



GREAT YARMOUTH
BOROUGH COUNCIL

Audit and Risk Committee

Date: Monday, 21 September 2020
Time: 10:00
Venue: Virtual
Address: [Venue Address]

AGENDA

Open to Public and Press

1 **APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

2 **DECLARATIONS OF INTEREST**

You have a Disclosable Pecuniary Interest in a matter to be discussed if it relates to something on your Register of Interests form. You must declare the interest and leave the room while the matter is dealt with.

You have a Personal Interest in a matter to be discussed if it affects

- your well being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

You must declare a personal interest but can speak and vote on the matter.

Whenever you declare an interest you must say why the interest arises, so that it can be included in the minutes.

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|----------|---|----------------------|
| 3 | <u>MINUTES</u> | 4 - 8 |
| | To confirm the minutes of the last meeting. | |
| 4 | <u>ANNUAL AUDIT LETTER YEAR ENDED 31 MARCH 2019</u> | 9 - 30 |
| | Report attached. | |
| 5 | <u>2019-20 AUDIT PLAN</u> | 31 - 80 |
| | Report attached. | |
| 6 | <u>ANNUAL REPORT ON RISK MANAGEMENT ARRANGEMENTS
2019-20 FINAL</u> | 81 - 101 |
| | Report attached. | |
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| | Report attached. | |
| 8 | <u>ANNUAL GOVERNANCE STATEMENT 2019-20</u> | 132 -
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| | Report attached. | |
| 9 | <u>ANNUAL REPORT AND OPINION 2019-20</u> | 154 -
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| | Report attached. | |

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13 ANY OTHER BUSINESS

14 EXCLUSION OF PUBLIC

Audit and Risk Committee

Minutes

Monday, 02 March 2020 at 10:00

PRESENT:

Councillor Flaxman-Taylor (Chair), Councillors Freeman, Cara Walker, Wainwright, and Hacon.

Karen Sly (Finance Director), Faye Haywood (Internal Audit Manager), Kaye Bate (Corporate Risk Officer), Sally Pearson (Executive Services Officer).

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor D Hammond.

2 DECLARATIONS OF INTEREST

There were no declarations of interest declared at the meeting.

3 MINUTES

The minutes of the meeting held on 14 January 2020 were confirmed.

4 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The Internal Audit Manager reported on progress made between 6 January 2020 to 24 February 2020 in relation to the delivery of the Annual Internal Audit Plan for 2019/20 which included executive summaries in respect of the

reviews which have been completed during this period.

The Internal Audit Manager highlighted that 194 days of programmed work had been completed, equating to 80% of the Internal Audit Plan for 2019/20, with Quarter 4 to be delivered, and Appendix 1 detailed those audits underway and to be completed. It was noted that these will be finalised by the June Committee. The Executive Summary for Corporate Governance was explained with no urgent recommendations, five important and 2 needs attention. All recommendations have been agreed by Management.

Councillor Wainwright asked in regard to Freedom of Information Request figures. The Finance Director confirmed with the introduction of FOI Champions this would help with the response rates.

RESOLVED:

That Committee receive and note the outcome of the audit finalised during this period and the progress to date.

5 FOLLOW UP REPORT ON INTERNAL AUDIT RECOMMENDATIONS

The Internal Audit Manager explained the report on the latest progress made in relation to management implementation of agreed audit recommendations falling due by 24 February 2020.

The Internal Audit Manager highlighted that there are two important recommendations outstanding for 2017/18. For 2018/19 there are 29 outstanding, 11 important and 18 need attention and for 2019/20 there are 9 outstanding with one urgent, 5 important and three need attention.

The Finance Director advised that in order to reduce the number outstanding for 2018/19 a report will be made to Management Team meeting on 16th March 2020. The Head of Internal Audit explained that this is not an unusual circumstance but it will be reiterated how important recommendations are and that officers give realistic timeframes.

Councillor Wainwright expressed concern at the number of outstanding recommendations for 2018/19.

RESOLVED:

That the Committee receive and note the current position in relation to the implementation of agreed audit recommendations.

6 STRATEGIC AND ANNUAL INTERNAL AUDIT PLAN 2020/2021

The Internal Audit Manager explained the report which provided an overview

of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2020/21 to 2022/23 and the Annual Audit Plan for 2020/21.

The Internal Audit Manager advised that the Annual Internal Audit Plan will serve as the work programme for the Council's Internal Audit Services Contractor, TIAA Ltd. And will also provide the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of Great Yarmouth Borough Council's framework of governance, risk management and control.

The Annual Internal Audit Plan totals 247 days encompassing 22 internal audit reviews, three of which cover IT processes.

Councillor Wainwright asked in regard to the Civil Contingency Business Continuity item in Appendix 3 and due to the current situation with Coronavirus and potential impact, this should be considered and at an earlier time than Quarter 1. The Head of Internal Audit advised that this was not an issue when the plan was drawn up but that it will be highlighted and appropriately reported in the Strategic Risk Register. The Finance Director advised of the Council's strategy for the Coronavirus and that communications had gone out.

Councillor Wainwright asked in regard to the Remote Access as part of the ICT Audits and asked if this should be brought forward as an impact of the Coronavirus may mean many staff working remotely.

Councillor Wainwright asked for clarification in regard to the Procurement line.

The Internal Audit Manager advised that the Development Control audit had been scheduled for Quarter 4 as the restructure had not been completed and there is not the level of resource at this stage, therefore to not put extra pressure on the team the audit will be carried out in Quarter 4.

Members requested more clarification on the process for Section 106 monies.

RESOLVED:

That Committee notes and approves:

1. The Internal Audit Strategy
2. The Strategic Internal Audit Plans 2020/21 to 2022/23 and
3. The Annual Internal Audit Plan 2020/21

7 CORPORATE RISK REGISTER

The Corporate Risk Officer explained the report and advised that the report had been previously postponed as Management Team had advised that the layout be revised. There had been two new risks added, Loss of reputation and IT Systems capability. Three risks had been removed as the risk was no

longer required to be included and/or they are considered to be a service risk and are included in the relevant Service Improvement Plan. There are currently 22 risks included in the Corporate Risk Register and all have been graded with action plan to bring to an acceptable level.

Councillor Wainwright asked with regard to risk numbers 4 and 9 and the possible impact of Coronavirus.

RESOLVED:

The Committee reviewed the Corporate Risk Register and approved the revised layout.

8 RISK MANAGEMENT FRAMEWORK

The Corporate Risk Officer explained the report which contained an update to the Risk Management Framework, in accordance with best practice. The Framework is required to be reviewed every three years. This framework reflects the changes in layout made to the Corporate Risk Register, the Partnership arrangement and terms of reference of the Corporate Risk Group have been updated.

RESOLVED:

Committee approve the revised Risk Management Framework as set out in the attached document.

9 WORK PROGRAMME

The Finance Director advised that the Committee timetable dates for the new year will be agreed in May. The provisional timescale for the 2019/2020 audit of accounts have been received and the accounts will not be presented to Committee until October. The Finance Director added that the July date for approval is not a statutory deadline. The draft accounts will still be completed by the end of May and the timescale are still in line for that.

The Chair proposed that views be sought from Members on changing the start time for the June committee due to the number of items of business.

An emergency meeting will be arranged if necessary to discuss the risks associated with the Coronavirus if this develops into a pandemic.

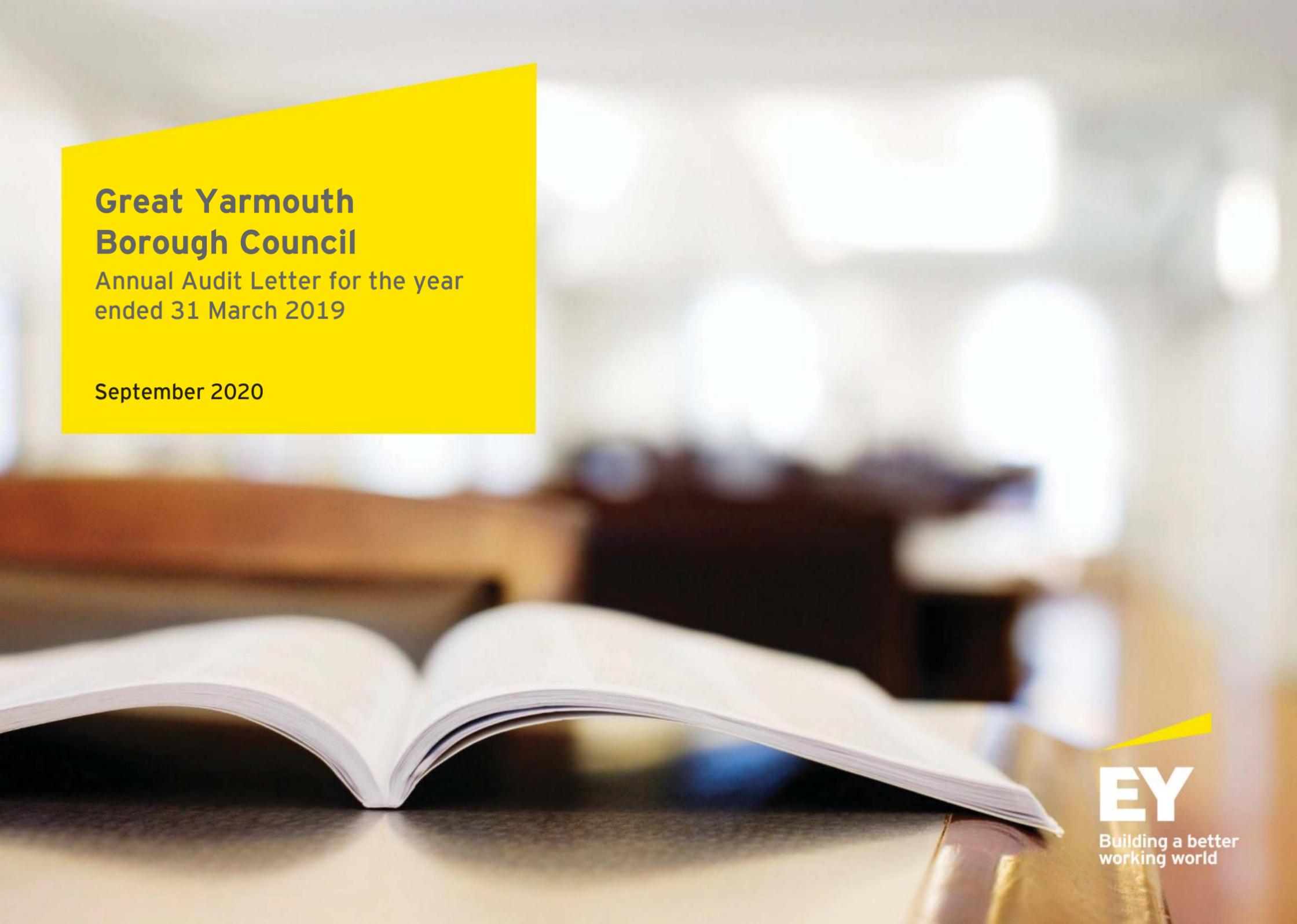
RESOLVED:

That the Committee note the work programme.

10 ANY OTHER BUSINESS

The Chair updated the Committee following her attendance at a recent member meeting with Ernst and Young in Cambridge where the delays to the audit of accounts were explained and discussed.

The meeting ended at: 10:45



**Great Yarmouth
Borough Council**

Annual Audit Letter for the year
ended 31 March 2019

September 2020

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Focused on your
future



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk).

This 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 (updated April 2018)' issued by PSAA set 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 and Terms of Appointment. 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.



01

Executive Summary

Executive Summary

We are required to issue an Annual Audit Letter to Great Yarmouth Borough Council (the Council) following completion of our audit procedures for the year ended 31 March 2019. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's: ► Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2019 and of its expenditure and income for the year then ended. Due to a number of factors, including our own resourcing difficulties, the volume of audit differences identified, and the impact of Covid-19, the audit of the 2018/19 financial statements was prolonged and challenging. Our audit identified a significant number of material errors in the account which were corrected by management. We issued our auditor's report on 13 August 2020. The report included a paragraph to emphasise to the reader of the accounts the Council's disclosures on the impact of the Covid-19 pandemic on its financial position.
► Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception: ► Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
► Public interest report	We had no matters to report in the public interest.
► Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
► Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	We had no matters to report.

Executive Summary (cont'd)

In addition 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.	We issued an Audit Results Report on 28 November 2019. This was subsequently updated at the conclusion of audit and we issued an Audit Results Report Update on 6 August 2020.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO's 2015 Code of Audit Practice.	We issued the certificate within the auditor's report on 13 August 2020.

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



Debbie Hanson

Associate Partner

For and on behalf of Ernst & Young LLP



02

Purpose and Responsibilities

Purpose and Responsibilities

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 reported the detailed findings from our audit work in our 2018/19 Audit Results Report Update to the Chair of the Audit and Risk Committee representing those charged with governance on 7 August 2020 having previously presented an Audit Results Report to the Audit and Risk Committee on 2 December 2019.

We do not repeat those detailed findings in this Letter. The matters reported here are the most significant for the Council.

Responsibilities of the Appointed Auditor

Our 2018/19 audit work has been undertaken in accordance with the Audit Plan that we presented at the December 2018 Audit and Risk Committee and is conducted in accordance with the NAO's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the NAO. As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2018/19 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 the 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 NAO on your WGA return.

Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). 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.



03

Financial Statement Audit

Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for it 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 NAO's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the NAO and issued an unqualified audit report on 13 August 2020.

We reported detailed findings to the December 2019 Audit and Risk Committee. Further findings were reported to the Chair of that Committee on 6 August 2020. We summarise here the key risks we identified and our conclusions.

Our Audit Results Report and Update reported a large number of errors a number of which were material. Although management corrected the vast majority of these errors, and all of those which were material, the level of errors was higher than we would expect and indicates the need for the Council to consider whether it had appropriate quality assurance arrangements and capacity in place in relation to the preparation of the financial statements.

Significant risk	Conclusion
Misstatements due to fraud or error The financial statements as a whole are not free of material misstatements whether caused by fraud or error. Senior 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. We identify and respond to this fraud risk on every audit.	We found no evidence in our testing that management had overridden controls.
Inappropriate capitalisation of revenue expenditure That the Council could try reduce the level of revenue expenditure charged to services by accounting for some of it as capital expenditure related to land, buildings and equipment and therefore funding from capital rather than revenue balances.	We found no evidence in our testing that management had accounted for revenue expenditure on services as capital spend relating to land, buildings and equipment.

Financial Statement Audit

Key Issues

Other areas of audit focus	Conclusion
<p>Requirement for group accounts</p> <p>The Council has a wholly owned subsidiary, Equinox Enterprises Ltd. 2018/29 was the first year the Council produced group accounts. There was therefore a risk that the group accounts would not be properly prepared and required disclosures would be incomplete.</p> <p>The Council also needed to consider whether its other investments in Great Yarmouth Borough Services and Great Yarmouth Norse should be included in the group accounts. We needed to undertake procedures to determine whether the conclusion reached in this regard was inappropriate.</p>	<p>Equinox Enterprises produce accounts in accordance with Financial Reporting Standard 102 (FRS 102). The Council is required to prepare accounts in accordance with an accounting Code that is based on International Financial Reporting Standards (IFRS).</p> <p>The auditor of Equinox Enterprises did not have experience of IFRS which meant officers and the EY audit team had to undertake additional procedures to consider whether adjustments were required to the Equinox balances to bring them into line with the Code applied by the Council. In future this task may become more onerous as the level of transactions increases. The Council should therefore consider whether it has the requisite skills to undertake this assessment properly within the finance team or the auditor of the subsidiary.</p> <p>The Council did not consolidate its investments in Great Yarmouth Norse or Great Yarmouth Borough Services on the basis that they are immaterial. We are satisfied that this assessment is appropriate for 2018/19 but recommended the Council continue to keep the need to include these and any other investments in the group accounts under review.</p> <p>We identified a number of errors in the preparation of the Group Accounts and related notes which management agreed to amend.</p>
<p>Valuation of other land and buildings and investment properties</p> <p>The Council owns £282 million of land and buildings (£231 million of which is council houses) and £47 million of investment property from which it generates a return. The valuation of these assets is a significant estimate, involving the use of a valuation expert and requires judgement from senior officers. A small error in judgement can have a big impact on the valuation.</p>	<p>When completing this work we noted:</p> <ul style="list-style-type: none">▶ Investment properties are required to be measured at fair value to reflect market conditions at the end of the reporting period. The Council's approach is to revalue its investment properties on a 5 year rolling cycle. Our review of investment property assets indicated that the valuation in the accounts may vary materially from fair value. A review by the Council showed that investment property was understated by £1.143 million.▶ Infrastructure assets were understated by £1.857 million due to late invoicing by Norfolk County Council.▶ We noted £0.223 million of old capital related balances which had not moved for more than 1 year. This indicated the associated assets are overstated by this amount. Council officers have agreed to review and correct the position in 2019/20.▶ The St Georges Trust building which is included in the accounts at nil value, was reclassified as a heritage asset as it is a Grade 1 listed building which has restrictions on its use. The building has not been revalued as the cost of obtaining a valuation of this building would outweigh the benefit to the reader of the accounts. Additional disclosures were made to explain this position.

