and achieve unencumbered freeholds or tenures. All acquisitions are managed by the Asset Management Team and undertaken in accordance with the policy and procedure for land and property acquisition set out at Appendix B.

**Managing Properties in Use** - The portfolio needs to comply with all relevant legislative requirements. It is the day to day responsibility of Facilities Management with the use specialist external contractors to ensure that all property meets these requirements and to ensure the necessary audits, assessments and registers are in place and to provide advice as appropriate. This should include as a minimum:-

- **Asbestos Register & Management** - The Council manages asbestos through the FM team and an Asbestos Register is maintained to manage asbestos, including its location and other relevant information.

- **Insurance** - The Council corporately insures its Portfolio and maintains current insurance valuations in accordance with best practice.

- **Fire Risk Assessment, Fire Alarm Systems and Fire Procedures**

- **Water Hygiene Risk Assessments**

- **Health and Safety**

- **Mechanical and Electrical Systems Maintenance, Testing and Inspection**
Building Fabric - Routine building fabric maintenance and inspection will be undertaken to meet reasonably practicable standards.

Property Review – During use each property should be subject to periodic review to ensure it is functionally suitable; cost effective and meeting Council priorities.

Vacant Properties - properties will from time to time become surplus to requirements or be vacant. This is primarily for two reasons: property being held pending final use or for redevelopment or regeneration and property declared surplus to operational requirements. Vacant properties should be managed in accordance with the procedures given in Appendix C.

Disposals - All disposals are undertaken by the Asset Management Team in accordance with the policy and procedure for land and property disposal set out at Appendix D. Disposals will be considered only after suitable alternative Council uses for the asset have been investigated.

4.3 Data and Performance Management

The Council uses Uniform from Idox as its corporate property database; and this is part of a family of software products from IDOX which support several of the Council’s functions. The quality of property data (completeness, currency and accuracy) is generally good as to be expected for a relatively small property portfolio. A small range of property related performance indicators as are collected for asset management as part of the Council’s wider performance management framework and these are reported through to SLT on a periodic basis.

5.0 Implementation

5.1 Risks & Resourcing

Progress in implementing the strategy is likely to be influenced by a number of factors. The main ones are identified below:-

- Capacity and expertise – The council will need a specific organisational focus in order to implement some of the identified actions. Some of the actions require specific skills which are not currently available within the staffing resource. The Council or its companies will either need to recruit staff with these skills or outsource this work.
Senior Political and Officer Commitment – There will be a need for strong corporate leadership in order to sustain the momentum of implementation of the strategy over time.

Changing Service Delivery Models – The public sector is undergoing a major reform in how it is organised, funded and operates with potential far reaching implications for models of service delivery. There may be increasing likelihood of ‘shared services and partnership working with the potential for an increasing focus on shared asset use.

5.2 Measuring Progress

The long-term and multi-faceted nature of property as a resource means it is difficult to measure portfolio performance through a single, simple performance measure. Property can be considered from a variety of perspectives (physical, financial, legal and functional) and all these aspects need to be considered in developing a performance measurement framework. The Council will develop a simple set of appropriate property performance indicators (pPIs) and report these through the Council’s corporate performance regime. Progress on the actions identified in the Asset Management Plan will be kept under reviewed and reported periodically to the Council’s Senior Leadership Team and Cabinet as appropriate.
### Appendix A - Summary of Property Portfolio

#### Offices

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Size (GIA) M²</th>
<th>Running Cost</th>
<th>Asset Value</th>
<th>Repair Backlog</th>
<th>Intended Action 2015/16</th>
<th>Funding (£000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Norfolk House</td>
<td>F/H</td>
<td>5261</td>
<td>£526¹</td>
<td>£180</td>
<td>Replace suspended metal ceilings - timing / phasing /costs to be defined</td>
<td></td>
</tr>
<tr>
<td>(330 work-stations and 270 Parking spaces)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Undertake scheduled maintenance</td>
<td></td>
</tr>
</tbody>
</table>

¹ Including salaries of FM staff and offset by £14K income from lettings

#### Leisure Centres

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Visitors Numbers*</th>
<th>Running Cost</th>
<th>Asset Value</th>
<th>Estimated Repairs</th>
<th>Intended Actions</th>
<th>Funding (£000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diss Centre</td>
<td>F/H</td>
<td>121,354</td>
<td></td>
<td></td>
<td>Plant work scheme (pumps &amp; dosing systems)</td>
<td>£20</td>
</tr>
<tr>
<td>Wymondham Centre</td>
<td>F/H</td>
<td>361,863</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Stratton Centre</td>
<td>F/H</td>
<td>64,747</td>
<td>547,964</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Based on 2013/14 numbers

#### Depots

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Size (GIA)</th>
<th>Running Cost</th>
<th>Asset Value</th>
<th>Repair Backlog</th>
<th>Intended Action 2015/16</th>
<th>Funding (£000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ketteringham Depot</td>
<td>F/H</td>
<td></td>
<td></td>
<td></td>
<td>Investigate options for expansion or re-provision</td>
<td>£1,400</td>
</tr>
</tbody>
</table>
### ASSET MANAGEMENT PLAN

<table>
<thead>
<tr>
<th>Car Parks</th>
<th>Tenure (spaces)</th>
<th>Capacity (spaces)</th>
<th>Running Cost</th>
<th>Asset Value</th>
<th>Estimated Repairs</th>
<th>Intended Action</th>
<th>Budget Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Park Road, Diss</td>
<td></td>
<td>69</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chapel St. (lower), Diss</td>
<td></td>
<td>70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chapel St. (upper), Diss</td>
<td></td>
<td>14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weavers, Diss</td>
<td></td>
<td>65</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mount St, Diss</td>
<td></td>
<td>65</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shelfhanger Rd (East), Diss</td>
<td></td>
<td>86</td>
<td></td>
<td></td>
<td></td>
<td>• Resurface in 2016/17</td>
<td></td>
</tr>
<tr>
<td>Shelfhanger Rd (West), Diss</td>
<td></td>
<td>13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Church St, Diss</td>
<td></td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broad St, Harleston</td>
<td></td>
<td>59</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bullock Fair, Harleston</td>
<td></td>
<td>137</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Church Plain, Loddon</td>
<td></td>
<td>56</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Staithe, Loddon</td>
<td></td>
<td>27</td>
<td></td>
<td></td>
<td></td>
<td>• Resurface in 2016/17</td>
<td></td>
</tr>
<tr>
<td>Swan Lane, Long Stratton</td>
<td></td>
<td>58</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cemetery Lane Wym,dham</td>
<td></td>
<td>90</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market St, Wymondham</td>
<td></td>
<td>65</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town Green, Wymondham</td>
<td></td>
<td>51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Back Lane, Wymondham</td>
<td></td>
<td>51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>987</strong></td>
<td></td>
</tr>
</tbody>
</table>
Appendix B - Land and Property Acquisition Procedures

The Council will acquire assets where it can demonstrate:

- There is a service delivery need or opportunity to improve service delivery
- An investment return can be generated
- The addition of value to existing assets
- There is a strategic benefit that may provide future opportunity and wealth to the South Norfolk community.
- A contribution to the maintenance of a balanced non-operational investment property portfolio.