Financial Statement Audit

Other Areas of Audit Focus (continued)	Conclusion
Pension liability valuation The Council's pension fund deficit is a material estimated balance which is disclosed on the Council's balance sheet based on information provided by the pension fund actuary. At 31 March 2019 this totalled £72 million.	 Before we commenced our audit work the Council updated its accounts to reflect the impact of a national legal case impacting all council pension schemes as well as to reflect changes in the value of pension fund investment assets at year end compared to the estimates initially used by the actuary. We did not identify any issues from our audit work.
New accounting standards The Council had to implement two new accounting standards for 2018/19: <ul style="list-style-type: none">▶ IFRS 9 - Financial instruments▶ IFRS 15 - Revenue from contracts	 IFRS 9 - Our audit procedures for financial instruments did not identify any audit issues. IFRS 15 - Our audit procedures for revenue from contracts did not identify any audit issues. We agreed with the Council's conclusion that this standard does not have a material impact on their disclosures.
Impact of Covid-19 The Covid-19 pandemic has had a significant impact on the Council's finances. As the 2018/19 financial statements were approved after the outbreak, the Council has been required to disclose in its accounts the impact of the pandemic on its income, expenditure and funds. We identified the following areas of the financial statements and our audit which were impacted by Covid-19 : <ol style="list-style-type: none">1. Going concern2. Accounts disclosures	Going concern There is presumption that the Council will continue as a going concern. However, the uncertainty over future government funding and other sources of Council revenue as a result of Covid-19 meant that the Council needed to undertake a more detailed assessment to support the presumption that the accounts be prepared on a going concern basis and evaluate its financial resilience. We scrutinised the Council's latest financial plans and cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions and key assumptions and were satisfied that they supported the conclusion that there was not material uncertainty which required disclosure. Management also updated the disclosure on going concern in the financial statements to include additional information on the estimated impact of Covid-19 on the Council's future financial position. Accounts disclosures For the 2018/19 statements, Covid-19 impacted disclosures only. We added an emphasis of matter paragraph in our audit opinion to highlight the disclosures in Note 2 Accounting Policies; policy i General Principles and Note 7 Events after the Reporting Period, which describe the financial and operational consequences of COVID-19. Our opinion is not modified in respect of this matter.

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £1.6 million which is 2% of gross revenue expenditure reported in the accounts. This results in a performance materiality, at 50% of overall materiality, £0.8 million. Our performance materiality is set at 50% due to the volume of audit differences identified in previous years. We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.
Reporting threshold	We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £80,000.

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits: We agreed all disclosures back to source data, and councillor allowances to the agreed and approved amounts.
- ▶ Related party transactions: We tested the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.



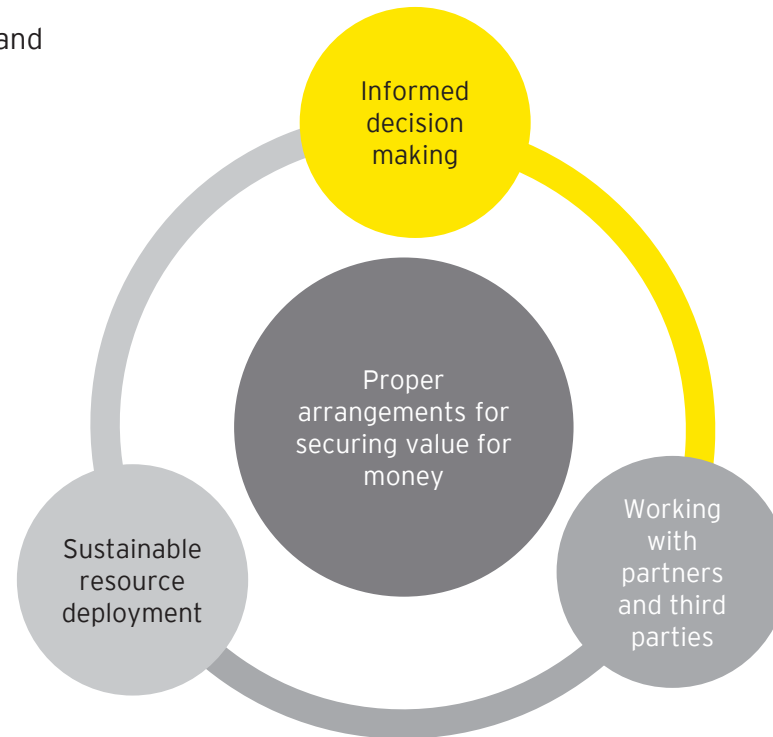
04 Value for Money

Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in 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.



In our Audit Plan we did not identify any risks in relation to the value for money conclusion. We had no matters to report in respect of value for money in the auditor's report.



05

Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office (NAO) on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes.

The Council falls below the NAO's threshold for auditor review.

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 2018/19 financial statements from members 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.



Other Reporting Issues (cont'd)

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit and Risk Committee on 2 December 2019 and again in our updated report on 6 August 2020. 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

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We adopted a fully substantive audit approach, which does not seek to rely on internal controls, and therefore did not test the operation of controls.

However we identified and reported weaknesses in the controls in place to prevent or detect material misstatement in the following areas:

- ▶ Arrangements to ensure investment property valuations are materially accurate due to use of a 5-year rolling valuation program rather than an annual valuation
- ▶ Debtor and creditor positions - due to the nature of year end processes
- ▶ Cash flow statement - due issues with to the working paper being used to compile the statement
- ▶ Quality assurance arrangements and capacity in relation to the preparation of the financial statements - this was impacted by the delays in the audit timetable as well as the higher than expected level of errors.



06 Focused on your future



Focused on your future

The Code of Practice on Local Council Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below.

Standard	Issue	Impact
IASB Conceptual Framework	<p>The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework) will be applicable for local Council accounts from the 2019/20 financial year.</p> <p>This introduces;</p> <ul style="list-style-type: none">➤ new definitions of assets, liabilities, income and expenses➤ updates for the inclusion of the recognition process and criteria and new provisions on derecognition➤ enhanced guidance on accounting measurement bases➤ enhanced objectives for financial reporting and the qualitative aspects of financial information. <p>The conceptual framework is not in itself an accounting standard. However, an understanding of concepts and principles can be helpful to preparers of local Council financial statements when considering the treatment of transactions or events where standards do not provide specific guidance, or where a choice of accounting policies is available.</p>	<p>It is not anticipated that this change to the Code will have a material impact on Local Council financial statements.</p> <p>However, Councils will need to undertake a review to determine whether current classifications and accounting remains valid under the revised definitions.</p>



07

Audit Fees

Audit Fees

In our Annual Results Report presented to the Chair of the Audit and Risk Committee on 6 August 2020 we highlighted that due to the additional work we had undertaken to address risks identified and the high level of errors identified, we would seek to agree an additional fee with the Council's Section 151 officer. Any scale fee variations also need to be agreed by PSAA.

In the table below we summarise the fees that are agreed and proposed. The scale fee variations for the 2018/19 year are yet to be agreed by the s151 officer and are subject to further approval by PSAA.

	Proposed fee 2018/19	Planned fee 2018/19	Final Fee 2017/18
		£	£
Scale fee	42,966	42,966	55,800
Scale fee variations for overruns and additional audit work	Between 35,000 and 40,000	4,000	5,861
Total audit	77,966 to 82,966	46,966	61,661
Other non-audit services not covered above Housing Benefits Subsidy Claim	20,750	15,250	18,547
Pooling of Housing Capital Receipts Return	-	3,900	3,500
Total other non-audit services	20,750	19,150	22,047
Total fees	98,716 to 103,716	66,116	83,708

All fees exclude VAT

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Great Yarmouth Borough Council Audit Planning Report

**Year ended 31 March 2020
September 2020**



Audit and Risk Committee Members
Great Yarmouth Borough Council
Hall Plain
Great Yarmouth
NR30 2QF

8 September 2020

Dear Audit and Risk Committee Members

2019/20 Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit and Risk Committee with a basis to review our proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This Audit Plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks. Our planning procedures remain ongoing; we will inform the Audit and Risk Committee if there are any significant changes or revisions once we have completed these procedures and will provide an update to the next meeting of the Committee.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 21 September 2020 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Debbie Hanson
For and on behalf of Ernst & Young LLP

Enc

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). 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 and further guidance (updated April 2018)" issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Risk Committee and management of Great Yarmouth Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Great Yarmouth Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Great Yarmouth Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2019/20 audit strategy



Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Committee with an overview of our risk identification for the upcoming audit and any changes in risks identified in the current year.

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 240, 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 would otherwise appear to be operating effectively.
Incorrect capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	<p>In considering how the risk of management override may present itself, we conclude that this is primarily through management taking action to override controls and manipulate in year financial transactions that impact the medium to longer term financial position. A key way of improving the revenue position is through the inappropriate capitalisation of revenue expenditure.</p> <p>The Council's revised capital programme for 2019/20 was £42 million and is therefore significant. Although we note from the 2020/21 budget report presented to full Council in February 2020 that the forecast spend was only £13 million, with the majority of the revised budget being rolled forward to 2020/21, the level of capital spend is still highly material. Therefore, we have identified this as a significant fraud risk.</p> <p>We also consider this risk to manifest itself through inappropriate classification of expenditure as revenue expenditure funded from capital under statute (REFCUS). However as REFCUS in 2019/20 is only £1.1 million and therefore not material we have not identified this as an area of significant risk for 2019/20.</p>
Investment property valuations	Significant risk	New focus this year	<p>The Council's investment property totals £51.95 million as at 31 March 2020 (per the draft Financial Statements) which represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end balances held in the balance sheet.</p> <p>Covid-19 is expected to have an impact on valuation for properties measured at fair value (i.e. investment properties) since rental income may fall as tenants' potentially default on their rents and seek to negotiate rent reductions as they can no longer trade effectively.</p> <p>There is a therefore a risk that investment property may be under/overstated or the associated accounting entries incorrectly posted.</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.</p>

Overview of our 2019/20 audit strategy

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Pension liability valuation	Higher inherent risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the pension fund administered by the Council. The Council's pension fund deficit is a material estimated balance disclosed on the Council's balance sheet. At 31 March 2020 this totalled £61.2 million. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.</p> <p>In addition, every three years, a formal valuation of the whole fund is carried out in accordance with the LGPS Regulations 2013 to assess and examine the ongoing financial position of the fund. The IAS19 report for 2019/20 will reflect the updated membership numbers provided for this triennial valuation. We will therefore need to seek additional assurances from the Pension Fund auditor over this data.</p> <p>Accounting for this scheme involves significant estimation and judgement, management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>
Land and buildings valuation	Higher inherent risk	Change in risk or focus	<p>Land and buildings represent significant balances in the Council's accounts, totalling £304 million as at 31 March 2020. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. There is a risk fixed assets may be under/overstated or the associated accounting entries incorrectly posted.</p> <p>The valuation of land and buildings at 31 March 2020 is also likely to be impacted by Covid-19, with valuers disclosing a material uncertainty in relation to their year end valuations. The Council will need to consider the impact of this material uncertainty on the land and building balances in their accounts as well as in relation to their disclosures relating to estimation uncertainty and key judgements.</p>

Overview of our 2019/20 audit strategy

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Group accounts preparation	Higher inherent risk	No change in risk or focus	<p>The Council produced group accounts consolidating the wholly owned subsidiary, Equinox Enterprises Ltd, for the first time in 2018/19 as the subsidiary is material to the Financial Statements. Our audit work identified a number of misstatements and amendments were required to the group accounts. We therefore consider that there is a risk of misstatement in the 2019/20 accounts.</p> <p>In addition, the Council needs to undertake an assessment of group boundaries in relation to its investments in two limited companies with which it traded in 2019/20 (Great Yarmouth Borough Services and Great Yarmouth Norse) and any other companies in which it has an interest to establish whether it had control of the arrangements or exerted significant influence over these investees and whether they are material for the Group in 2019/20.</p>
Debtors and creditors - accuracy of balances in the Balance Sheet	Higher inherent risk	New area of focus this year	<p>Our audit testing in 2018/19 identified a number of errors in the accuracy of the debtors and creditors balances reported in the Financial Statements. Due to the delayed timing of the 2018/19 audit and the preparation of 2019/20 Financial Statements shortly after the 2018/19 audit was concluded there is a risk that a similar level and type of errors will arise again in 2019/20.</p> <p>We have agreed to delay auditing these balances in 2019/20 until a thorough and robust review of the debtor and creditor balances and supporting working papers has been undertaken by finance officers. The increased risk for these balances will result in higher levels of testing for key items and representative samples.</p>
Accuracy of the Council and Group Cashflow Statement	Higher inherent risk	New area of focus this year	<p>Our audit work for the Council and Group Cashflow Statement identified a number of errors and inaccuracies which were reported in our 2018/19 Audit Results Report.</p> <p>There is a risk that similar errors will be present in the 2019/20 Cashflow Statements due to the delayed conclusion of the 2018/19 audit and timing of the draft 2019/20 Financial Statements production shortly after the conclusion of the 2018/19 audit.</p>

Overview of our 2019/20 audit strategy

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Going concern assessment and disclosures	Higher inherent risk	New area of focus this year	<p>Covid-19 has created a number of financial pressures throughout Local Government and is creating financial stress. There is currently not a clear statement of financial support from MHCLG that covers all financial consequences of Covid-19.</p> <p>CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 states that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis. However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'. This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.</p> <p>To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements. The auditor's report in respect of going concern covers a 12-month period from the date of the report, therefore the Council's assessment will also need to cover this period.</p>
Covid-19 impacts	Higher inherent risk	New Risk for 2019/20	<p>The ongoing disruption to daily life and the economy as a result of the Covid-19 virus will have a pervasive impact upon the financial statements. The financial statements will need to reflect the impact of Covid-19 on the Council's financial position and performance.</p> <p>Within this Plan, we have identified those areas of the financial statements which we have currently identified as being the main areas impacted by Covid-9. However we recognise that due to the uncertainty about the duration and extent of disruption, there may be other risks which emerge during the audit process. We have included details of some of the potential areas in this Plan and will update the Audit Committee if we identify further areas.</p>

Overview of our 2019/20 audit strategy

Materiality

We set materiality for both the Council and Group. We have reported the Council materiality here as this is the lower of the two materiality levels and therefore the level to which we will perform our audit procedures. Group materiality levels are reported in Section 4 of this report.

Planning
materiality

£1.54m

Materiality for the Council has been set at £1.54 million and Group materiality has been set at £1.58 million, which represents 2% of the gross expenditure on provision of services in the draft 2019/20 accounts.

Performance
materiality

£0.77m

Performance materiality for the Council has been set at £0.77 million and Group performance materiality has been set at £0.79 million. Which represents 50% of planning materiality. We have maintained our performance materiality level from the prior year due to the volume and nature of errors identified in the 2018/9 audit.

Audit
differences

£77k

We will report all uncorrected misstatements relating to the group primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, housing revenue account and collection fund) greater than £77,000. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

Overview of our 2019/20 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Great Yarmouth Borough Council give a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and
- Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of Great Yarmouth Borough Council's audit, we will discuss these with management as to the impact on the scale fee.



02

Audit risks



Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error *

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, 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. We identify and respond to this fraud risk on every audit engagement.

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What will we do?

We will:

- Identify the risk of fraud during the planning stage of our audit, and keep that assessment under review throughout the duration of our audit;
- Inquire of management about the risks of fraud, and the controls established to mitigate those risks;
- Understand the oversight given by those charged with governance of management's processes over fraud;
- Consider the effectiveness of management's controls to address the risk of fraud;
- Determine an appropriate strategy to address the identified risks of fraud.

Performing mandatory procedures regardless of specifically identified fraud risks, including:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- Assessing accounting estimates, such as bad debt and business rate appeals provision, for evidence of management bias, and
- Evaluating the business rationale for any significant unusual transactions.

In addition to our overall response, we consider where this risk may specifically manifest itself and identify a separate fraud risk below.

Our response to significant risks (continued)

<p>Incorrect capitalisation of revenue expenditure *</p>	<p>What is the risk?</p> <p>In considering how the risk of management override may present itself, we conclude that this is primarily through management taking action to override controls and manipulate in year financial transactions that impact the medium to longer term financial position. A key way of improving the revenue position is through the inappropriate capitalisation of revenue expenditure.</p> <p>The Council's revised capital programme for 2019/20 was £42 million and is therefore significant. Although we note from the 2020/21 budget report presented to full Council in February 2020 that the forecast spend was only £13 million, with the majority of the revised budget being rolled forward to 2020/21, the level of capital spend is still highly material. Therefore, we have identified this as a significant fraud risk.</p> <p>We also consider this risk to manifest itself through inappropriate classification of expenditure as revenue expenditure funded from capital under statute (REFCUS). However as REFCUS in 2019/20 is only £1.1 million and therefore not material we have not identified this as an area of significant risk for 2019/20.</p>	<p>What will we do?</p> <p>We will undertake additional procedures to address the specific risk we have identified, which will include:</p> <ul style="list-style-type: none"> ➤ Sample testing additions to property, plant and equipment to ensure they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised; ➤ We will extended our testing of items capitalised in the year by lowering our testing threshold. We will also review a larger random sample of capital additions below our testing threshold. ➤ As part of our journal testing strategy, we will review unusual journals related to capital expenditure posted around the year-end; for example where the debit is to capital expenditure and the credit to income and expenditure
<p>Financial statement impact</p> <p>Misstatements that occur in relation to the risk incorrect capitalisation of revenue expenditure could affect the comprehensive income and expenditure account and the balance sheet by decreasing revenue expenditure and increasing capital expenditure.</p> <p>Amounts reported in the draft 2019/20 financial statements were:</p> <p>Capital additions (reported in Note 14): £16.9 million</p>		

Our response to significant risks (continued)

Investment property valuation	What is the risk?	What will we do?
<p data-bbox="118 810 472 834">Financial statement impact</p> <p data-bbox="118 890 544 1177">Misstatements that occur in relation to the valuation risk of investment property could affect the comprehensive income and expenditure account and the balance sheet by misstating the fair value of the assets and increase/decrease in valuation in the year.</p> <p data-bbox="118 1214 477 1305">Amounts reported in the draft 2019/20 financial statements were:</p> <p data-bbox="118 1342 465 1401">Investment property: £51.95 million</p>	<p data-bbox="584 391 1164 678">The Council's investment property totals £51.95 million as at 31 March 2020 (per the draft Financial Statements) which represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end balances held in the balance sheet.</p> <p data-bbox="584 699 1153 890">Covid-19 is expected to have an impact on valuation for properties measured at fair value (i.e. investment properties) since rental income may fall as tenants' potentially default on their rents and seek to negotiate rent reductions as they can no longer trade effectively.</p> <p data-bbox="584 911 1088 1034">There is a therefore a risk that investment property may be under/overstated or the associated accounting entries incorrectly posted.</p> <p data-bbox="584 1054 1164 1145">ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.</p>	<p data-bbox="1211 391 2056 450">We will undertake additional procedures to address the specific risk we have identified, which will include:</p> <ul data-bbox="1211 464 2110 1137" style="list-style-type: none"> ➤ Assess the classification of the assets and whether the appropriate valuation basis has been applied. ➤ Identify and obtain evidence to support any material increases or impairments that arise during the year. ➤ Consider the work performed by the Council's external valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ➤ Use of our own experts to; <ul data-bbox="1305 754 2085 898" style="list-style-type: none"> ➤ Review the methodology and assumptions used by the valuer; ➤ Sample test key asset information used by the valuers in performing their valuation ➤ Investigate any significant variation. ➤ Test accounting entries, ensuring these have been correctly processed in the financial statements. ➤ As we have identified a higher degree of risk in relation to the valuation of investment property assets as at 31 March 2020, we will also consider how the Council's valuer has addressed the impact of Covid-19 in the year-end valuation of this assets and their assessment of any impairment.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk?

Pension liability valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the pension fund administered by the Council. The Council's pension fund deficit is a material estimated balance disclosed on the Council's balance sheet. At 31 March 2020 this totalled £61.2 million. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.

In addition, every three years, a formal valuation of the whole fund is carried out in accordance with the LGPS Regulations 2013 to assess and examine the ongoing financial position of the fund. The IAS19 report for 2019/20 will reflect the updated membership numbers provided for this triennial valuation. We will therefore need to seek additional assurances from the Pension Fund auditor over this data.

Accounting for this scheme involves significant estimation and judgement, management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Liaise with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Great Yarmouth Borough Council;
- ▶ Assess the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by The National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team;
- ▶ Review Norfolk Pension Fund's draft financial statements and compare the year end asset values with the estimate used by the actuary in producing the Council's IAS 19 report and consider the impact on the Council's pension fund liability and IAS19 disclosures;
- ▶ Assess the results of the triennial valuation, including the assumptions used and the impact on the Council's pension liability;
- ▶ Engage early with the Council, and their actuary, to understand any ongoing impact of the McCloud judgement and any new rulings which may impact on the IAS19 liability; and
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.
- ▶ Consider the nature and value of level 3 investments held by Norfolk Pension Fund and the proportion of the overall Fund relating to Great Yarmouth in order to identify any additional procedures required to support the estimates of the valuation of these assets as at 31 March 2020.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk?

Land and buildings valuation

Land and buildings represent significant balances in the Council's accounts, totalling £304 million as at 31 March 2020. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. There is a risk fixed assets may be under/overstated or the associated accounting entries incorrectly posted.

The valuation of land and buildings at 31 March 2020 is also likely to be impacted by Covid-19, with valuers disclosing a material uncertainty in relation to their year end valuations. The Council will need to consider the impact of this material uncertainty on the land and building balances in their accounts as well as in relation to their disclosures relating to estimation uncertainty and key judgements.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- Evaluate the selection and application of accounting policies established to determine whether the accounting policies are being applied in an inappropriate manner;
- Ensure the correct classification of the Council's land and buildings and that the appropriate valuation basis has therefore been adopted;
- Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample testing key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme for property, plant and equipment and annually for investment property assets as required by the Code. We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Review assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated;
- Consider changes to useful economic lives as a result of the most recent valuation; and
- Test accounting entries have been correctly processed in the financial statements.

We will also consider how the Council's valuer has addressed the impact of Covid-19 on the year-end valuation of assets and assessment of impairments and consider whether we need to engage EY valuation specialists to assist the audit team in relation to this assessment

Other areas of audit focus (continued)

What is the risk?	What will we do?
<p>Group accounts preparation</p> <p>The Council produced group accounts consolidating the wholly owned subsidiary, Equinox Enterprises Ltd, for the first time in 2018/19 as the subsidiary is material to the Financial Statements. Our audit work identified a number of misstatements and amendments were required to the group accounts. We therefore consider that there is a risk of misstatement in the 2019/20 accounts.</p> <p>In addition, the Council needs to undertake an assessment of it's investments in two limited companies with which it traded in 2019/20 (Great Yarmouth Borough Services and Great Yarmouth Norse) to establish whether it had control of the arrangements or exerted significant influence over these investees and conclude whether they are material for the Group in 2019/20. The Council needs to be able to evidence that its group boundary assessment considers all relevant investments demonstrate that the exclusion of any investments from the consolidation would not influence the decisions of the reader.</p>	<p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"> ▶ Considering the Council's assessment of how its investments companies should be reflected within its group financial statements and whether the Council's decision to exclude any of its investments could cumulatively or individually influence the decisions of readers; ▶ Considering group wide controls over the consolidation process; ▶ Determining the scope of our work on each component included in the Council's group accounts dependent on the relative size and risk of the component; ▶ Issuing group audit instructions to each component we deem to be significant by size or risk and liaise with those auditors as appropriate; ▶ Determining the competence and independence of each component auditor we wish to rely on; ▶ Determining our level of involvement in the work of each component auditor and the level of review of their working papers; and ▶ Assessing the completeness and accuracy of the consolidation workings and group disclosures.

Other areas of audit focus (continued)

What is the risk?

What will we do?

Debtors and creditors – accuracy of balances

Our audit testing in 2018/19 identified a number of errors in the accuracy of the debtors and creditors balances reported in the Financial Statements. Due to the delayed timing of the 2018/19 audit and the preparation of 2019/20 Financial Statements shortly after the 2018/19 audit was concluded there is a risk that a similar level and type of errors will arise again in 2019/20.

We have agreed to delay auditing these balances in 2019/20 until a thorough and robust review of the debtor and creditor balances and supporting working papers has been undertaken by finance officers..

In order to address this risk we will carry out a range of procedures including:

- ▶ Reviewing the briefing paper prepared by management to understand how they have prepared the debtors and creditors notes for 2019/20 to reduce the errors identified in the prior year before audit testing begins;
- ▶ Reviewing the year end reconciliation of the debtors and creditors feeder systems to the General Ledger to ensure completeness of the balances;
- ▶ Sample testing the debtors and creditors balances at a lower testing threshold, to recognise the increased risk of material misstatement in the Balance Sheet; and
- ▶ Performing unrecorded liabilities testing to ensure all balances have been identified appropriately post year end and included in the 2019/20 Financial Statements.
- ▶ Reviewing any unusual items included in debtors and creditors, any manual adjustments outside the trial balance, historic balances that have not moved year on year and the accounting treatment of the Enterprise Zone.

Accuracy of the Council and Group Cashflow Statement

Our audit work for the Council and Group Cashflow Statement identified a number of errors and inaccuracies which were reported in our 2018/19 Audit Results Report. We encouraged the Council to use the CIPFA toolkit but this was not fully used in 2018/19.

There is a risk that similar errors will be present in the 2019/20 Cashflow Statements due to the delayed conclusion of the 2018/19 audit and timing of the draft 2019/20 Financial Statements production shortly after the conclusion of the 2018/19 audit.

In order to address this risk we will carry out a range of procedures including:

- ▶ Reviewing the entries disclosed in the draft 2019/20 Financial Statements for the Council and Group Cashflow Statements and associated notes against supporting working papers;
- ▶ Testing the correctness and completeness of intercompany consolidation adjustments in the group cash flow (e.g. financing for one entity if investing for the other)
- ▶ Testing to ensure consistency between the Council and Group Cashflow Statements and other entries in the draft 2019/02 Financial Statements, for example movement in balances between 2018/19 and 2019/20; and
- ▶ Ensure that the disclosures are in line with the Code requirements.

Audit risks

Other areas of audit focus

What is the risk/area of focus?

Going concern assessment and disclosures

Covid-19 has created a number of financial pressures throughout Local Government and is creating financial stress. There is currently not a clear statement of financial support from MHCLG that covers all financial consequences of Covid-19.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 states that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.

However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'. This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.

To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements. The auditor's report in respect of going concern covers a 12-month period from the date of the report, therefore the Council's assessment will also need to cover this period.

What will we do?

In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of future government support, we will be seeking a documented and detailed consideration to support management's assertion regarding the going concern basis and particularly with a view whether there are any material uncertainties for disclosure.

We will review your going concern disclosures within the financial statements under IAS1, and associated financial viability disclosures within the Narrative Statement. We will consider whether you have included necessary disclosures regarding any material uncertainties that do exist.

We will consider whether these disclosures also include details of the process that has been undertaken for revising financial plans and cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions including but not restricted to the use of reserves, and key assumptions (e.g. assumed duration of Covid-19).

Our audit procedures to review these will include consideration of:

- ▶ Current and developing environment;
- ▶ Liquidity (operational and funding);
- ▶ Mitigating factors;
- ▶ Management information and forecasting;
- ▶ Sensitivities and stress testing; and
- ▶ Challenge of management's assessment, by thorough testing of the supporting evidence and consideration of the risk of management bias.

Audit risks

Other areas of audit focus

Impact of Covid-19

The ongoing disruption to daily life and the economy as a result of the Covid-19 virus will have a pervasive impact upon the financial statements. The financial statements will need to reflect the impact of Covid-19 on the Council's financial position and performance. Within this Plan, we have identified those areas of the financial statements which we have currently identified as being the main areas impacted by Covid-9. However we recognise that due to the uncertainty about the duration and extent of disruption, there may be other risks which emerge during the audit process. We have included details of some of the potential areas in this Plan and will update the Audit Committee if we identify further areas.

- ▶ **Revenue recognition** - there may be an impact on income collection (council tax and business rates) if businesses and residents are unable to work and earn income due to the lockdown and restriction of movement due to Covid-19.
- ▶ **Tangible asset valuations** - there may be impairment of tangible assets such as land and buildings if future service potential is reduced by the economic impact of the virus. The Council may also have already incurred capital costs on projects where the economic case has fundamentally changed.
- ▶ **Holiday and sickness pay** - the change in working patterns may result in year-end staff pay accruals which are noticeably different to prior years.
- ▶ **Government support** - any Covid-19 specific government support is likely to be a new transaction stream and may require development of new accounting policies and treatments.
- ▶ **Pension liability valuation** - An additional consideration in 2019/20 will be the impact of Covid-19 on the valuation of complex (Level 3) investments held by Norfolk Pension Fund (for example private equity investments) where valuations as at 31 March 2020 will have to be estimated. This is likely to impact on the IAS19 reports provided by the actuary and the assurances over asset values that are provided by the pension fund auditor, and consequently the assurance we are able to obtain over the net pension liability in the Council's accounts.
- ▶ **Annual Governance Statement** - the widespread use of home working is likely to change the way internal controls operate. The Annual Governance Statement will need to capture how the control environment has changed during the period and what steps were taken to maintain a robust control environment during the disruption. This will also need to be considered in the context of internal audit's ability to issue their Head of Internal Audit opinion for the year, depending on the ability to complete the remainder of the internal audit programme.

We will provide an update on the impact of Covid-19 on the Council's financial statements, and how we have responded to the additional risks of misstatement, later in our audit.

In addition to the impact on the financial statements themselves, the disruption caused by Covid-19 may impact on management's ability to produce good quality financial statements and our ability to complete the audit to the planned timetable. For example, it may be more difficult than usual to access the supporting documentation necessary to support our audit procedures. There will be additional audit procedures we have to perform to respond to the additional risks caused by the factors noted above.



03

Value for Money Risks





Value for Money

Background

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.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

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.

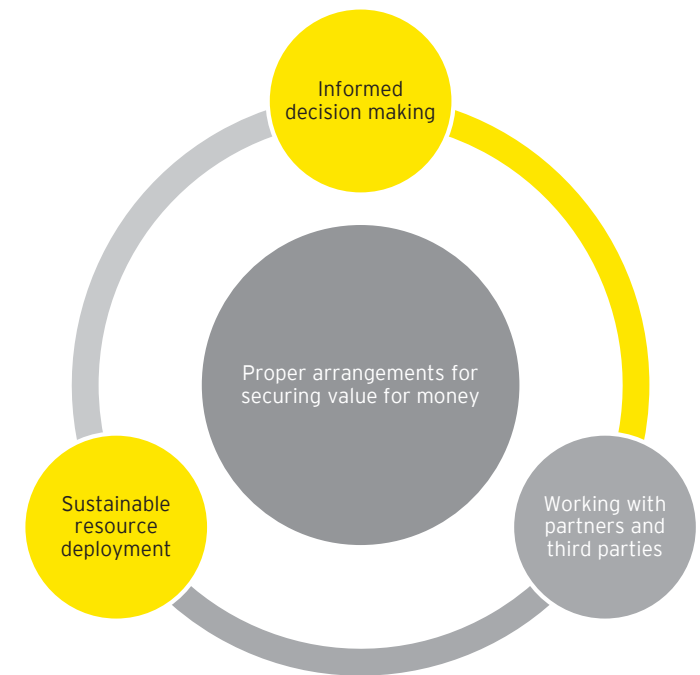
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level.

We have completed our value for money planning risk assessment for 2019/20. Our risk assessment considered both the potential financial impact of the issues we identify, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. In 2019/20, we have not identified any significant risks. We will continue to assess potential risks to the value for money conclusion as the audit year progresses.