Whilst previous acquisitions have been within the district, due to the rural nature of the area this can limit opportunities and therefore acquisitions may be considered on the outskirts if considered appropriate.

Both land, residential and commercial property may be acquired through the Councils Property Development Company for investment. These assets will be acquired for investment purposes and will seek to enhance its value through obtaining planning consent and/or generating an income from either rents received or capital appreciation.

All acquisitions will be assessed through a robust business case and with particular reference to the costs, benefits, impacts and risks of the property and how it relates to the Council’s corporate objectives.

Before acquiring assets for operational use, consideration should be taken to review if other suitable under-utilised assets are held, which could accommodate the service requirement.

In all cases where the value of the property to be acquired is over £50,000 an independent valuation will be obtained by a member of Royal Institution of Chartered Surveyors to ensure that the transaction represents good value.

The Council has authority to acquire property within its district by way of Compulsory Purchase Order (CPO). This enables the Council to acquire land or property that would be used to carry out a function, which is in the public interest. The law relating to CPO is complex and detailed statutory procedure must be followed. The amount paid for land or property acquired under a CPO will be in accordance with the Act.

Amenity land is acquired by the Council in relation to Planning Contributions through S106. Where possible the Council will directly transfer these assets to Parish Councils for asset management at a local level.
Acquisitions and disposals will, under the Councils’ Rules of Financial Governance require consultation with and agreement of the Section 151 Officer. In all cases, be supported by a financial appraisal providing all the financial and budgetary implications. Under the Council’s scheme of delegations nominated senior officers along with Senior Leadership Team and/or Cabinet can approve acquisitions or disposals subject to a maximum value.
Appendix C – Vacant Property Procedures

The overall portfolio and individual properties need to be subject to periodic review to ensure that they are meeting corporate objectives, are functionally suitable, cost effective and performing effectively. As a consequence of these review processes and changing service needs properties will become vacant from time to time. Vacant property will effectively be of three types:-

- Property held pending an alternative use or for redevelopment
- Property no longer required for operational use and with no alternative use for the Council and therefore available for disposal
- Property in the commercial portfolio which is temporarily vacant, pending re-letting

Vacant Property Held Pending Alternative Use

From time to time property will be held vacant pending an alternative use or redevelopment. The priority in this case is to minimise the time it remains vacant and to ensure the property remains safe and secure. In these instances vacant properties should be subject to the following appraisal processes:-

- Has the future use been determined and formally agreed?
- Has this been subject to a full optional appraisal?
- Have interim management arrangements (and associated costs) been determined?

Vacant Operational Property

An operational property is deemed vacant when it is no longer required for service needs and is formally declared surplus by the Service Manager in conjunction with the Head of Asset Manager. In these instances vacant properties should be subject to the following appraisal processes:-

- Is the property suitable for an alternative service use by the Council?
- Is the property suitable for transfer into the Council’s commercial portfolio or residential portfolio held by Bog Sky Property Management?
- Does the property have strategic value (from redevelopment or combining with adjacent properties)?
- Is it appropriate to consider transfer to a community group (subject to appropriate safeguards over use and financial viability)
- Consider for disposal (following procedures in Appendix C)
Vacant Commercial Property

It is expected that from time to time individual properties within the commercial portfolio will become vacant as a result of a tenant leaving or the end of a tenancy period. Whilst the objective is to minimise the number of such vacancies; they will inevitably occur from time to time. In these cases they should be subject to the following procedures or appraisal process.

- Does the property require refurbishment or cleaning?
- Does the property provide a re-development opportunity?
- Are there any prospective tenants for the property?
- Should the property be re-marketed to secure a new tenant?
- Can the property be combined with adjacent property to create a more attractive space?
- Are there alternative uses?
- Consider for disposal (following procedures in Appendix C)

The Council has a governance framework regarding the management of property assets (acquisition, management in use, review and disposal). Actions around vacant properties need to ensure full consultation and appraisal around all options prior to a formal decision over re-use or disposal in a manner consistent with this framework.
Appendix D - Land and Property Disposal Procedures

Whilst the Council has no statutory obligation to disposal of assets (other than the Right to Buy’), it will do so at its own discretion and in the best interests of the Council. Assets may be identified for disposal where they:

- Provide a financial benefit to the Council
- Does not meet service requirements
- Are underperforming or not fit for purpose
- Provide a community benefit

Requests are received from community groups or private individuals to acquire land and property assets. The Council has the legal power to dispose of its assets and will seek to secure the best price reasonably obtainable. This may result in the asset being marketed on the open market and the notification to other potential interested parties as part of the disposal process. Assets may be retained by the Council if the property market is poor and values low and put to alternative uses, or assets may be used for community improvement projects.

A disposal at less than its market value can be undertaken with statutory consent to do so. Specific consent is not needed where a council can demonstrate the land sale will help to secure the improvement of the economic, social or environmental wellbeing of the local area, and the undervalue is only up to £2m less than market value. In some instances assets may be transferred at nil consideration if community benefits can be demonstrated.

If land is classified as Public Open Space, the Council will be required to dispose of the land following the statutory procedure required by S123 (2A) Local Government Act 1972. This procedure will require the Council to advertise its intention to dispose of the land and consider any objections received.

The land may be subject to S23 of the Land Compensation Act 1961 and the Council may be required to pay compensation to reflect the increase in value if planning consent is granted. There may be existing restrictive covenants relating to the assets and the Council may place restrictions on the disposed of assets which may preclude the change of use or development. Legal rights, easements and way leaves may also impact on the disposal.

The Council may seek to enhance the value of the asset prior to sale, such as by obtaining planning consent. Where the proposal is to change the use of amenity land (for example to garden) planning consent may be required and planning policy will need to be addressed.
The Council’s Local Plan policy LEI8 Loss of recreational or amenity land reflects the requirement to preserve amenity land for the community.

The Council has a governance framework and under the Council’s scheme of delegations nominated senior officers along with Senior Leadership Team and/or Cabinet can approve disposals subject to a maximum value. Higher value disposals will also require consent of the Senior Leadership Team and or Cabinet.