04

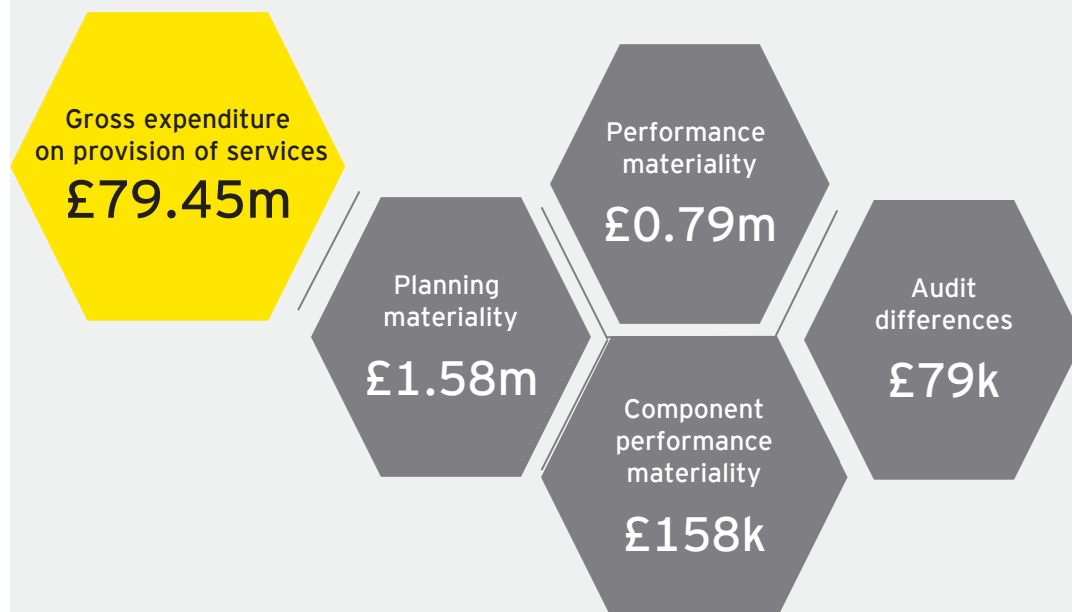
Audit materiality



Materiality - Group

Materiality

For planning purposes, Group materiality for 2019/20 has been set at £1.58 million. This represents 2% of the Group gross expenditure on provision of services. It will be reassessed throughout the audit process.



We request that the Audit and Risk Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.79 million which represents 50% of planning materiality. We have maintained our performance materiality level from the prior year due to the volume and nature of errors identified in the 2018/19 audit.

Component performance materiality range - we determine component performance materiality as a percentage of Group performance materiality based on risk and relative size to the Group.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, housing revenue account and collection fund that have an effect on income or that relate to other comprehensive income.

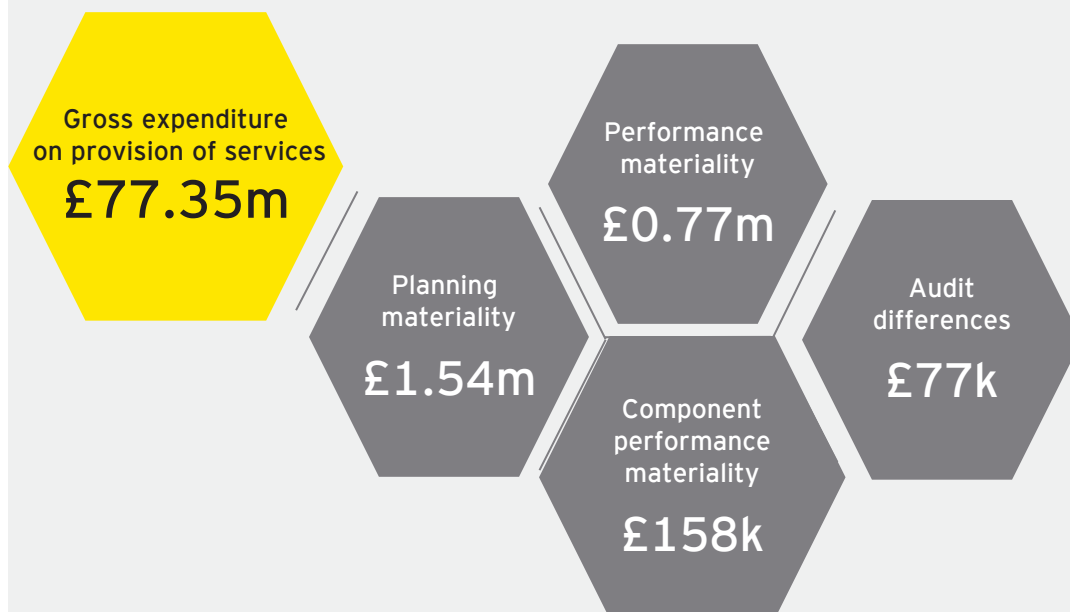
Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the audit committee, or are important from a qualitative perspective.

Specific materiality - We will set a lower level of materiality for the following: Remuneration disclosures (including severance payments, exit packages and termination benefits), related party transactions, members' allowances and audit fees. This reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.

Materiality - Council

Materiality

For planning purposes, Council materiality for 2019/20 has been set at £1.54 million. This represents 2% of the Council's gross expenditure on provision of services. It will be reassessed throughout the audit process.



We request that the Audit and Risk Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £0.77 million which represents 50% of planning materiality. We have maintained our performance materiality level from the prior year due to the volume and nature of errors identified in the 2018/9 audit.

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05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement.

2. Arrangements for securing economy, efficiency and effectiveness (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.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2019/20 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

Internal audit:

We will regularly meet with the Head of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

Scoping the group audit

Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

- 1. Significant components:** A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
- 2. Not significant components:** The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. These procedures are detailed below.

Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below. We provide scope details for each component within Appendix E.

1	A	Full scope audits
1	B	Specific scope audits
0	C	Review scope audits
0	D	Specified procedures
0	E	Other procedures

Scope definitions

Full scope: locations where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the materiality used and any additional procedures required to comply with local laws and regulations.

Specific scope: locations where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts.

Review scope: locations where procedures primarily consist of analytical procedures and inquiries of management. On-site or desk top reviews may be performed, according to our assessment of risk and the availability of information centrally.

Specified Procedures: locations where the component team performs procedures specified by the Group audit team in order to respond to a risk identified.

Other procedures: For those locations that we do not consider material to the Group financial statements in terms of size relative to the Group and risk, we perform other procedures to confirm that there is no risk of material misstatement within those locations.

Scope of our audit

Scoping the group audit

The below table sets out the scope of our audit. We set audit scopes for each reporting unit which, when taken together, enable us to form an opinion on the group accounts. We take into account the size, risk profile, changes in the business environment, and other factors when assessing the level of work to be performed at each reporting unit.

Detailed scoping					
In scope locations	Scope	Statutory audit performed by EY	Coverage	Current year rationale for scoping	
			Gross Expenditure	Size	Risk
Great Yarmouth Borough Council	Full	Yes	97.4%	Yes	Yes
Equinox Enterprises Limited*	Specific	No	2.6%	No	Yes
TOTAL FULL & SPECIFIC SCOPE			100%		

Group audit team involvement in component audits

Auditing standards require us to be involved in the work of our component teams. We have listed our planned involvement below.

Location name	Planned involvement by the Group team
Equinox Enterprises Limited	<p>We will:</p> <ul style="list-style-type: none"> ▶ Issue group audit instructions to the component auditor; ▶ Determine the competence and independence of the component auditor whose work we wish to rely on; ▶ Obtain specified forms from the component auditor; and ▶ Review the working papers of the component auditor.



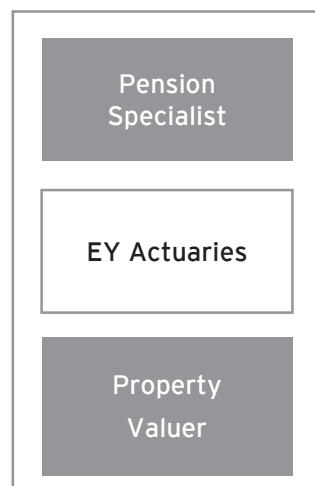
06

Audit team



Audit team

Audit team structure:



Working together with the Council

We are working together with officers to identify continuing improvements in communication and processes for the 2019/20 audit.

We will continue to keep our audit approach under review to streamline it where possible.

Audit team changes

The key change to our team is that Sappho Powell will take over from Tony Poynton as the Audit Manager when she returns to work in early November 2020. Sappho is a highly experienced manager with extensive knowledge of local government audits.

* Key Audit Partner

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are outlined below. Once we have received the 2019/20 valuation information we will consider whether we require EY valuation specialists to review specific assets and the underlying assumptions related to these valuations:

Area	Specialists
Valuation of Land and Buildings	Management's specialist: Internal valuer - Property and Asset Manager Management's specialist: External valuer - Harvey & Co EY Real Estate
Pensions disclosure	PwC (Consulting Actuary to the National Audit Office) Hymans Robertson (Norfolk Pension Fund Actuary) EY Pensions Advisory

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Audit timeline





Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2018/19.

From time to time matters may arise that require immediate communication with the Audit and Risk Committee and we will discuss them with the Audit and Risk Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Audit committee timetable	Deliverables
Planning: Risk assessment and setting of scopes. Walkthrough of key systems and processes	August/September 2020	Audit Committee: September 2020	Audit Planning Report
Year end audit	September/October 2020		
Audit Completion procedures	November 2020	Audit Committee: November 2020	Audit Results Report Audit opinions and completion certificates
Conclusion of reporting	December 2020	Audit Committee: date to be confirmed	Annual Audit Letter





08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Debbie Hanson, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

At the time of writing, the only non audit service we provide is the certification of the Council's housing benefit subsidy claim for an estimated fee of £20,750 (based on the estimate level of additional testing required). No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.
There are no other threats at the date of this report.

Other communications

EY Transparency Report 2019

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 30 June 2019:

[https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/\\$FILE/ey-uk-2019-transparency-report.pdf](https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/$FILE/ey-uk-2019-transparency-report.pdf)



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Scale fee 2019/20	Final Fee 2018/19
	£	£
Scale Fee - Code work	£46,966	46,966
Additional Fee (notes 1 and 2)	TBC	TBC
Non-audit Fee - Housing Subsidy claim	20,750	20,750
Total Fees	TBC	TBC

(1) For 2019/20, the scale fee will be impacted by a range of factors, for example the valuations of land and buildings, investment properties and pension obligations which will result in additional work. The impact of Covid-19 will also impact the work that is required to be done.

In addition, we are in an unprecedented period of change. A combination of pressures are impacting Local Audit and has meant that the sustainability of delivery is now a real challenge. As an illustration, 85 organisations within the PSAA regime had not yet received their 2018/19 audit opinion as at the end of January 2020.

This in combination, is requiring us to revisit with PSAA the basis on which the scale fee was set. The factors behind this are explained in more detail on the following pages, with a summary of the estimate of the impact of the scale fee set out on this page. This results in an increase in the scale fee of £49,960. We have discussed our estimate and position on audit fees with the Finance Director. The Council have not currently agreed to our variation to the scale fee but understand that we are submitting our fee estimate to PSAA for them to determine for 2019/20

(2) For 2018/19 we have proposed additional fee of between £35k and £40k, relating to additional work we had to undertake. We are currently discussing the variation with officers, and will also need to submit this to PSAA for approval

The issues we have identified at the planning stage which will impact on the fee include:

- Additional risks - financial statements: £9,760
- Group accounts - £4,000
- Costs associated with regulatory compliance changes: £28,700
(this includes use of experts for areas such as pensions and PPE)
- Costs associated with use of IT and working papers: £7,500

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Fees

We do not believe the existing scale fees provide a clear link with both a public sector organisation's risk and complexity.

Summary of key factors

1. **Status of sector.** Financial reporting and decision making in local government has become increasingly complex, for example from the growth in commercialisation, speculative ventures and investments. This has also brought increasing risk about the financial sustainability / going concern of bodies given the current status of the sector.
 - To address this risk our procedures now entail higher samples sizes of transactions, the need to increase our use of analytics data to test more transactions at a greater level of depth. This requires a continual investment in our data analytics tools and audit technology to enhance audit quality. This also has an impact on local government with the need to also keep pace with technological advancement in data management and processing for audit.
2. **Audit of estimates.** There has been a significant increase in the focus on areas of the financial statements where judgemental estimates are made. This is to address regulatory expectations from FRC reviews on the extent of audit procedures performed in areas such as the valuation of land and buildings and pension assets and liabilities.
 - To address these findings, our required procedures now entail higher samples sizes, increased requirements for corroborative evidence to support the assumptions and use of our internal specialists.
3. **Regulatory environment.** Other pressures come from the changing regulatory landscape and audit market dynamics:
 - Parliamentary select committee reports, the Brydon and Kingman reviews, plus within the public sector the Redmond review and the new NAO Code of Audit practice are all shaping the future of Local Audit. These regulatory pressures all have a focus on audit quality and what is required of external auditors.
 - This means continual investment in our audit quality infrastructure in response to these regulatory reviews, the increasing fines for not meeting the requirements plus changes in auditing and accounting standards. As a firm our compliance costs have now doubled as a proportion of revenue in the last five years. The regulatory lens on Local Audit specifically, is greater. We are three times more likely to be reviewed by a quality regulator than other audits, again increasing our compliance costs of being within this market.



Appendix A

Fees



Summary of key factors (cont'd)

4. As a result Public sector auditing has become less attractive as a profession, especially due to the compressed timetable, regulatory pressure and greater compliance requirements. This has contributed to higher attrition rates in our profession over the past year and the shortage of specialist public sector audit staff and multidisciplinary teams (for example valuation, pensions, tax and accounting) during the compressed timetables.
 - We need to invest over a five to ten-year cycle to recruit, train and develop a sustainable specialist team of public sector audit staff. We and other firms in the sector face intense competition for the best people, with appropriate public sector skills, as a result of a shrinking resource pool. We need to remunerate our people appropriately to maintain the attractiveness of the profession, provide the highest performing audit teams and protect audit quality.
 - We acknowledge that local authorities are also facing challenges to recruit and retain staff with the necessary financial reporting skills and capabilities. This though also exacerbates the challenge for external audits, as where there are shortages it impacts on the ability to deliver on a timely basis.

Appendix B




Required communications with the Audit and Risk Committee

We have detailed the communications that we must provide to the Audit and Risk Committee.

Our Reporting to you		
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Audit and Risk Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Plan - September 2020
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - November 2020




Appendix B

Required communications with the Audit and Risk Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit Results Report - November 2020
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Audit Results Report - November 2020
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit Results Report - November 2020
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report - November 2020




Appendix B

Required communications with the Audit and Risk Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit Plan - September 2020</p> <p>Audit Results Report - November 2020</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report - November 2020
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	Audit Results Report - November 2020
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report - November 2020
Group audits	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	Audit Results Report - November 2020

Appendix B

Required communications with the Audit and Risk Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - November 2020
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - November 2020
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - November 2020
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit plan is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit Plan - September 2020
		Audit Results Report - November 2020
		Annual Audit Letter - December 2020

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Audit and Risk Committee reporting appropriately addresses matters communicated by us to the Audit and Risk Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.



Appendix C

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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ED None

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Subject: Annual Report on Risk Management Arrangements 2019/2020

Report to: Audit and Risk Committee, September 2020

Report by: Kaye Bate, Corporate Risk Officer



SUBJECT MATTER/RECOMMENDATIONS

This report provides details of the key risk management developments during 2019/2020 for the committees' review.

This report will provide a significant source of evidence to enable the Committee to approve the Annual Governance Statement.

Recommendation - The Committee is requested to note and approve the annual report on the Council's risk management arrangements.

1. INTRODUCTION/BACKGROUND

- 1.1 The purpose of this report is to provide an annual report of key risk management developments across the Council over the last 12 months for the committees' review.
- 1.2 The Chief Executive has strategic responsibility for risk management, supported by the Executive Leadership Team who act as the Council's strategic risk management group.
- 1.3 Heads of Service direct the risk management process in their service areas.

2. ANNUAL RISK MANAGEMENT REPORT

- 2.1 This report will provide a significant source of evidence to enable the Committee to approve the Council's Annual Governance Statement.
- 2.2 The report will also help to inform the Committee's view of the adequacy of the Council's risk management arrangements and as such allow it to fulfill its responsibility outlined in its terms of reference.

3. FINANCIAL IMPLICATIONS

- 3.1 None.

4. RISK IMPLICATIONS

- 4.1 See attached report.

5. CONCLUSIONS

- 5.1 Over the last year the Corporate Risk Officer and the Executive Leadership Team has undertaken further steps towards establishing the Risk Management Framework which together with the culture ensures effective and consistent risk management is an integral part of the authority's activities.
- 5.2 Fundamental to the successful implementation of risk management is an adherence to the principles as set out within the framework. At the time of writing, there are no significant non-compliance issues to report with regards to corporate risk management.

Area for consideration	Comment
Monitoring Officer Consultation	No
Section 151 Officer Consultation	No
Existing Council Policies	No
Financial Implications within existing budgets	No
Legal Implications (including human rights)	No
Risk Implications	See attached report
Equality Issues/EQIA assessment	No
Details contained in strategy	
Crime & Disorder	No
Every Child Matters	No

Annual Report on Risk Management Arrangements 2019 / 2020

Executive Summary

Over the last year the Council has continued to improve and embed its risk management arrangements.

This report provides details of the key risk management developments during 2019/2020 for the committees' review.

This report will provide a significant source of evidence to enable the Committee to approve the Annual Governance Statement.

1. Purpose of the report

The purpose of this report is to provide an annual report of key risk management developments across the Council over the last 12 months. This provides the Committee with a significant source of evidence to approve the Council's Annual Governance Statement.

The report will also help to inform the Committee's view of the adequacy of the Council's risk management arrangements and as such allow it to fulfill its responsibility outlined in its terms of reference.

2. Background

The Chief Executive has strategic responsibility for risk management, supported by the Executive Leadership Team who act as the Council's strategic risk management group.

Heads of Service direct the risk management process in their service areas.

Over the last year the Corporate Risk Officer and the Executive Leadership Team has undertaken further steps towards establishing the Risk Management Framework, which together with the culture ensures effective and consistent risk management is an integral part of the authority's activities.

3. Main Issues

Fundamental to the successful implementation of risk management is an adherence to the principles as set out within the framework. At the time of writing, there are no significant non-compliance issues to report with regards to corporate risk management.

The steps taken to embed risk management across the Council are described below.

a. Risk Management Framework

The Risk Management Framework is published on the Council's website, under Your Council / Council Policies, Strategies and Plans / Policies and Strategies. The Risk Management Framework was last reviewed in January 2020.

The framework is reviewed every three years (or more frequently if required by changes to statutory legislation) and relevant parties consulted before submitting to the Audit and Risk Committee. The Risk Management Framework was last approved by the Audit and Risk Committee in March 2020.

On an annual basis details of responsible officers will be reviewed to ensure that they remain relevant and up to date

b. Corporate Risk Register

The Corporate Risk Register, maintained by the Corporate Risk Officer, is now well-established and captures risks identified by Executive Leadership Team. The Corporate Risk Register is required to be reviewed by Executive Leadership Team on a quarterly basis and was last reviewed in January 2020. During the year new risks have been identified and included on the register and risk have been removed as they are no longer required to be included and / or they are considered to be a service risk. The layout of the Corporate Risk Register was reviewed during the year at the request of Executive Leadership Team.

The corporate risk register reflects those key business risks that are required to be managed at a corporate level. There are currently 22 risks on the corporate risk register.

Risk score is calculated by multiplying the likelihood by the impact. The current position of the risk register is shown on the matrix below.

The responsible officer for each risk is identified and any action required to reduce the risk to the corporate appetite has a completion date.

Risks are scored based on the criteria below:

Likelihood:

Likelihood		Description	Probability	Timing
5	Very Likely	The event is expected to occur or has occurred and is continuing to impact	Over 90%	More than once per year
4	Likely	The event will probably occur in most circumstances	56 % to 90 %	Once per year
3	Fairly Likely	The event could occur at some time	16 % to 55 %	At least once between 1 – 5 years
2	Unlikely	Not expected but the event may occur at sometime	5 % to 15 %	At least once between 5 – 10 years
1	Very Unlikely	The event may occur only in exceptional circumstances	Less than 5 %	Probably within 10–15 years

Where the probability and timing score differently, a judgement should be made as to the correct likelihood score.

Impact

Impact Type	1 Negligible	2 Minor	3 Moderate	4 Significant	5 Severe
Financial (loss)	£0k – <£10k	£10k – <£50k	£50k - <£250k	£250k – £1m	Over £1m
Service Provision	No effect	Minimal disruption to the whole organisation / service	Significant disruption of one part of the organisation	Significant disruption to large parts of the organisation or Suspended Short Term	Service suspended long term or statutory duties not delivered
Projects	Minor Delay – days	A few Milestones missed	Significant milestones missed / delayed	A Major Milestone missed	Project does not achieve objectives and misses majority of Milestones
Health & Safety	One Injury or illness requiring First Aid Treatment No lost time injury days	Injury or illness requiring medical treatment Lost time injury <10 days	Serious injury or illness Lost time injury >10 days	Significant / extensive injury or illness Permanent or partial disability	Multiple Loss of Life / Large scale major illness Permanent Total Disability
Objectives	No effect	Some Team Objectives not met	Team objectives not met	Portfolio Objectives not met	Corporate Objectives not met
Morale	No effect	Some hostile relationships and minor non-cooperation	Hostile relationships and major non-cooperation across the organisation	Industrial Action	Mass Staff leaving / unable to attract staff
Reputation	No media attention / minor letters	Adverse local media Leader	One off national media exposure	Prolonged Adverse National exposure	Extensive coverage in National Press and on TV. Requires resignation of Senior Officer / Member
Government Objectives	No effect	Poor Assessments(s)	Service taken over temporarily	Service taken over temporarily	Service taken over permanently
Statutory / Legal	No impact / breach	Warning received	Breach Challenging Improvement Notice	Enforcement Action Improvement Notice	Prosecution Fine
Community Risk	Insignificant impact to health, persons displaced disruption to community services, economy and environment	Minor impact to health, persons displaced disruption to community services, economy and environment	Damage to specific location or number of locations, fatalities and some casualties, displacement of > 100 people for 1 – 3 days, Limited impact on economy and environment	Significant damage, 100 to 500 people displaced for longer than 1-week, significant impact on community services and environment	Significant of fatalities and injuries, extensive damage to property, displacement of >500 people for prolonged duration, serious damage to infrastructure, serious long-term impact on environment

Identify the impact most relevant to the risk being evaluated (it is not necessary for all points in each category to apply).

Risk Matrix

		IMPACT OF RISK				
		1	2	3	4	5
		Negligible	Minor	Moderate	Significant	Severe
LIKELIHOOD OF RISK	5	Very Likely Medium 5	High 10	High 15	Very High 20	Very High 25
	4	Likely Very Low 4	Medium 8	High 12	High 16	Very High 20
	3	Fairly Likely Very Low 3	Medium 6	Medium 9	High 12	High 15
	2	Unlikely Very Low 2	Very Low 4	Medium 6	Medium 8	High 10
	1	Very Unlikely Very Low 1	Very Low 2	Very Low 3	Very Low 4	Medium 5

Risk Rating Actions:

Very High 20 - 25	Risk outside risk appetite. Action required to reduce rating to an acceptable level
High 10 - 16	Risk outside risk appetite. Action required to maintain or reduce rating.
Medium 5 - 9	Acceptable with some mitigating and contingency planning. Routine reviews should be carried out to ensure there is no change which makes them more severe
Very Low 1 - 4	Within risk appetite but kept under review. No further action required unless risk become more severe

The risk matrix below shows how the risks identified in the Corporate Risk Register are distributed. There are currently 22 risks included on the Corporate Risk Register. The risks considered to be outside the Councils risk appetite have action plans in place to mitigate or reduce the risk. The risks that fall within the risk appetite or acceptable have action plans in place to reduce the risk further.

RISK MATRIX

Likelihood	5		10b Business Continuity – Brexit – Short and longer term impact of a failure to conclude a post Brexit EU trade deal	1 – Reduction in financial resources 2 – Reduced spending in Great Yarmouth 20 – Tree and Land Management	
	4	19 – Change Management	18b – Sufficient resources and resilience to ensure effective contract management	5 - Local/National Economy 6b – GDPR impact on Payment Card Industry data security standards PCIDSS 8b – Cyber Security 9 - Event Management – for large scale events held in the Borough by a third party 22 – IT systems capability and interaction	3 - Flooding 4 – Flood defence and coastal protection
	3		6a – Compliance with General Data Protection Regulations (GDPR) 7 - Information Security 11 – Management of Major Projects 16 - Infrastructure not being able to meet demand 17 - No 5-year Housing Land Supply and timescale Local Plan can be delivered 18a – Sufficient resources and resilience to ensure effective procurement	8a - Data quality 10a - Business Continuity 12 – Reliance on key individuals and capacity of teams 13 – Unforeseen changes Government policies 14 - Delivery of long term strategic objectives 17 - Business improvement in the major leisure facilities under delivers 21 – Loss of Reputation	
	2			15 - Lack of community cohesion / community tensions	
	1				
		1	2	3	4
Impact					

b. Member Involvement

The Corporate Risk Register is presented to the Audit and Risk Committee on a half yearly basis following the review by the Executive Leadership Team. The Corporate Risk Register was last reviewed on March 2020.

c. Department / Service Risks

The roles and responsibilities of Directors and Heads of Service include the following:

Risk is an agenda item on all directorate meetings to identify any emerging risk and changes.

Key risks to service objectives, project, partnership and change management processes under their control are identified, recorded and managed.

Managers carry out risk assessments as a routine part of service planning and management activities.

Director of Finance is notified of any significant changes in service provision likely to arise if a risk materialises to enable him/her to ensure that appropriate and adequate insurance and financing measures are in place.

Those risks having a corporate impact are reported for consideration for inclusion in Corporate Risk Register.

d. Corporate Risk Group

A Corporate Risk Group was created in October 2016. The purpose of the Group is an advisory group to provide a focus to the Councils overall approach to risk management. The group meet on a quarterly basis although a meeting can be called by any group members at any time.

The Group consists of Officers from services whose work has a direct bearing upon the Council's corporate risk and the required outcomes are:

- To provide an officer coordinating group with an overview of corporate risk
- To provide a review mechanism for Council activities that contribute to corporate risk
- To ensure that the Council have a suitable Risk Management Framework to address, mitigate and manage existing and emerging risks at all organisational levels and within projects and partnerships
- To ensure suitable process is in place to escalate risk into the Corporate Risk Register from service level (e.g. service, project and partnership registers) and equally to move risks down from the Corporate Risk Register
- To make recommendations and to report back to ELT as required
- To raise awareness of risk management issues throughout the Council and with external partners and to encourage members, employees and partners to manage risks effectively.
- To promote good risk management and ensure effective governance arrangements in all service areas.
- To regularly review the Corporate Risk Register and Partnership Register.

e. Partnerships

The Council are involved in a number of partnerships, forums and groups in order to assist with the delivery of community strategies and in helping to promote the well-being of the area.

A Partnership Group has been created with a small number of public sector partners. The purpose of the group is to identify gaps in delivery or opportunities to deliver better outcomes through working together more effectively and provide guidance on the governance arrangements that should be in place for specific partnerships.

In recognition of the need to ensure that all partnerships continue to perform well, deliver value for money and support the council's strategic objectives a Partnership Governance Framework was written and approved by Executive Leadership Team and the Audit and Risk Committee in December 2018. The framework defines and standardises the councils' approach to managing partnerships, in order to strengthen accountability and manage risk.

The framework will be reviewed at least every 3 years, by the Corporate Risk Officer (or more frequently if fundamental changes are required). On an annual basis details of responsible officers will be reviewed to ensure that they remain relevant and up to date.

Great Yarmouth Borough Council has adopted the Audit Commission definition of partnership which is:

‘an agreement between two or more independent bodies to work collectively to achieve an objective’

The framework provides guidance to officers on:

- What partnership working is
- How to enter into a new partnership
- How to set up a new partnership
- How to maintain appropriate governance arrangements in existing partnerships
- How to exit from a partnership

The framework does not cover:

- Procurements (unless they are delivering major services in a strategic arrangements)
- Informal discussion / consultation groups
- Short term arrangements

In support of the Partnership Governance Framework a Partnership Register is maintained.

The partnership register main functions are:

- To provide an overview of the partnerships that the Council has and how these link to the council's Strategic, Corporate / Contractual and Operational objectives
- To provide a framework to allow a robust challenge and scrutiny of the partnerships and membership of outside bodies to take place
- To identify any group relationship (for accounting purposes) and/or any governance issues for exception reporting.

It is intended that partnerships will be managed at the service level but with an overview and challenge at corporate leadership level.

The Partnership Register is maintained by the Corporate Risk Officer and is reviewed by Executive Management Team on a quarterly basis. There are currently 47 partnerships on the register that the council are involved in or lead on.

The Partnership Register will be presented to the Audit and Risk Committee on a half yearly basis following the review by Executive Management Team.

At the time of writing we are not aware of any significant non-compliance issues to report with regards to partnership management however work is required to strengthen some of the controls / governance arrangements within some partnerships.

A further review of the Partnership Governance Framework and Partnership Register was undertaken during the year at the request of Executive Leadership Team. Once approved further work will be undertaken to raise the profile to ensure compliance with Partnership Governance Framework and so all applicable governance and risk management arrangements are applied and consistently used across the organisation.

f. Health and Safety

The Corporate Health and Safety Group is a sub group of the Executive Leadership Team (ELT) reporting to the Corporate Management Board via ELT. Corporate Health and Safety Advice is carried out by an Environmental Health Officer two days a week with additional support bought in from Norfolk County Council.

Risk Priorities 2020/2021

A work plan has been developed and the risk priorities for this year have been identified following a review of incident statistics, organisational activities, internal health and safety policies and a review of service risk assessments.

The health and safety priorities for action have been identified as: -

- Monitoring health and wellbeing performance and implementing actions to improve performance in this area. This piece of work has been carried forward from last year due to a lack of available resource to facilitate this project in the HR department.
- Lone Worker device re-procurement. This was postponed for a year due the Corporate Health and Safety Officer role being vacant for several months
- Simplifying the incident and warning marker procedure. Anecdotal evidence suggests some incidents are not being reported as the current incident reporting procedure is complex and time consuming
- Work at height and confined spaces. These are potentially high-risk activities carried out in Council Buildings
- Review of PPE procurement to ensure uniformity across the council

The Corporate Health and Safety Group meet quarterly and monitor progress with these priorities.

Planned Work for 2020

The Corporate Health and Safety Advisor has identified some key actions for 2020/21. Due to significant other pieces of work carried out in 2019/20 and the post being vacant for a number of months, several key pieces of work identified as a priority last year have been carried over to this year. These include auditing the following areas:

- Crematorium
- Norse waste management (ensuring that the risk to members of the public in relation to vehicle movements are managed effectively)

Audits will also take place looking at:

- Work at Height in and Confined Spaces
- The Waterways, to ensure identified actions from the previous audit have been completed.

The COVID-19 impact has had an impact on the delivery of some of the programmed work for 2019/20.

The work plan for 2020/21 has also identified that the following policies need to be reviewed and implemented:

- Work Equipment
- Manual Handling
- Fire and Evacuation

Work will also need to be undertaken to rebrand existing policies with the new Council logo.

Warner Marker System

As from the 1 February 2020 the warning marker system is now managed by Environmental Services. A review of the way the system is currently operated is being undertaken, alongside a review of the incident reporting procedure.

Work Completed 2019/20

Work completed includes the following:

Monitoring

The following internal health and safety audits have been completed:

- Panic alarms
- Waterways and Boating Lake

New and/or revised policies introduced

The following policies were reviewed and/or introduced:

- New and Expectant Mothers
- Young Persons
- First Aid at Work
- Body Worn Cameras
- Personal Protective Equipment

Guidance and Information.

The Mangers safety bulletin continues to be produced monthly to support managers in carrying out the monthly management cycle checks.

Health and Safety Co-ordinators

The Health and Safety Coordinators role is continuing, and they support the managers in carrying out the health and safety tasks in the monthly management cycle. Training is carried out with the co-ordinators on a quarterly basis

Body Cameras

Body-worn video cameras have been provided to a number of identified front line officers, these are intended to act as a deterrent towards acts of aggression towards GYBC staff. There are several benefits associated with the use of body worn video cameras such making staff feel more secure and safe whilst undertaking their duties and they can provide admissible evidence helping to identify and bring to account perpetrators and witnesses of an incident that has taken place.