Under the Council’s governance framework a senior officer shall determine the most appropriate method of disposal. This method should require the open invitation of competitive bids, (whether by auction or by advertisement), unless an alternative method of disposal would be appropriate. Examples of possible exceptions are as follows:

- Sale to a sitting tenant
- Sale of an access which would enable a purchaser to release development value locked up in other property
- Sale to an adjoining owner or sale of a part-interest in a property where amalgamation of interests could enable substantial “marriage value” to be realised.
- Sale to a public body, provided that such sale is within the General Order (Statutory power), or receives Secretary of State consent.

In all such cases where the value of the property to be disposed of is over £50,000 an independent valuation will be obtained by a member of Royal Institution of Chartered Surveyors.

In some cases the cost of the disposal (marketing, legal and surveyors fees etc) may be higher than the offer proposed and the Council may seek to charge the purchaser an administration fee to cover the cost of its legal and surveying fees.

The Council may refuse the disposal of assets for example where land is used by others or where there are rights of way or if there are any environmental losses that may impact on both the natural or built environments.

The Council periodically reviews its assets and in 2013 undertook a review of land assets. This considered the lands suitability, fitness for purpose, delivery of services, planning considerations, development potential and relationship with neighbouring land and property. Possible alternative uses for both short term and long term potential were considered. A priority action plan has been developed for a land disposal programme.

Report of the Support and Innovation Manager Growth and Localism
Cabinet Member: Michael Edney – Finance and Resources

CONTACT
Kim Woodhouse
kwoodhouse@s-norfolk.gov.uk
1. **Introduction**
   The Local Government Ombudsman (LGO) investigates complaints about councils and some other authorities and organisations. The service is free, independent and impartial. In general, a complaint can only be referred to the LGO once it has been through the Organisation's own complaints process. The Ombudsman will investigate to see if there is any evidence of maladministration by the Council and make judgement. The LGO report of the complaints referred for 2016 for South Norfolk Council has been published and the outcomes analysed to identify lessons to be learned and to implement any improvements in processes, procedures or practice.

2. **Background**
   2.1 **South Norfolk Council Complaints Process**
   South Norfolk’s process for complaints is set out on our website [http://www.south-norfolk.gov.uk/595.asp](http://www.south-norfolk.gov.uk/595.asp)
   It is in two stages; Stage 1 is where the complaint is investigated and responded to by the Director of the service to which the complaint relates and Stage 2 follows if the complainant remains dissatisfied with the response received. The complaint along with the Director’s response is referred to the Council’s Chief Executive Officer, who will respond to conclude the Council’s complaint process. Should the complainant remain dissatisfied having completed stage 2 of the Council’s complaints process they can refer their complaint to the Local Government Ombudsman.

   2.2 **Local Government Ombudsman Role**
   The Ombudsman will investigate to see if there is any evidence of maladministration by the Council and make judgement.

The table below shows the complaints about South Norfolk Council by service area that were referred to the LGO and the decisions made by The Ombudsman after investigation.

<table>
<thead>
<tr>
<th>Complaint Referred</th>
<th>Benefits and Tax</th>
<th>Corporate and Other Services</th>
<th>Environmental Services</th>
<th>Housing</th>
<th>Planning and Development</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGO Decisions</td>
<td>1 Closed after initial enquiries</td>
<td>3 All closed after initial enquiry</td>
<td>2 Both not upheld</td>
<td>1 Referred back for local resolution</td>
<td>12</td>
<td>19</td>
</tr>
</tbody>
</table>

4. Proposals

It is reassuring to note that most complaints investigated by the LGO were closed after their initial enquiry, referred back for local resolution or not upheld. Also to note is that the highest number of referrals are about planning and development. There are over 2,500 planning applications submitted to South Norfolk Council each year and inevitably some planning decisions can be upsetting to nearby residents who feel they have been affected or disadvantaged by an application that has been granted permission or for the applicants whose planning permission has been refused. For the applicant of a planning application there is the opportunity to lodge an Appeal against the refusal but for the residents who have objected to a planning application that has been granted permission their only course of action is to complain to the Council.

Consequently, the Development Management Service receives by far the most complaints and these are often then referred to the Government Ombudsman as the complainant remains dissatisfied with the Councils decision for the reasons already explained. Unfortunately many complainants who seek this course of action for their complaint do so in the belief that the Government Ombudsman has the power to overturn a planning permission that has been granted. This is not the case. A Planning Decision is a judgement which the
Ombudsman will not test. The Ombudsman’s role is to investigate whether the Council has acted incorrectly in reaching the planning decision and whether this has caused the complainant any injustice.

5. Risks and implications arising

5.1 Any complaint referred to the LGO and upheld has the risk of financial penalty being imposed by the Ombudsman. The Council endeavours to avoid this at all costs and considers this at Stage 1 and Stage 2 of the complaints process when a thorough investigation is undertaken. Of the two complaints upheld by the Ombudsman (see appendix A). The first had no financial implication but the second incurred costs to the Council of £2545 in a payment of the architect fee the complainant had paid in the belief that his planning application would be successful as the pre-application advice given indicated that this would be the case.

5.2 Due to the Council Planning Officers changing their minds about the impacts of development upon a Listed Building when the planning application was assessed, the planning application was refused. The complainant had paid architects fees for drawings to accompany his planning application. The LGO concluded that had he been told that his application might be unsuccessful as part of the pre-application advice process then he would likely not have made the application.

5.3 The Council works hard to ensure that anyone making a complaint about any of our services will receive a full response and explanation. Complaints are regularly analysed to inform service improvements. There is an understanding that any complaint can ultimately end with an investigation by the Local Government Ombudsman and the Council has tried to mitigate the risks of such cases resulting in financial penalties.
5.4 50 complaints were received last year, which related to the Development Management and Planning Policy Service. Only 6 were received in the last quarter of the year. It is anticipated that none of these will be referred to the LGO. This reduction can be attributed to the improvements programme that has been implemented since April 2016 as follows;

- Planning web pages were updated to include a section on how comments made on planning applications are taken into consideration and what issues are not deemed a ‘planning considerations’. http://www.south-norfolk.gov.uk/planning/280.asp
- Improved and speedier planning application and decision issuing process
- Training session for all officers on lessons learnt from Ombudsman Report ‘Not in my back yard’
- Monthly analysis of all complaints received and any lessons learnt from them being used to inform and improve practices and processes

6. Other options and comparison with other neighbouring Councils

6.1 The overall number of cases referred to the LGO for South Norfolk is small and comparable to other neighbouring councils; Breckland 15 and Broadland 10, both of whom also had 2 cases not upheld and 2 cases upheld. Norwich City Council by comparison had 37 case referred to the LGO with one not upheld and 7 upheld.