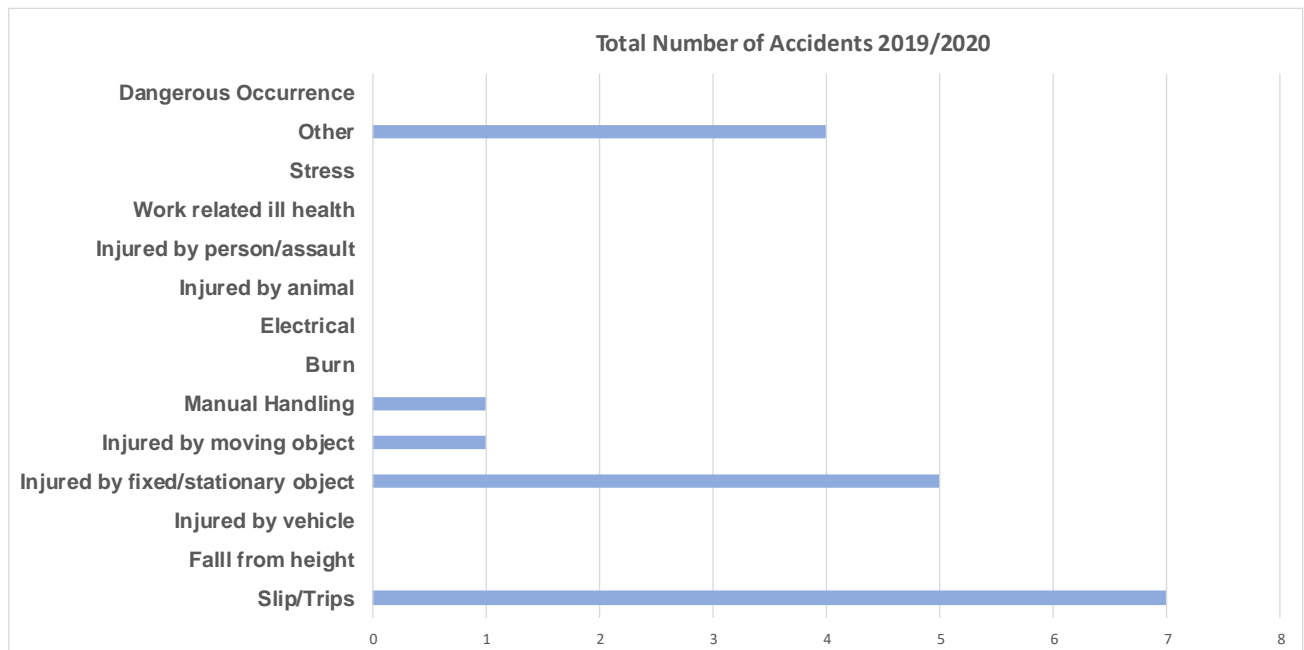
The Borough Council of Kings Lynn and West Norfolk provide us with a hosted and managed service. This includes the provision of devices, hardware, software, licencing and connectivity to their secure environment, a secure environment where footage will be able to be downloaded daily via a secure isolated VPN network as well as management and control of the data.

Skyguard Lone Working System

The contract for these devices expires in September 2020 and requires re-procurement. Technology has advanced in the last few years and the Council will be trialling a number of alternative lone working solutions.

Accidents and Incidents

The number of accidents and incidents recorded for 2019/20 are as follows:



- There were 18 accidents which resulted in injury or ill health; this is decrease of 12 on the previous year
- The top two staff accidents reported during 2019 were again slips and trips (7), and hit by moving or stationary object (5)
- There were no RIDDOR reportable incidents during 2019.
- There were no accidents to members of the public although one person had a suspected heart attack in one of our buildings

It is pleasing to note a reduction in the number of incidents to staff and that there were no RIDDOR reportable incidents in the last year.

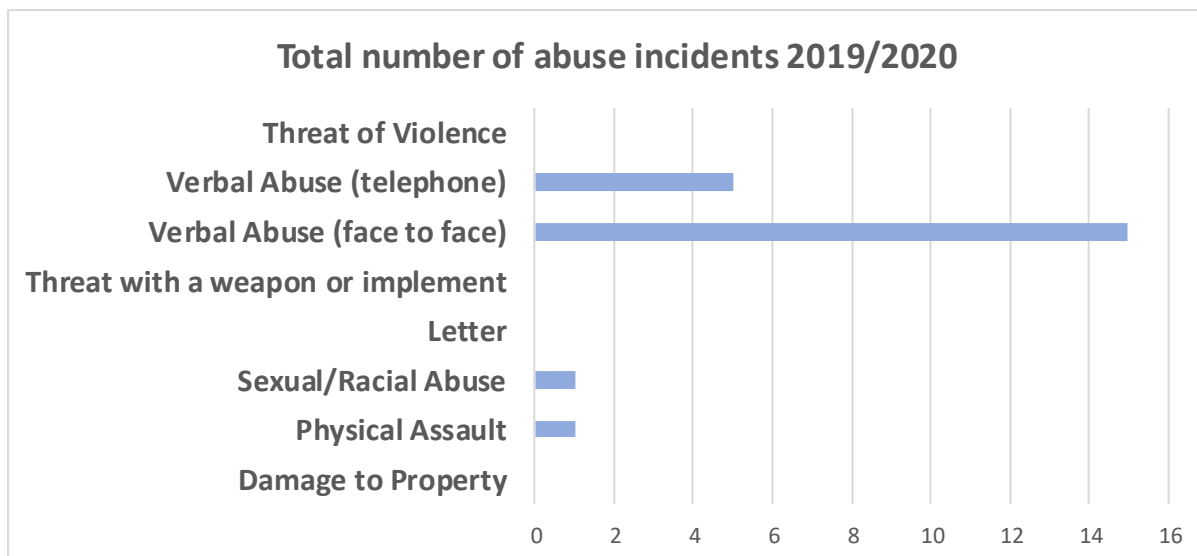
In June 2020 a simplified accident reporting form and procedure will be introduced which will encourage the reporting of near misses as well as accidents. This will also streamline the system which will be linked to the warning marker reporting procedure.

There were 22 incidents of abuse to staff, this is half of the previous year's figure of 44 incidents. Since last year a CCTV system has been implemented in Greyfriars and this year will see the roll out and use of body cameras which it is hoped will reduce face to face incidents of abuse especially to Civil Enforcement Officers.

It is felt that there is still a significant number of incidents that are not reported as staff still see verbal abuse as 'just part of their job'. This type of abuse is not acceptable and further work will be undertaken this year to ensure incidents of abuse are reported and followed up promptly with a warning marker where necessary.

Incidents during last year have been mainly face to face verbal abuse and verbal abuse over the telephone. Unfortunately, there have been some COVID related incidents where members of the public have deliberately coughed at employees. These incidents have been taken seriously and were reported to the police and the individuals banned from Council buildings.

The following chart provides a breakdown of incidents by type:



Employee enquiries and complaints

Corporate Health and Safety have addressed a wide range of employee enquiries and complaints including: Fire, DSE and COVID-19.

Other Work

The Corporate Health and Safety advisor has been involved with contributing to guidance on Event Safety for the Great Yarmouth Event Safety Advisory Group, developing a SharePoint system for use by the group and new Terms of Reference.

Training was provided and delivered for all staff given body worn cameras and COVID-19 Guidance was provided for employees, volunteers and Councillors.

g. Risk Management Software

The council does not use any specialised software for monitoring its risks. The Corporate Risk Register is maintained on an excel spreadsheet.

i. Financial Risk Management

Risk management techniques have continued to form part of annual budget-setting processes. The reserves policy also uses risk to inform the determination of the minimum level of reserves required each year. Risk assessment continues to inform decisions made around Treasury Management.

j. Project Risk Management

The incorporation of risk management within all projects is now a requirement within the Project Management Office (PMO) which sits within the Inward Investment service. The PMO ensures compliant and effective delivery of all Corporate Projects, managed within PRINCE2 project management principles. The Head of Inward Investment continues to oversee the Project Management Office with corporate projects being led by a Project Manager and Project Sponsor and where applicable external project management support. Recent personnel changes has meant there are some gaps in resourcing, however, the Council is looking to appoint two Senior Project managers to ensure the team continues to drive forward the projects for the Council. The Executive Leadership Team (ELT) continues to provide strategic oversight and Project Sponsors. The eligible document management for projects is now being put into place to mitigate any potential issues with audit.

Alongside that, the Council 'Corporate Project Board' (CPB) continues to operate and meet on a regular basis. The CPB has overarching oversight of the projects and ensures quality delivery against the project, programme and budget. Highlight reports are submitted monthly and include risks and issues which are closely monitored. Additional procedures have been put into place and will be managed by the Project Support Officer alongside the Project Managers to ensure a robust risk approach is taken for each individual project. Project documentation will be stored in a project SharePoint site, alongside a project performance section including risk and issue monitoring and regularly reviewed.

k. Business Continuity

The Business Continuity function is a managed service supplied by Norfolk County Council who provide a Resilience Officer based in Great Yarmouth. The service agreement was renewed for 12 months from 1st April 2020. Key deliverables:

- External Audit: all outstanding actions following the review of June 2018 have been closed.
- The Resilience Officer worked with the Norfolk Resilience Forum to undertake contingency planning for Brexit and ensured that local risks were correctly escalated, and a response process was in place. Impact of trade deal negotiations will continue to be monitored.
- The Business Continuity Plan templates were revised and updated which included an impact assessment of critical service delivery. The Emergency Response Plan and the Corporate Business Continuity Plan were also updated
- From early March 2020 the focus has been the response to the COVID 19 pandemic which has involved a fundamental change in operational procedures including remote working - an important business continuity strategy. This work is expected to extend for a prolonged period and include a recovery phase

l. Insurance

Insurance arrangements are reviewed on an annual basis to ensure that adequate cover is in place and the Authorities assets protected and changes are made, as required during the insurance year.

Claims are handled promptly. The Risk and Insurance Section will liaise with other departments to gather information required by the insurance company.

The council’s insurance programme is placed with five insurers – albeit AIG Europe and HSB Engineering are both via RMP:

AIG Europe	HSB Houghton Engineering	Travelers Insurance
ACE European Group	Zurich Municipal Insurance	

By placing the insurance programme with the insurers above we were required to appoint a Broker, Arthur J Gallagher is the appointed broker for the Council.

A dedicated insurance page is available for staff on the council’s internal web page, The Loop.

The Councils website provides details of how to make a claim and an online claim form is available to complete.

The insurance contract was extended to 31 March 2021. Work on the insurance tender is due to commence in June 2020, however the current COVID 19 may have an impact on the delivery of this project.

Insurance advice has been provided in connection with the COVID 19 pandemic.

The Corporate Risk Officer is a member of the Events Safety Advisory Group and provides guidance / advice in connection with events held in the borough as well as providing insurance advice on various projects / capital programmes in the borough.

m. Communication and Training

The Risk Management Framework is available to all staff, the public and other stakeholders and published on the Council's Internet and staff internal web page, The Loop.

A dedicated risk management page is available for staff on the council's internal web page, The Loop.

The Council has recently invested in an e-learning package, for mandatory training, which is available to staff.

An annual reminder is sent to Executive Leadership Team and Head of Service on an annual basis to raise awareness of the Risk Management Framework, its purpose and officer's roles and responsibilities.

Risk Management training was delivered to extended management team in February / March 2020. The COVID 19 lockdown has prevented further training to be scheduled.

n. Internal and External Audit reports

Internal Audit will review risk during any audit they undertake, and this report will need to be read in conjunction with the Head of Internal Audit Annual Report and Opinion. The recommendations and issues raised will be addressed during the year and progress / implementation reported back to the Internal Auditors.

Internal Audit has four categories by which they classify internal audit assurance over the processes they examine. Detailed below are the reports issued along with the Audit Opinion of the controls in place and the number of recommendations made as a result of their findings:

Audit Area	Assurance Level	Recommendations			
		Urgent	Important	Needs Attention	Op
GY2001 GYB Services	Reasonable	0	3	10	0
GY2002 Accountancy Services	Substantial	0	0	0	0
GY2003 Accounts Receivable	Reasonable	0	1	7	0
GY2004 Income Review	Substantial	0	0	1	0
GY2005 Council Tax and NNDR	Reasonable	0	1	1	1
GY2006 GY Norse	Reasonable	0	0	10	1
GY2007 S106	Reasonable	0	6	0	1
GY2008 Housing Strategy	Reasonable	0	1	4	0
GY2009 Preservation Trust	Limited	1	5	5	1
GY2010 Corporate Governance	Reasonable	0	5	2	1
GY2011 Housing Benefits & Council Tax Support	Substantial	0	0	1	0

GY2012 Markets	Reasonable	0	1	2	1
GY2013 Housing Needs and Allocations	Postponed	N/A	N/A	N/A	N/A
GY2014 Key Controls and Assurance - Draft	Reasonable	0	4	5	1
GY2015 Equinox	Reasonable	0	1	5	1
GY2016 Corporate Enforcement - Draft	Reasonable	0	5	2	1
GY2017 Housing Adaptations - Draft	Reasonable	0	1	1	0
GY2018 Data Centre Back up & Recovery	Reasonable	0	3	1	0
GY2019 Cyber Security Maturity Assessment	Reasonable	0	2	5	0
GY2020 Starters, Movers and Leavers Draft	Reasonable	0	3	5	0
Go Trade Audit – Position Statement	N/A	N/A	N/A	N/A	N/A
ESF – Position Statement	N/A	N/A	N/A	N/A	N/A

Of the 19 assurance audits completed within the year a total of 18 resulted in a positive assurance grading being given.

The Head of Internal Audit Annual Report and Opinion 2019/20 gave a reasonable opinion on the framework of governance, risk management and control.

4. Conclusions

In our view, the progress outlined demonstrates that the Council continues to improve upon its risk management arrangements. This helps support the risk management evidence provided in the Annual Governance Statement.