6.2 The Development Management Service had already recognised the failings in the pre-application advice for householder requests and had introduced a pre-application advice service with a fee of £40. The new approach clearly sets out what the service will provide. Officers work within a structured framework to provide consistent advice and where necessary will consult with other professionals to give a comprehensive and detailed response which mirrors the consideration given to the proposal as if it were a planning application. The benefit for the applicant is that this advice is provided to them without them having the expense of architect’s drawings, which may require amendment before submission of a subsequent planning application.
6.3 The customer survey (March 2016) showed that of those who had paid for pre-application advice 80% reported it to be very helpful or quite helpful, 15% not very helpful and 5% not helpful at all. 65% said that it was value for money and 90% said that they would use the service again.

6.4 We are continually trying to learn from all of the complaints we receive and not just those that have been referred to the LGO. We are trying to do more to understand our customers and continue to look at ways to engage with them via surveys and feedback across all our service areas. We have concentrated our efforts this year on the Planning Service and been successful in reducing the numbers of complaints that we receive. We are also reviewing our customer engagement strategy so that our customers know and understand what the can expect from their Council.

7. Recommendation

That members note the contents of the report and provide any views or comments regarding our approach to dealing with complaints.
Appendix 1 – Ombudsman findings Report 2016

Learning from the Local Ombudsman upheld cases which informed service improvements
Case 1 was ‘partly upheld’ by the Ombudsman.
This complaint alleged bias by the Council towards the applicant.
The complainant also alleged that members of the Development Management Committee had not properly considered or debate the application and the planning committee chairman had treated the applicant and objectors differently when they made their representations.
The complainant alleged that the case officer’s report was inaccurate, and the Council did not show documents correctly on its website.

The ‘partly upheld’ finding in the above case was that the Ombudsman found that the Design and Access statement was incorrectly displayed on the Council website (incorrectly labelled). The Ombudsman found that this did not cause the complainant an injustice because he was able to find the document and was able to consider it. There was therefore no award made to the complainant.

Although not found to be a failing by the Council, the Ombudsman also highlighted in Case 1 the process of the Council in issuing the committee report a week before the Development Management Committee meeting and displaying it on the website before being added to the case file in the planning pages of the website which was done after the Development Management Committee meeting has occurred. The Development Management Service acknowledged that this could be confusing for those following the progress of an application and has changed its practice to upload the Development Management Committee agenda to each planning application on that agenda at the same time as displaying the agenda in the committee section of the website.
Case 2 was fully upheld by the Ombudsman
This complaint alleged maladministration in the provision of pre-application advice and subsequent planning application which was refused.

The complaint asked for and received pre-application planning advice for which he did not make a payment on receiving a positive response the complaint proceeded to make a planning application which the Council then refused.

The Ombudsman recognised informal pre-application advice cannot conclusively establish whether a planning application would be acceptable, however, the Ombudsman found that while only a planning application will decide whether the application is acceptable or not, a reasonable applicant would conclude from the Council’s original comments that there was no objection of principle, but that approval was dependant on the design. Subsequently, and with no change in circumstances, and following the cost of fees, a new property on the site became unacceptable in principle. It is this change on principles, without a change in circumstances, which the Ombudsman considered to be at fault. The Council was ordered to recompense the complainant for his architect fees of £2545.

Investigation into the Ombudsman’s findings by the Development Management Service found that these circumstances had occurred because the Listed Buildings Officer had not fully investigated the previous history of the site and had based a view on insufficient information and this was passed to the case officer responding to the pre-application advice request. There was no proper consideration at the pre-application stage. The Listed Buildings Officer then gave a different view when considering the planning application that subsequently followed.
FRAG Work Programme

Meeting Date | Officer Responsible
---|---
10/03/2017 | Emma Hodds
| Certification of Claims & Returns Annual Report 15/16 | External Audit
| Internal Audit Activity Report | FORMAL
| Strategic and Annual Internal Audit Plans 2017/18 | Emma Hodds
| Self Assessment of the FRAG Committee | FORMAL
| Annual Report of FRAG Committee | Emma Hodds
| External Audit Plan 16/17 | FORMAL
| Code of Corporate Governance | Emma Hodds
| Commercial strategy and residential strategy – supplementary documents to the Asset Management Plan | FORMAL

23/06/2017 | Emma Hodds
| Internal Audit Activity Report | FORMAL
| Internal Audit Follow Up Report | Emma Hodds
| Internal Audit Consortium Manager’s Annual Report and Opinion for 2016/17, including Review of the Effectiveness of Internal Audit | Emma Hodds
| Draft Annual Governance Statement 2016/17 | FORMAL
| Review of Draft Statement of Accounts 2016/17 | Debbie Lorimer
| | INFORMAL

28/07/2017 | Debbie Lorimer
| Statement of Accounts 2016-17 | FORMAL
| Annual Governance Statement 2016-17 | Debbie Lorimer
| Audit Results Report | External Audit
| Annual Report on Counter Fraud Activity 2016/17 (if anything to report) | FORMAL

24/11/2017 | Emma Hodds
| Internal Audit Activity Report | FORMAL
| Internal Audit Follow Up Report | Emma Hodds
| Annual Audit Letter | External Audit
| Asset Management Plan | Renata Garfoot
Eastern Internal Audit Services

SOUTH NORFOLK COUNCIL

Follow Up Report on Internal Audit Recommendations
Period Covered: 1 April to 31 October 2016
Responsible Officer: Emma Hodds – Internal Audit Consortium Manager

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3. PROPOSAL 4
4. RECOMMENDATION 4
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APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS FROM 2014/15 AUDIT REVIEWS 6
APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS FROM 2015/16 AUDIT REVIEWS 7
APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS FROM 2016/17 AUDIT REVIEWS 11
1. INTRODUCTION

1.1 This report is being issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.

1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive (known in this context as the Internal Audit Consortium Manager) to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action. The frequency of reporting and the specific content are for the Authority to determine.

1.3 To comply with the above this report includes:-

- The status of agreed actions.

2. STATUS OF AGREED ACTIONS

2.1 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to this Committee. Verification work is also undertaken for those recommendations that are reported as closed.

2.2 Appendix 1 to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken and identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round.

2.3 The summary position according to recommendation priority is shown in the table below, with the previously reported position in the first table and the current position in the second table to enable comparison:

<p>| Status of Recommendations as at 31 March 2016 |</p>
<table>
<thead>
<tr>
<th>P1</th>
<th>P2</th>
<th>P3</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete</td>
<td>0</td>
<td>14</td>
<td>11</td>
<td>25</td>
</tr>
<tr>
<td>Outstanding</td>
<td>0</td>
<td>15</td>
<td>6</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>29</td>
<td>17</td>
<td>46</td>
</tr>
</tbody>
</table>

<p>| Status of Recommendations as at 31 October 2016 |</p>
<table>
<thead>
<tr>
<th>P1</th>
<th>P2</th>
<th>P3</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete</td>
<td>0</td>
<td>27</td>
<td>27</td>
<td>54</td>
</tr>
<tr>
<td>Outstanding</td>
<td>0</td>
<td>18</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>45</td>
<td>39</td>
<td>84</td>
</tr>
</tbody>
</table>

Key:
Priority 1 – Urgent: Fundamental control issue on which action to implement should be taken within 1 month.
Priority 2 – Important: Control issue on which action to implement should be taken within 3 months.
Priority 3 – Needs Attention: Control issue on which action to implement should be taken within 6 months.

2.4 In relation to the historic recommendations (i.e. those prior to the 2015/16 financial year), there are only two priority two recommendations that are still outstanding from the audits of Disaster Recovery and Stock Control. The detail of the progress to date is reflected in Appendix 2 of the report, with management responses having been provided.

2.5 In 2015/16 internal audit raised 67 recommendations, with 47 now being closed, of the remaining 20; one is not yet due for implementation and 19 are outstanding (no urgent, 11 important and eight needs attention). The management responses in relation to the 11 outstanding important recommendations can be seen at Appendix 3 of the report.

<table>
<thead>
<tr>
<th>Number raised</th>
<th>67</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete</td>
<td>47</td>
</tr>
<tr>
<td>Outstanding</td>
<td>19</td>
</tr>
<tr>
<td>Not yet due</td>
<td>1</td>
</tr>
</tbody>
</table>

2.6 To date in 2016/17 internal audit has raised 47 recommendations; 20 of which have already been implemented by the agreed date, nine of which are outstanding (five important and four needs attention), 17 are not yet due for implementation and one was disagreed by management. The management responses in relation to all of the 9 outstanding recommendations can be seen at Appendix 4 to the report.

<table>
<thead>
<tr>
<th>Number raised to date</th>
<th>47</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete</td>
<td>20</td>
</tr>
<tr>
<td>Outstanding</td>
<td>9</td>
</tr>
<tr>
<td>Not yet due</td>
<td>17</td>
</tr>
<tr>
<td>Disagreed</td>
<td>1</td>
</tr>
</tbody>
</table>

2.7 The Committee’s attention is drawn to the outstanding recommendations in relation to the Early Help Hub audit review, whereby a limited assurance was concluded and management responses have not been received in relation to eight recommendations – the detail of which are at Appendix 4 to this report.
3. PROPOSAL

3.1 The Finance, Resources, Audit and Governance Committee are asked to receive and note the current position in relation to the completion of agreed audit recommendations.

4. RECOMMENDATION

4.1 That members note the position in relation to the completion of agreed internal audit recommendations as at 31 October 2016.
### APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

<table>
<thead>
<tr>
<th>Audit Ref</th>
<th>Audit Area</th>
<th>Assurance Level</th>
<th>Completed by 01/04/2016 and 31/10/2016</th>
<th>Previously reported to Committee as outstanding</th>
<th>(New) Outstanding</th>
<th>Total Outstanding</th>
<th>Not Yet Due for implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Priority 1</td>
<td>Priority 2</td>
<td>Priority 3</td>
<td>Priority 1</td>
<td>Priority 2</td>
</tr>
<tr>
<td><strong>2014/15 Internal Audit Reviews</strong></td>
<td></td>
<td></td>
<td>Priority 1</td>
<td>Priority 2</td>
<td>Priority 3</td>
<td>Priority 1</td>
<td>Priority 2</td>
</tr>
<tr>
<td>SNC/15/04</td>
<td>Sports Facilities - Wymondham</td>
<td>Adequate</td>
<td>1</td>
<td>1</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>SNC/15/10</td>
<td>CTAX and NNDR</td>
<td>Adequate</td>
<td>2</td>
<td>1</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>SNC/15/12</td>
<td>HB and CTS</td>
<td>Adequate</td>
<td>1</td>
<td></td>
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<td>0</td>
<td></td>
</tr>
<tr>
<td>SNC/15/19</td>
<td>Disaster Recovery</td>
<td>Adequate</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>SNC/15/20</td>
<td>Leisure Services Review</td>
<td>Limited</td>
<td>1</td>
<td>1</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>2015/16 Internal Audit Reviews</strong></td>
<td></td>
<td></td>
<td>Priority 1</td>
<td>Priority 2</td>
<td>Priority 3</td>
<td>Priority 1</td>
<td>Priority 2</td>
</tr>
<tr>
<td>SNC/16/01</td>
<td>Housing Standards</td>
<td>Reasonable</td>
<td>2</td>
<td>1</td>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>SNC/16/02</td>
<td>Car Parks</td>
<td>Reasonable</td>
<td>2</td>
<td>1</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>SNC/16/03</td>
<td>Community Grants</td>
<td>Reasonable</td>
<td>1</td>
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<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>SNC/16/05</td>
<td>Accounts Receivable</td>
<td>Reasonable</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>SNC/16/06</td>
<td>Income</td>
<td>Reasonable</td>
<td>2</td>
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</tr>
<tr>
<td>SNC/16/08</td>
<td>Committee Services</td>
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<td>Reasonable</td>
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<td>3</td>
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<td>SNC/16/10</td>
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<td>SNC/16/11</td>
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<td>SNC/16/13</td>
<td>Civica OPENRevenues Application</td>
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<td>SNC/16/14</td>
<td>Exchange 2010</td>
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<td>Storage Area Network</td>
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<td><strong>2016/17 Internal Audit Reviews</strong></td>
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<td>Priority 1</td>
<td>Priority 2</td>
<td>Priority 3</td>
<td>Priority 1</td>
<td>Priority 2</td>
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<tr>
<td>SNC/17/01</td>
<td>CNC Building Control</td>
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<td>SNC/17/02</td>
<td>Early Help Hub</td>
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<td>SNC/17/03</td>
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<td>SNC/17/05</td>
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<td>SNC/17/06</td>
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<tr>
<td>SNC/17/07</td>
<td>Housing Strategy and Affordable Housing</td>
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<td>1</td>
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<td>SNC/17/18</td>
<td>Integra 2 application</td>
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<td>SNC/17/19</td>
<td>Walled Garden Firewall Administration</td>
<td>Reasonable</td>
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# APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS FROM 2014/15 AUDIT REVIEWS

<table>
<thead>
<tr>
<th>Audit Title</th>
<th>Recommendation</th>
<th>Priority</th>
<th>Management Response</th>
<th>Responsible Officer</th>
<th>Due Date</th>
<th>Revised Due Date</th>
<th>Status</th>
<th>Last Update</th>
<th>Latest Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNC1519 Disaster Recovery</td>
<td>The Council should draft and agree an appropriate Disaster Recovery test plan and keep appropriate records of them using an agreed template designed for that purpose. The results of the tests should also be reported to senior management, with any lessons learned feeding back into the Disaster Recovery plans using agreed change control processes, this should include a version history that tracks all tests and whether any lessons learnt from each test has resulted in updates being made. Significant updates / changes to the plan should also be formally approved by senior management and communicated appropriately.</td>
<td>2</td>
<td>Agreed - A programme of system recovery tests and dates will be included within the plan having discussed and agreed with the business around timings and relevant staff availability, together with a formal methodology of reporting the results to all interested parties. Results of Follow Ups to Date April 2015:IA: Recommendation will remain outstanding and will continue to be monitored. Not Due</td>
<td>IT Operations Manager</td>
<td>31/07/2015</td>
<td>30/11/2016</td>
<td>Outstanding</td>
<td>16/09/2016</td>
<td></td>
</tr>
<tr>
<td>SNC1520 Review of Stock Control</td>
<td>Trend analysis of stock turnover, income and profit should be completed for each Leisure Centre and between Centres to confirm relative performance. In addition, analysis of sales and profit figures for the various different products should be made.</td>
<td>2</td>
<td>Agreed. A consultant has been instructed to carry out a review of the service. Based on the recommendations received the procedures will be adjusted accordingly. Results of Follow Ups to Date April 2015:IA: Recommendation will remain outstanding and will continue to be monitored. Not Due The new MIS will enable the stock to be analysed in a more useful way.</td>
<td>Head of Leisure Services</td>
<td>31/10/2015</td>
<td>31/05/2017</td>
<td>Outstanding</td>
<td>14/11/2016</td>
<td></td>
</tr>
</tbody>
</table>

The IT Operations Manager stated that this action is outstanding, the new SAN is now in place and once the initial work is complete the unit will be moved to our DR site, I would expect this to be closed off in November sometime.

IA: This will continue to be monitored as part of internal audit’s cyclical follow up checks.
<table>
<thead>
<tr>
<th>Audit Title</th>
<th>Recommendation</th>
<th>Priority</th>
<th>Management Response</th>
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<th>Status</th>
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<th>Latest Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNC1601 Housing Standards includes DFGs and discretionary grants</td>
<td>Detailed procedure guidance be prepared for the various housing grants/loans offered by the Council which should include the eligibility criteria, timescales for processing, documents required for approval, number of quotations required, authorisation process, framework for prioritisation, reporting and monitoring, and feedback process, as a minimum. A flow chart of each process and priorities be included, along with suggested processing times.</td>
<td>2</td>
<td>A detailed analysis of the DFG and GIG process was undertaken and documented and a Decent Home Loan Procedure for officers prepared in March 2015. DFG applicants are triaged and prioritised. A Countywide programme of improvement initiated by SNC is underway aimed at ensuring consistency and faster outcomes for DFG clients. I agree the information should be pulled together in a format easier to access by the public. Audit Comment Due to the resource required, and the policy approval process to complete the task of pulling together all the required detail a deadline of the end of March 2016 was agreed.</td>
<td>Housing Standards Manager</td>
<td>31/03/2016</td>
<td>31/03/2017</td>
<td>Outstanding</td>
<td>16/11/2016</td>
<td>The Housing Standards Manager advised that the teams delivering these work-streams are scheduled to be reviewed, further progress in this area will be informed by the outcome of the review and the Norfolk-wide improvement programme. To be reviewed again in March 2017. IA: This will continue to be reviewed as per internal audit’s cyclical follow up checks.</td>
</tr>
<tr>
<td>SNC1601 Housing Standards includes DFGs and discretionary grants</td>
<td>Contractors used in the GIG process are retendered to help confirm best value for money is achieved. Retendering should take place regularly thereafter.</td>
<td>2</td>
<td>Agreed this work was scheduled to have been included in a SNC-wide procurement exercise that was recently curtailed when the procurement team left. Steps are being taken to replace the staff and a new procurement process will take place. In the meantime we are still obtaining competitive quotes for the works included in the GIG grants that we can compare with the GIG prices and also have access to a schedule of rates for this work that again we can use to ensure we are getting value for money. Audit Comment Practical timescales for completing a tender exercise, receiving information from potential suppliers and completing a selection exercise led to the implementation deadline of the end of March 2016 being agreed.</td>
<td>Housing Standards Manager</td>
<td>31/03/2016</td>
<td>31/03/2018</td>
<td>Outstanding</td>
<td>16/11/2016</td>
<td>A procurement model has been agreed and going through final legal checks. It is currently intended to go out for expression of interest early in the new year with an aim to complete the exercise by March 2018. Slippage is due to resources being redirected to a priority project. IA: This will continue to be monitored as part of internal audit’s cyclical follow up checks.</td>
</tr>
<tr>
<td>SNC1602 Car Parks</td>
<td>A schedule for the emptying of all car park machines be maintained, confirming that income is received in accordance with that schedule.</td>
<td>2</td>
<td>Agreed. Each time a ticket machine is emptied, a receipt/ticket is issued which provides a sequential number, confirms which machine it relates to, the date and value of the cash. This is attached to the paying in slip which Finance receives from our cash carrier which is subsequently reconciled. A summary of all collections that Loomis have made is sent to Management Accountant and Parking Services Manager. This should be reviewed to ensure that all machines are being emptied on each 'round' and that spot checks could be carried out to ensure that these items are in fact banked.</td>
<td>Parking Services Manager</td>
<td>30/12/2015</td>
<td>31/01/2017</td>
<td>Outstanding</td>
<td>15/11/2016</td>
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<tr>
<td>SNC1605 Accounts Receivable</td>
<td>Recommendation 1 - All invoice requests to identify the officer authorising the invoice as a minimum, and where applicable also the requisitioner. Invoices to be raised in a prompt manner.</td>
<td>2</td>
<td>The new workflow process is currently being tested. This will allow either manager authorisation or Payment Control team approval - if both are required the workflow will need further design. Anticipate that this facility will be in place within three months.</td>
<td>Finance Manager</td>
<td>30/04/2016</td>
<td>31/12/2016</td>
<td>Outstanding</td>
<td>07/10/2016</td>
<td></td>
</tr>
<tr>
<td>SNC1605 Accounts Receivable</td>
<td>Recommendation 2 - All credit notes be subject to independent authorisation, be supported by documentary evidence justifying the reason for raising the credit note and be promptly raised.</td>
<td>2</td>
<td>The new workflow process is currently being tested. This will allow either manager authorisation or Payment Control team approval - if both are required the workflow will need further design. Anticipate that this facility will be in place within three months.</td>
<td>Finance Manager</td>
<td>30/04/2016</td>
<td>31/12/2016</td>
<td>Outstanding</td>
<td>07/10/2016</td>
<td></td>
</tr>
<tr>
<td>SNC1610 Key Controls and Assurance</td>
<td>Risk and Rationale - Potential errors, overpayments and loss of service quality may not be detected if sample checking of the process is not carried out on a regular basis.</td>
<td>2</td>
<td>I agree that further key processes can be added to those that we already check, in relation to HB &amp; CTRS. This will be in addition to the checks that we already make for HB claims in line with DWP guidelines.</td>
<td>Finance Manager</td>
<td>30/04/2016</td>
<td>31/12/2016</td>
<td>Outstanding</td>
<td>12/10/2016</td>
<td></td>
</tr>
</tbody>
</table>

The Parking services Manager has advised that mid-year changes made by the supplier have led to some operational changes and oversights. Tickets from the machines are not provided in every instance which has prevented complete reconciliations of every collection. We do not consider this to be a high risk, but are in constant communication with the supplier to resolve these problems. We are however reconciling the cashiers bank slips to the bank account. Working with Finance Manager to resolve/review.

IA: This will continue to be monitored as part of internal audit's cyclical follow up checks.

Invoice Registration System (Integra 2) is still in development. Revised due date to reflect the late delivery of this software.

Further analysis of the volumes of checks that we carry out show that we already check more than the acceptable levels set by the DWP (4%) and this has been evidenced for some time now.

The scope of checking in all areas of Revenues and Benefits activity continues to evolve and will be kept under regular review. New due date for this set 31/12/2016
<p>| SNC.1611 | Accountancy Services | Recommendation 1 - Reconciliation of property and fixed asset registers to the general ledger be carried out quarterly and subject to independent review. | 2 | The reconciliation between the property asset register and fixed asset register has now been completed to the end of December 2015 and the final quarter’s reconciliation is currently underway as part of the year end process. The first quarter of 2016/17 will be reconciled within four weeks of the end of the quarter. | Senior Accountant | 11/11/2016 | 31/12/2016 | Outstanding | 11/11/2016 | The Governance &amp; Business Manager on behalf of the Senior Accountant advised that at present the budget setting process is necessarily taking priority over completion of the reconciliations, but it is intended to ensure this recommendation is implemented by the end of December. IA: This will continue to be monitored as part of internal audit’s cyclical follow up checks. |
| SNC.1613 | Revenues and Benefits application | A review of all access groups to be conducted to understand the extent of the access that is granted by them and, hence, what has been granted to users as members of the groups concerned. Access to reports and the ability to amend master data are examples of the permissions that could fall into the scope of the review. | 2 | Agreed. We have completed a user access review. A review of the groups themselves will be conducted at year end. Audit note: The user access review mentioned above has been verified as completed. | Finance Manager | 11/11/2016 | 31/12/2016 | Outstanding | 11/11/2016 | In principle we have reached agreement to reduce the number of access groups from 21 to 6 (Enquiries, Scanners, Assessors (inc HB), Revenues, Team Leaders &amp; System Admin), which is subject to testing prior to implementation. There is no ongoing risk to the authority with the current set up as access to the system is restricted by network and GCSX access, but this change will make the administration of the system far simpler. |
| SNC.1613 | Revenues and Benefits application | A formal testing strategy be designed as follows: The design of a ‘default’ test script containing tests of all aspects of the application. These tests to be conducted whenever a new upgrade is being tested; The ‘default’ test script to be supplemented by specific testing of the changes being implemented by the upgrade in question. The release notes will help with the design of these additional tests; The test script to be documented to show that all tests have been conducted, together with the results of the tests; All completed testing cycles to be filed for future reference. It is suggested that OPENRevenues systems support staff consult with other Council departments to better understand how their respective change control processes operate. For example, Environmental Services. | 2 | Agreed. Testing is an area where retention of evidence that it has been done can be improved. This can be achieved in a number of ways and we’re looking into which method is most suitable to us. We will utilise the documentation that CIVICA provides with each new release. | Finance Manager | 11/11/2016 | 31/12/2016 | Outstanding | 11/11/2016 | Testing plan / scripts still need to be developed and this item is on our work plan but as yet has not been completed. |</p>
<table>
<thead>
<tr>
<th>SNC1614</th>
<th>Exchange / email</th>
<th>Recommendation 1 - Management to draft and agree an appropriate data retention policy and supporting procedures to demonstrate ongoing compliance with the policy.</th>
<th>2</th>
<th>Agreed.</th>
<th>ICT Operations Manager</th>
<th>29/02/2016</th>
<th>02/01/2017</th>
<th>Outstanding</th>
<th>11/11/2016</th>
<th>The Head of Business Improvement advised that this is on hold at the moment. New data post been created. Suggested next update Jan 2017. IA: This will continue to be monitored as part of internal audit's cyclical follow up checks.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNC1614</td>
<td>Exchange / email</td>
<td>Recommendation 2 - Appropriate hosting arrangements for Office 365 and/or other such services to be formally documented including assurance that hosting providers will only be located within EU, or equivalent, legal territories</td>
<td>2</td>
<td>Agreed. Our agreement will host our data at Microsoft’s Dublin and Amsterdam data centres in the short term. UK datacentre will follow once they are online.</td>
<td>ICT Operations Manager</td>
<td>31/03/2016</td>
<td>30/11/2016</td>
<td>Outstanding</td>
<td>27/07/2016</td>
<td>The IT Operations Manager advised that the hosting of the council’s Office365 environment is still within the design stage, however, conversations have taken place with Microsoft confirming that any data we upload to the Cloud will be based within the Irish data centre pre Brexit, but once the UK leaves Europe, Government organisations will be the first to have their data moved to the new Slough data centre. A suitable date is 30/11/2016 purely based upon the amount of work and configuration still required.</td>
</tr>
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</table>
## APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS FROM 2016/17 AUDIT REVIEWS

<table>
<thead>
<tr>
<th>Audit Title</th>
<th>Recommendation</th>
<th>Priority</th>
<th>Management Response</th>
<th>Responsible Officer</th>
<th>Due Date</th>
<th>Revised Due Date</th>
<th>Status</th>
<th>Last Update</th>
<th>Latest Response</th>
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</thead>
<tbody>
<tr>
<td>SNC1701 CNC Building Control</td>
<td>Recommendation 3 - Reconciliations between the building control system and the general ledger are to be brought up to date, kept up to date and independently reviewed. In addition, any discrepancies identified within these reconciliations to be investigated and resolved.</td>
<td>2</td>
<td></td>
<td>Accountancy Manager</td>
<td>01/04/2017</td>
<td>30/06/2017</td>
<td>Outstanding</td>
<td>20/09/2016</td>
<td>The Accountancy Manager advised that a review of all service reconciliations is underway hence implementation of this recommendation has been put back. IA: This will continue to be monitored as per internal audit’s cyclical follow up checks.</td>
</tr>
<tr>
<td>SNC1702 Early Help Hub</td>
<td>Recommendation 7 - A review of the service is undertaken to demonstrate outcomes for the customers, ensure there is clear information that highlights the cost and value of the service and recognises potential savings across the Early Help Partners (Treasury Green Book costing model has been suggested by SLT) in addition to high level data on sources/types of requests for support</td>
<td>2</td>
<td></td>
<td>Early Help and Prevention Manager</td>
<td>30/09/2016</td>
<td>30/09/2016</td>
<td>Outstanding</td>
<td>15/11/2016</td>
<td>IA: Follow up has been undertaken but no management response received. This will continue to be followed up as part of internal audit’s cyclical follow up checks.</td>
</tr>
<tr>
<td>SNC1702 Early Help Hub</td>
<td>Recommendation 2 - To produce written guidance/procedures for the Early Help Hub process including; how the receipt of information is to be processed &amp; managed, how this information is to be sent to the relevant partner and how it is to be followed up. As part of this work the team are also to include the use of UNIFORM and how this fits into the overall processes.</td>
<td>2</td>
<td></td>
<td>Early Help and Prevention Manager</td>
<td>30/09/2016</td>
<td>30/09/2016</td>
<td>Outstanding</td>
<td>15/11/2016</td>
<td>IA: Follow up has been undertaken but no management response received. This will continue to be followed up as part of internal audit’s cyclical follow up checks.</td>
</tr>
<tr>
<td>SNC1702 Early Help Hub</td>
<td>Recommendation 4 - To ensure an up to date Data Exchange Agreement for the South Norfolk Early Help Hub exists which is based on the data exchange template located in the Norfolk Information Sharing Protocol (NISP). This agreement to be retained by the Early Help Hub.</td>
<td>2</td>
<td></td>
<td>Early Help and Prevention Manager</td>
<td>30/09/2016</td>
<td>30/09/2016</td>
<td>Outstanding</td>
<td>15/11/2016</td>
<td>IA: Follow up has been undertaken but no management response received. This will continue to be followed up as part of internal audit’s cyclical follow up checks.</td>
</tr>
<tr>
<td>Recommendation</td>
<td>Description</td>
<td>Agreement</td>
<td>Early Help and Prevention Manager</td>
<td>Date Approved</td>
<td>Date Completed</td>
<td>Status</td>
<td>Follow-Up Notes</td>
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<tr>
<td>SNC1702 Early Help Hub</td>
<td>Recommendation 6 - The current (and previous) governance arrangements to be reviewed to ensure that the TOR are fit for purpose, that there are appropriate links between the group, that decisions are made at the right level and that local issues are sufficiently discussed. This may involve consideration of a local steering group or locality board.</td>
<td>Agree with recommendation. The governance structure for early help will form part of the wider review of ensuring oversight and accountability for health and social care.</td>
<td></td>
<td>20/04/2016</td>
<td>20/04/2016</td>
<td>Outstanding</td>
<td>IA: Follow up has been undertaken but no management response received. This will continue to be followed up as part of internal audit’s cyclical follow up checks.</td>
<td></td>
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</tr>
<tr>
<td>SNC1702 Early Help Hub</td>
<td>Recommendation 9 - To commence obtaining and formally documenting user and partner feedback regarding the service which is reported to the Early Help Improvement Board as part of the locality updates. Outcomes from feedback to be used to improve service delivery, where necessary.</td>
<td>Agree with recommendation. We will explore how we use digital transformation to make feedback user friendly and efficient.</td>
<td></td>
<td>20/04/2016</td>
<td>20/04/2016</td>
<td>Outstanding</td>
<td>IA: Follow up has been undertaken but no management response received. This will continue to be followed up as part of internal audit’s cyclical follow up checks.</td>
<td></td>
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</tr>
<tr>
<td>SNC1702 Early Help Hub</td>
<td>Recommendation 11 - To review the Co-location agreement multi-agency co-location, and information sharing and Data Exchange Agreement so that it adequately takes in to account the requirements within the SNC ICT Policies, particularly the Individual User Responsibilities (ITU-10010) policy document. This review should be undertaken in conjunction with the Norfolk Information sharing protocol.</td>
<td>Agree with recommendation.</td>
<td></td>
<td>20/04/2016</td>
<td>20/04/2016</td>
<td>Outstanding</td>
<td>IA: Follow up has been undertaken but no management response received. This will continue to be followed up as part of internal audit’s cyclical follow up checks.</td>
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</tr>
<tr>
<td>SNC1702 Early Help Hub</td>
<td>Recommendation 12 - To undertake a risk assessment of the Early Help Hub which identifies all risks that could prevent the objectives of the Early Help Hub from being achieved.</td>
<td>Agree with recommendation. This will form part of the early help review.</td>
<td></td>
<td>20/04/2016</td>
<td>20/04/2016</td>
<td>Outstanding</td>
<td>IA: Follow up has been undertaken but no management response received. This will continue to be followed up as part of internal audit’s cyclical follow up checks.</td>
<td></td>
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</tr>
<tr>
<td>SNC1702 Early Help Hub</td>
<td>Recommendation 13 - To regularly update the Action Plan with current progress and provide this update to the South Norfolk Early Help Executive Group.</td>
<td>Agree with recommendation.</td>
<td></td>
<td>20/04/2016</td>
<td>20/04/2016</td>
<td>Outstanding</td>
<td>IA: Follow up has been undertaken but no management response received. This will continue to be followed up as part of internal audit’s cyclical follow up checks.</td>
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</table>