Progress on issues to be addressed in Annual Report on Risk Management Arrangements 2019/2020

	Issues to be addressed	Progress update	Responsible Officer
1	Due to re-organisations and staff leaving membership of the Corporate Risk Group is required.	Action Completed – Terms of reference undated and further update during the year due to further staff changes	Corporate Risk officer
2	Heads of Service to be contacted to identify further risk management training requirements.	WIP: risk management training provided to Extended Management Team	Corporate Risk Officer
3	Fraud Alerts received are to be published on the council's intranet and awareness emails to be sent to all staff as they provide important advice and guidance for individuals and organisations of the ongoing threat from criminal fraudsters.	Outstanding - Banking cyber fraud published on the Loop. Email alerts sent to officers of scams and frauds during COVID 19. Advice published on The Loop for Invoice Fraud.	Corporate Risk Officer
4	Further work is required to raise the profile and to drive forward the application and implementation of the Partnership Governance Framework and Principles, so all applicable governance and risk management arrangements are applied and consistently used across the organisation and to	WIP - Partnership Register is reviewed by the Corporate Risk Group and ELT / MT. Further work completed to ensure that the register correctly reflects the partnerships that the council are involved in. The Partnership Governance Framework and the layout of the Partnership register was reviewed and is awaiting approval by ELT / MT.	Corporate Risk Officer

	Issues to be addressed	Progress update	Responsible Officer
	ensure that this correctly reflects the partnerships that the council are involved in and the risks affecting the Authority.		
5	<p>Key actions for 2019/20 include:</p> <p>Monitoring the following areas:</p> <ul style="list-style-type: none"> • Crematorium • Norse waste management (ensuring that the risk to members of the public in relation to vehicle movements are managed effectively) • Tree safety management (in-house). <p>Revising and implementing the following policies:</p> <ul style="list-style-type: none"> • Homeworking • COSHH • New and Expectant Mothers 	<p>WIP - The following policies were reviewed and/or introduced:</p> <p>New and Expectant Mothers</p>	Corporate Health and Safety Officer
6	To ensure all staff are adequately trained in Fire Safety and that there are effective measures in place during out of hour use of the main Council Buildings.	Action Completed - New mandatory e-learning training provided. This is now the responsibility of HR and has been rolled out to all staff. Use of building out of hours by third parties was reviewed	Corporate Health and Safety Officer
7	To continue to encourage staff to report incidences of verbal abuse. Body cameras to be rolled out to enforcement staff and to obtain costing from Kings Lynn Council to manage this service. CCTV provision to be provided in Greyfriars House and costings to be obtained.	Action completed - Body-worn video cameras have been provided to a number of identified front line officers. Kings Lynn Council hosted and manage the service. Training was provided and delivered for all staff given body worn cameras.	Corporate Health and Safety Officer
8	The contract for the Lone Worker System expires in September 2019 and requires re-procurement.	WIP - The contract for these devices expires in September 2020 and requires re-procurement. The Council will be trialling a number of alternative lone working solutions	Corporate Health and Safety Officer
9	Conflict resolution training to be provided to relevant officers and to deliver training organised with Validium for front house staff.	Action Completed - Validium training for front of house staff was provided	Corporate Health and Safety Officer
10	Warning Marker System to be reviewed to ensure data is up to date, reviewed on a regular basis and easily accessible by staff.	WIP - As from the 1 February 2020 the warning marker system is managed by Environmental Services Review has been completed. Waiting for iCT to complete reworking of the system to allow it to be implemented.	Corporate Health and Safety Officer

	Issues to be addressed	Progress update	Responsible Officer
11	Template of suite of documents to be used when setting up, delivering and monitoring projects have been drafted and to be endorsed by the Staff engagement group before rolling out.	WIP - The Project Management Framework document and accompanying templates have been presented and accepted by ELT and Extended Management Team following consultation with the Staff Engagement Group and other key project officers. The document and accompanying templates are being made available to Project Managers and Officers. Cascade briefings are to be scheduled as post Covid-19 response work dissipates and the Council go back to normalisation and recovery.	Head of Inward Investment
12	The Councils insurance contract expires on 30 September 2020, therefore will continue to work with the insurance consortium to procure insurance services.	WIP - The insurance contract was extended to 31 March 2021. Work on the insurance tender is due to commence in June 2020, however the current COVID 19 may have an impact on the delivery of this project.	Corporate Risk Officer
13	Discussion to be held with insurance provider to identify insurance related training that can be provided to staff.	Outstanding – awaiting feedback from insurers	Corporate Risk officer

Key risk management developments 2019/2020:

The Corporate Risk Register was reviewed by ELT and Audit and Risk within the timescale stated in the Risk Management Framework. Heads of Service and Directors were reminded of their roles and responsibilities.
Action Plans are in place for all risk include on the Corporate Risk Register in order to reduce the risk to an acceptable level or to reduce the risk further. During the year new risks have been identified and included on the register and risk have been removed as they are no longer required to be included and / or they are considered to be a service risk. The layout of the Corporate Risk Register was reviewed at the request of ELT.
The Corporate Risk Group have met on a quarterly basis to review and advise on risk management arrangements and recommendation and advice provided implemented.
The Partnership Governance Framework and Partnership Register was reviewed at the request of Executive Leadership Team. Once approved further work will be undertaken to raise the profile to ensure compliance with Partnership Governance Framework and so all applicable governance and risk management arrangements are applied and consistently used across the organisation.
The Corporate Health and Safety Group meet on a quarterly basis and continue to monitor progress with priorities and work plan.
The Annual Cycle Plan and Managers Safety Bulletin continues to assist Heads of Service to identify areas that need reviewing and topical issues.
The Health and Safety Coordinators role continue to support the managers in carrying out the health and safety tasks in the monthly management cycle. Training is carried out with the co-ordinators on a quarterly basis.

<p>The following internal health and safety audits have been completed:</p> <ul style="list-style-type: none"> • Panic alarms • Waterways and Boating Lake
<p>The following policies were reviewed and/or introduced:</p> <ul style="list-style-type: none"> • Young Persons • First Aid at Work • Body Worn Cameras • Personal Protective Equipment
<p>A simplified accident reporting form was introduced, and procedure will be introduced which will encourage the reporting of near misses as well as accidents. This will also streamline the system which will be linked to the warning marker reporting procedure.</p>
<p>Corporate Health and Safety have addressed a wide range of employee enquiries and complaints including: Fire and DSE.</p>
<p>The Corporate Health and Safety advisor has been involved with contributing to guidance on Event Safety for the Great Yarmouth Event Safety Advisory Group, developing a SharePoint system for use by the group and new Terms of Reference.</p>
<p>Risk management techniques continue to form part of the annual budget setting process.</p>
<p>The 'Corporate Project Board' (CPB) has overarching oversight of the projects and ensures quality delivery against the project, programme and budget. Highlight reports are submitted monthly and include risks and issues which are closely monitored. Project documentation will be stored in a project SharePoint site, alongside a project performance section including risk and issue monitoring and regularly reviewed.</p>
<p>The Business Continuity function is supplied by Norfolk County Council who provide a Resilience Officer based in Great Yarmouth, work undertaken during the year:</p> <ul style="list-style-type: none"> • All outstanding internal audit recommendations have been implemented. • The Resilience Officer worked with the Norfolk Resilience Forum to undertake contingency planning for Brexit. Impact of trade deal negotiations will continue to be monitored. • The Business Continuity Plan templates were revised and updated which included an impact assessment of critical service delivery. The Emergency Response Plan and the Corporate Business Continuity Plan were also updated
<p>Insurance arrangements were reviewed to ensure adequate cover and the Council's assets are protected. The insurance contract has been extended until 31 March 2021. The council are monitoring the COVID-19 pandemic and the possible impact on the implementation of the insurance tender.</p>
<p>The Corporate Risk Officer, Health and Safety Advisor and Resilience Officer have been significantly involved with contributing to guidance via the Great Yarmouth Event Safety Advisory Group, as well as providing advice on various projects / capital programmes in the borough.</p>
<p>The Corporate Risk Officer, Health and Safety Advisor and Resilience Officer have been significantly involved work in response to and providing advice and guidance to employees, volunteers and Councillors in connection with the COVID-19 pandemic. This work is expected to extend for a prolonged period and include a recovery phase.</p>

Issues to be addressed in Annual Report on Risk Management Arrangements 2020/2021:

	Issues to be addressed	Responsible Officer	Due Date
1	Heads of Service to be contacted to identify further risk management training requirements and to implement the training suggestion of the Corporate Risk Group	Corporate Risk Officer	Ongoing
2	Discussion to be held with insurance provider to identify insurance related training that can be provided to staff.	Corporate Risk Officer	Ongoing
3	Fraud Alerts received are to be published on the council's intranet and awareness emails to be sent to all staff as they provide important advice and guidance for individuals and organisations of the ongoing threat from criminal fraudsters.	Corporate Risk Officer	Ongoing
4	Once approved by ELT further work will be undertaken to raise the profile to ensure compliance with Partnership Governance Framework and so all applicable governance and risk management arrangements are applied and consistently used across the organisation.	Corporate Risk Officer	31 March 2021
5	Health & Safety Audits will be undertaken for: <ul style="list-style-type: none"> Working at Height in and confined spaces The Waterways, to ensure identified actions from the previous audit have been completed. Crematorium Norse waste management (ensuring that the risk to members of the public in relation to vehicle movements are managed effectively) Tree safety management (in-house). 	Corporate Health and Safety Officer	31 March 2021
6	The following polices to be reviewed and implemented: <ul style="list-style-type: none"> Work Equipment Audit Manual Handling Audit Fire and Evacuation Audit Homeworking 	Corporate Health and Safety Officer	31 March 2021
7	The contract for the Lone Worker Device devices expires in September 2020 and requires re-procurement. The Council will be trialling a number of alternative lone solutions.	Corporate Health and Safety Officer	1 October 2020
8	Conflict resolution training to be provided to relevant officers.	Corporate Health and Safety Officer	31 March 2021
9	ICT Team to undertake work in connection with the on-line Warning Marker System	Corporate Health and Safety Officer	31 March 2021
10	Template of suite of documents to be used when setting up, delivering and monitoring projects have been produced. Cascade briefings are to be scheduled as Covid-19 response work dissipates and the Council go back to normalisation and recovery.	Head of Inward Investment	31 March 2021
11	The Councils insurance contract expires on 31 March 21. To continue to monitor impact of COVID 19 and the impact on delivery of this project.	Corporate Risk Officer	1 April 2021

5. Recommendations

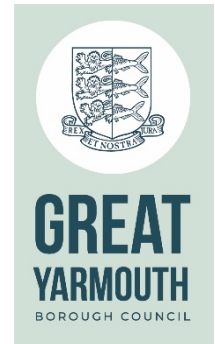
The Committee is requested to note and approve the annual report on the Council's risk management arrangements.

Corporate Risk Officer
June 2020

Subject: Code of Corporate Governance

Report to: Audit and Risk Committee, 21 September 2020

Report by: Kaye Bate, Corporate Risk Officer



SUBJECT MATTER/RECOMMENDATIONS

This report contains an update to the Council's Code of Corporate Governance, in accordance with best practice.

Recommendation to Audit and Risk Committee: That the updated Code of Corporate Governance is approved.

1. INTRODUCTION/BACKGROUND

- 1.1 The "Corporate Governance" started to receive prominence during the 1990s following a series of concerns about the way that organisations, both in the public and private sectors, were operating. These concerns prompted a number of reviews, most notably the Cadbury Report, and in 1994 the Committee on Standards in Public Life was created. The first report of the Committee introduced the seven principles of public life, what are now known as the Nolan Principles, which are enshrined as the fundamental principles of how those in public office should behave.
- 1.2 Following this, CIPFA and SOLACE worked together to produce a framework for Corporate Governance in the public sector. This was first produced in 2001 and re-issued in 2007 and 2016. This has formed the basis for the Great Yarmouth Borough Councils Code of Corporate Governance.
- 1.3 The Code of Corporate Governance is the framework of systems, processes, cultures and values by which the council is directed and controlled and through which it accounts to, engages with, and where appropriate leads the community. It enables the council to monitor the achievement of its strategic objectives and is based upon the 7 principles of the International Framework: Good Governance in the Public Sector. The tools that make up the framework provide structures and guidance that Councillors and Officers require in order to ensure effective governance.
- 1.4 Good governance supports the Council through:
 - Enabling the Council to achieve its objectives in an open and accountable way
 - Ensures decisions are sound and lawful, upholding the Council's reputation and minimising the risk of financial loss
 - Ensures decisions take into account local people's needs and priorities
 - Giving the public confidence in the work we do
- 1.5 This report seeks to obtain the support of the Audit and Risk Committee for the new Code of Corporate Governance.

1.6 The seven principles of good governance are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting and audit, to deliver effective accountability

1.7 From a legal perspective, the Council is required at least once a year to undertake a review of the effectiveness of its system of internal control and include a statement of this review (the Annual Governance Statement) with its published Statement of Accounts. The Code of Practice on Local Authority Accounting, which the Council follows when preparing its Statement of Accounts, expects that authorities should give regard to the CIPFA guidance when preparing their Annual Governance Statement.

2 CODE OF CORPORATE GOVERNANCE

- 2.1 The CIPFA Guidance states that “to achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained within this Framework. It should therefore develop and maintain a local code of governance / governance arrangements reflecting the principles set out”
- 2.2 Officers have reviewed the Council’s current governance arrangements against the CIPFA Principles of good governance, sub- principles and examples of systems, processes, documentation and other evidence demonstrating compliance. This has generally shown the Council can demonstrate that it has a high degree of compliance with the principles and sub-principles although there is room for development.

3 FINANCIAL IMPLICATIONS

3.1 None

4 RISK IMPLICATIONS

4.1 There are no direct risks or implications arising from this report

5 CONCLUSIONS

- 5.1 The attached Code of Corporate Governance shows that good progress has been made in further embedding the Code of Corporate Governance with deadlines and responsible officers for future action during 2019/20 incorporated into the document.
- 5.2 Where further action has been identified progress reports will be requested from responsible officers during the year.

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Area for consideration	Comment
Monitoring Officer Consultation:	No
Section 151 Officer Consultation:	No
Existing Council Policies:	No
Financial Implications:	No
Legal Implications (including human rights):	No
Risk Implications:	There are no direct risks or implications arising from this report
Equality Issues/EQIA assessment:	No
Crime & Disorder:	No
Every Child Matters:	No



CODE OF CORPORATE GOVERNANCE

Author	Corporate Risk Officer
Date	April 2020
Document Status	Version 9

Good governance

Good governance is about how the council ensures that it is doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable manner.

Our commitment

Great Yarmouth Borough Council is committed to upholding the highest possible standards of good corporate governance, believing that good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the council and ultimately good outcomes.

Good governance flows from shared values, culture and behaviour and from systems and structures. The Code of Corporate Governance is a public statement that sets out the framework through which the council meets its commitment to good corporate governance.

The Governance Framework comprises the systems, processes, cultures and values by which the council is directed and controlled and through which it accounts to, engages with, and where appropriate leads the community. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

Good governance supports the Council through:

- Enabling the Council to achieve its objectives in an open and accountable way
- Ensures decisions are sound and lawful, upholding the Council's reputation and minimising the risk of financial loss
- Ensures decisions take into account local people's needs and priorities
- Giving the public confidence in the work we do

This local code of governance has been developed in accordance with and is consistent with Delivering Good Governance in Local Authorities (CIPFA/SOLACE) which builds on the seven Principles for the Conduct of Individuals of Public Life. The core governance principles of the council are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting and audit, to deliver effective accountability

This document describes how the council achieves the seven principles of good governance and describes how the council's corporate governance arrangements will be monitored and reviewed.

Great Yarmouth Borough Council works to improve the lives of its residents. We aim to retain and improve the quality of life and prosperity of Great Yarmouth

for now and future generations, making it one of the best places to live and work in the Country. We are entrusted with public funds, and aim to spend these wisely to improve outcomes in our District.

Monitoring and Reporting

The Council will undertake an annual review of its governance arrangements to ensure continuing compliance with best practice to provide assurance that corporate governance arrangements are adequate and operating effectively in practice. Where reviews of the corporate governance arrangements have revealed gaps, actions will be planned to enhance the governance arrangements accordingly.

Additionally the Council is required to prepare and publish an annual governance statement in accordance with this framework under Regulation 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2006. This will be submitted to the Audit and Risk Committee for consideration and will form part of the Council's annual statement of accounts.

The annual governance statement should include:

- an acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance;
- reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment;
- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework;
- an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;
- reference to how issues raised in the previous year's annual governance statement have been resolved;
- a conclusion – a commitment to monitoring implementation as part of the next annual review.

The Chief Executive Officer and the Leader of the Council have joint responsibility as signatories for its accuracy and completeness.

In reviewing and approving the Annual Governance Statement, members will be provided with detailed information regarding the effectiveness of the governance arrangements and systems of control and how these address the key risks faced by the Council. Those assurances will be available from a wide range of external sources, including internal and external inspectorates and managers across the Council.

The Council will continually strive to operate an assurance framework, embedded into its business processes, that maps corporate objectives to risks, controls and assurances. This framework and regular reports on its application and effectiveness will provide members with assurances to support the Annual Governance Statement and will help members to identify whether corporate objectives and significant business risks are being properly managed.

Seven principles for the conduct of individuals in public life.

The governance framework is supported by the seven **Principles of Public Life**, which set the standards of conduct and behaviour to which Councillors and employees should aspire in their day-to-day dealings.

1. Selflessness

Holders of public life should act solely in terms of the public interest. They should not do so in order to gain financial or other benefit for themselves, their family or their friends.

2. Integrity

Holder of public life should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their duties.

3. Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to whatever scrutiny is appropriate to their office.

5. Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

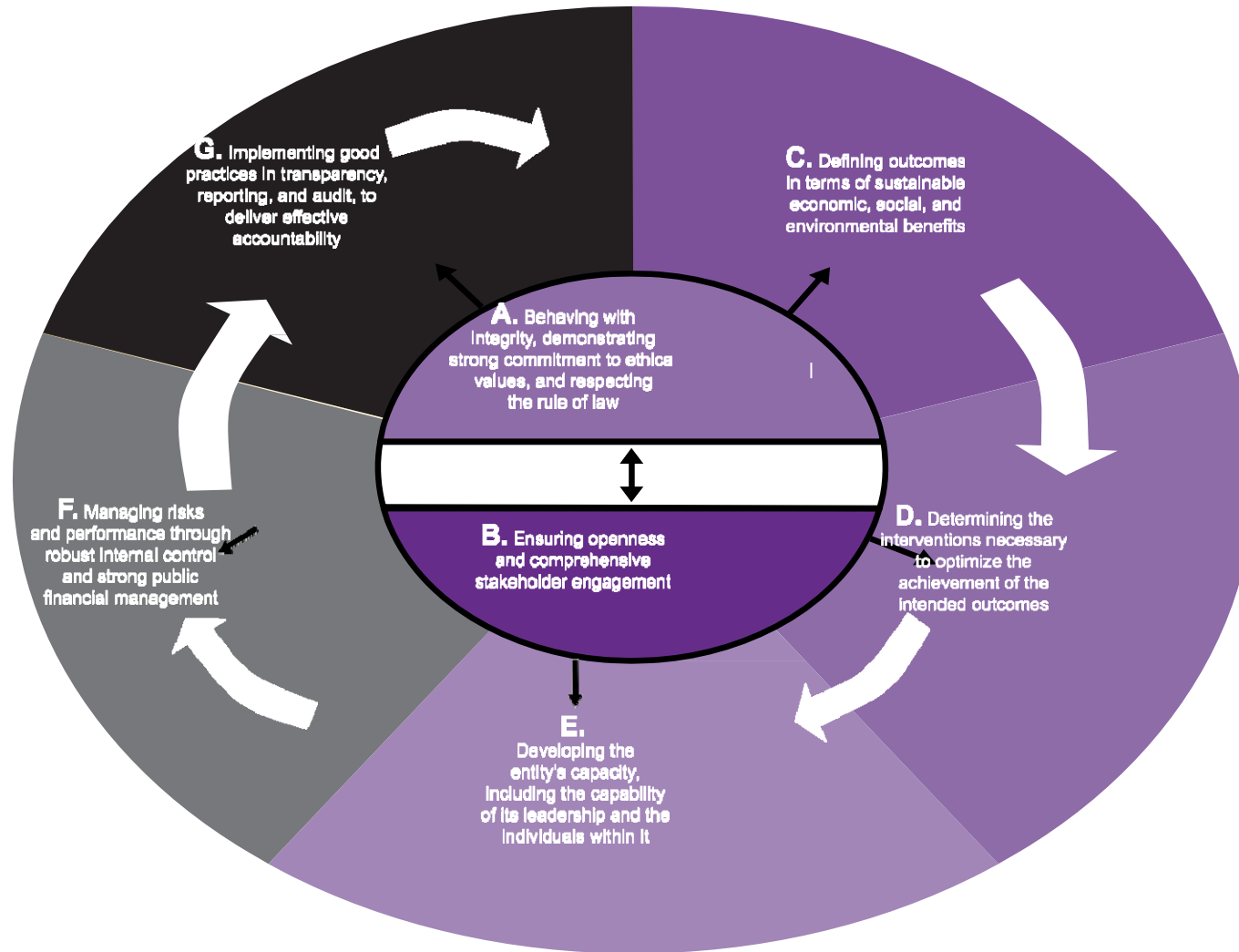
6. Honesty

Holders of public office have a duty to declare any private interest relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

7. Leadership

Holders of public office should promote and support these principles by leadership and example.

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub - Principle - Behaving with integrity				
<ul style="list-style-type: none">Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the councilEnsuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)Leading by example and using the above standard operating principles or values as a framework for decision making and other actionsDemonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	<ul style="list-style-type: none">The Council's ConstitutionCouncils Vision and Core valuesMembers code of conduct / induction / trainingRegister of members interestDeclaration of interest guidanceEmployees code of conduct / register of interests and gifts and hospitalityAgreed Behaviours FrameworkHR Policies and procedures e.g. Grievance policy and procedureFinancial regulations and standing ordersContract procedure rules / Procurement Strategy - Adopted Chartered Institute of Procurement & Supply (CIPS) Code of EthicsScheme of delegationStatutory rolesWhistleblowing Policy and Anti Fraud, Corruption and Bribery Policy. Policies published on Internet and The Loop and reviewed on an annual basis. Annual reminder via email, The Loop and internal newsletter to all staff to raise awareness of policyComplaints and Compliments procedureStaff learning hoursPerformance Management FrameworkData Handling & Security BreachesFreedom of information (FOI) system & proceduresLocal Code of Corporate Governance updated annually and action plan reviewed ½ yearly	The Officer Register of Gifts and Hospitality process is to be reviewed during 2020/2021 and further work is to be undertaken to raise awareness and ensure compliance.	Corporate & Democratic Services Manager	Ongoing

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub – Principle - Demonstrating strong commitment to ethical values				
<ul style="list-style-type: none"> • Seeking to establish, monitor and maintain the Council's ethical standards and performance • Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the Council's culture and operation • Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values • Ensuring that external providers of services on behalf of the council are required to act with integrity and in compliance with high ethical standards expected by the council 	<ul style="list-style-type: none"> ➤ The Council's Constitution ➤ Council's vision and core values ➤ Members code of conduct ➤ Officers code of conduct ➤ Agreed Behaviours Framework ➤ HR Policies and procedures ➤ Anti Fraud, Corruption and Bribery Policy. Annual reminder via email, The Loop and internal newsletter to raise awareness to all staff ➤ Complaints and Compliments procedure ➤ Partnership Governance Framework and Partnership Register ➤ Scheme of delegation ➤ Standing Orders ➤ Contract procedure rules / Procurement Strategy - Adopted Chartered Institute of Procurement & Supply (CIPS) Code of Ethics. 			

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub – Principle - Respecting the Rule of Law				
<ul style="list-style-type: none"> Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders Dealing with breaches of legal and regulatory provisions effectively Ensuring corruption and misuse of power are dealt with effectively 	<ul style="list-style-type: none"> ➤ Council vision and core values ➤ The Council's Constitution ➤ Members induction and training ➤ Scheme of delegation ➤ Role of the Monitoring officers as per the constitution ➤ Anti fraud, Corruption and Bribery policy, Anti Money Laundering Policy and Whistleblowing Policy. Policies are published on The Loop and Internet and reviewed on an annual basis. Annual reminder via email, The Loop and internal newsletter to raise awareness to all staff ➤ Formal complaints and compliment procedure ➤ Staff are required to hold relevant professional qualifications and comply with the law and codes of conduct Subscriptions to services to ensure staff are provided with appropriate professional support ➤ HR policies and procedures ➤ Standing Orders ➤ Availability of professional legal advice ➤ Report templates / positive sign off – increased consultation at pre report stage enables issues to be fully explored before report is put to Members 			

Core Principle B - Ensuring openness and comprehensive stakeholder engagement

Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub Principle – Openness				
<ul style="list-style-type: none"> Ensuring an open culture through demonstrating, documenting and communicating the council's commitment to openness Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action 	<ul style="list-style-type: none"> 'The Plan' - Corporate Plan 2020 - 2025 Annual Action Plan – Reviewed and published on an annual basis Local Plan Council's vision and core values Agreed Behaviours Framework Council Website The Council's Constitution Internal Audit Committee system, agenda, report template and minutes. Audit and Risk Committee Meetings held in private where necessary Record of decisions and supporting materials Decision list published Scheme of Delegation Forward planning Freedom of Information Policy statement and Publication Scheme Data champions Register of member interests Statement of Accounts Corporate Communications Strategy Tenant & Leaseholder Satisfaction Surveys Resident and User Surveys Online feedback Equality Impact Assessment Tool (EqIA) / Annual report on progress against equality objectives for ELT and Policy & Resources (P&R) approval Quarterly Projects and Measures Performance Report Customer Service Standards 	<p>Inform 360 IVR automated telephony system is starting to be phased out as performance has increased enabling a higher quality of customer service within our resources to deliver – Contract ceases end of May 2020 so service will no longer be in place.</p> <p>Programme of workshops held with services across the council to embed the Customer Services Charter</p> <p>IT Board agreed for the FOI system software to be developed. GOSS system trialled however this was unsuitable. Software to be developed.</p>	<p>Head of Customer Services</p> <p>Corporate & Democratic Services Manager</p>	<p>30 May 2020</p> <p>Ongoing</p>

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub - Principle - Engaging comprehensively with institutional stakeholders				
<ul style="list-style-type: none"> Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively Ensuring that partnerships are based on: <ul style="list-style-type: none"> trust a shared commitment to change a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit 	<ul style="list-style-type: none"> The Council's Constitution Local Plan Consultation Each partnership will design its own terms of reference / legal framework / constitution as appropriate. It would be the responsibility of the GYBC lead officer to ensure that it fits in with the Council's current corporate priorities / plans. Partnership Governance Framework and Partnership Register Service Level Agreements Advice given to members in relation to outside bodies – see role of Councillors in Constitution Consultation with unions Corporate Communications Strategy Area Committees Neighbourhood Boards / Forums / Community Panels Open forums Ward / Group / Club visit Networking Parish meetings 	<p>The Partnership Governance Framework and Partnership Register have been revised and waiting approval from ELT. Once approved further work will be undertaken to raise the profile to ensure that all applicable governance and risk management arrangements are applied and consistently used across the organisation.</p> <p>Outside Bodies membership roles and responsibilities – to be reviewed prior to Council in May 2021 with the aim to have terms of reference for all Outside Bodies and a potential training session for Members to understand their responsibilities.</p>	<p>Corporate Risk Officer</p> <p>Corporate & Democratic Services Manager</p>	<p>Ongoing</p> <p>Ongoing</p>

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub - Principle - Engaging with individual citizens and service users effectively				
<ul style="list-style-type: none"> Establishing a clear policy on the type of issues that the Council will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity Taking account of the impact of decisions on future generations of tax payers and service users 	<ul style="list-style-type: none"> ➤ 'The Plan' - Corporate Plan 2020 – 2025 ➤ Annual Action Plan - reviewed and published on an annual basis ➤ Local Plan ➤ Consultation ➤ Public consultation including Borough News magazine ➤ Community Impact Assessment ➤ Communication handbook / tenant involvement web-page ➤ Tenants Satisfaction Surveys ➤ Consultations ➤ Resident and User Surveys ➤ Online feedback ➤ Area Committees / Parish meetings ➤ Neighbourhood Boards / Forums ➤ Networking ➤ Equality Impact Assessment Tool (EqIA) / Annual report on progress against equality objectives for ELT and P & R approval ➤ Corporate Communications Strategy is in place and supports the Council's six Corporate Priorities. ➤ Compliments and Complaints procedure 	<p>Currently reviewing the EqIA paperwork and guidance. Work on the Council's equality objectives will take place when the new corporate plan is developed.</p> <p>An online version of the Borough News 2020/2021</p> <p>Development of Resident Engagement Strategy with residents of the Council's estates and homes.</p>	<p>HR Manager</p> <p>Head of Communications & Marketing</p> <p>Housing Director</p>	<p>Ongoing</p> <p>Ongoing</p> <p>December 2020</p>

Core Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub -Principle - Defining outcomes				
<ul style="list-style-type: none"> • Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions • Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer • Delivering defined outcomes on a sustainable basis within the resources that will be available • Identifying and managing risks to the achievement of outcomes • Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available 	<ul style="list-style-type: none"> ➤ 'The Plan' - Corporate Plan 2020 – 2025 ➤ Annual Action Plan – reviewed and published on an annual basis. Plan incorporates Performance Indicators ➤ Business Strategy ➤ Council's Vision and Core values ➤ Executive Leadership Team ➤ Risk Management Framework and procedures ➤ Corporate Risk Register ➤ Statement of Accounts ➤ Annual Financial Report ➤ Annual Corporate Planning and performance cycle ➤ Annual Performance Report ➤ Capital programme process ➤ Capital Strategy ➤ Annual Audited Statement of Accounts ➤ Corporate Communications Strategy 			

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub - Principle - Sustainable economic, social and environmental benefits				
<ul style="list-style-type: none"> • Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision • Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints • Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs • Ensuring fair access to services 	<ul style="list-style-type: none"> ➤ 'The Plan' - Corporate Plan 2020 – 2025 ➤ Annual Action Plan - reviewed and published on an annual basis ➤ Local Plan ➤ Consultation ➤ Annual Statement of Accounts ➤ External Audit reports ➤ Community impact assessments ➤ Annual Financial Report Annual Performance Reporting ➤ Consultation strategy ➤ Capital programme process ➤ Equality Impact Assessment Toolkit / Annual report on progress against equality objectives for ELT and P & R approval ➤ Risk Management Framework ➤ Report template requires that consultation is undertaken with S151 officer before report is considered by Members. 			

Core Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub -Principle – Determining interventions				
<ul style="list-style-type: none"> Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts 	<ul style="list-style-type: none"> ➤ 'The Plan' - Corporate Plan 2020 – 2025 ➤ Annual Action Plan - reviewed and published on an annual basis ➤ Corporate Plan consultation ➤ Business cases ➤ Community Impact Assessment ➤ Equality Impact Assessment Toolkit / Annual report on progress against equality objectives for ELT and P & R approval ➤ Tenants and Leaseholder Satisfaction Surveys ➤ Resident and User Surveys ➤ Online Surveys ➤ Partnership Governance Framework and Partnership Register 	<p>The Partnership Governance Framework and Partnership Register have been revised and waiting approval from ELT. Once approved further work will be undertaken to raise the profile to ensure that all applicable governance and risk management arrangements are applied and consistently used across the organisation.</p>	Corporate Risk Officer	Ongoing
		<p>To review EqIA paperwork and guidance. Work on the Council's equality objectives will take place when the new corporate plan is developed.</p>	HR Manager	Ongoing

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub – Principle - Planning interventions				
<ul style="list-style-type: none"> Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered Considering and monitoring risks facing each partner when working collaboratively, including shared risks Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured Ensuring capacity exists to generate the information required to review service quality regularly Preparing budgets in accordance with objectives, strategies and the medium term financial plan Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy 	<ul style="list-style-type: none"> ➤ 'The Plan' – Corporate Plan 2020 – 2025 ➤ Corporate Plan consultation ➤ Annual Action Plan – reviewed and published on an annual basis. Plan incorporates Performance Indicators ➤ Planning process ➤ Partnership Governance Framework ➤ Consultation ➤ Community Impact Assessment ➤ Corporate Communications Strategy ➤ Project and Programme Team and project guidance ➤ Development of Share Point ➤ Tenant and Leaseholder Satisfaction Surveys ➤ Resident and User Surveys ➤ Online Surveys ➤ Service Improvement Plans ➤ Employee Surveys ➤ Financial regulations ➤ Budget Strategy ➤ Budget Monitoring / Line by Line review of Revenue Budget 	<p>The Project Management Framework document and accompanying templates have been presented and accepted to Extended Management Team following consultation with Staff Engagement Group and other key project officers. The document and accompanying templates are being made available to Project Managers and Officers. Cascade briefings are to be scheduled post Covid-19 measures.</p>	<p>Head of Inward Investment</p>	

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub – Principle - Optimising achievement of intended outcomes				
<ul style="list-style-type: none"> Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage. Ensuring the achievement of ‘social value’ through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is ‘the additional benefit to the community Over and above the direct purchasing of goods, services and outcomes’ 	<ul style="list-style-type: none"> ➤ ‘The Plan’ - Corporate Plan 2020 - 2025 ➤ Annual Action Plan - reviewed and published on an annual basis ➤ Risk Management Framework ➤ Corporate Risk Register ➤ Annual Financial Report ➤ Annual Performance Report ➤ Medium Term Financial Strategy ➤ Executive Leadership Team / Departmental Management Team ➤ Business Continuity Plans ➤ Emergency Planning ➤ Financial Regulations ➤ Budget Strategy ➤ Line by Line reviews of Revenue Budget ➤ Service Improvement Plans 			

Core Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub - Principle - Developing the Council's capacity				
<ul style="list-style-type: none"> Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that outcomes are achieved effectively and efficiently Recognising the benefits of partnerships and collaborative working where added value can be achieved Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources 	<ul style="list-style-type: none"> ➤ 'The Plan' - Corporate Plan 2020 - 2025 ➤ Annual Action Plan - reviewed and published on an annual basis ➤ Councils vision and Core Values ➤ Partnership Governance Framework and Partnership Register ➤ Recruitment and Selection Policy and Toolkit ➤ Workforce Development Strategies ➤ Organisational Development Plans ➤ Learning and Development Strategies ➤ My Learning Tools – to identify training needs and preferred training methods ➤ Corporate Induction Course ➤ Elected member learning and development programme ➤ Digital and IT Strategy ➤ Planning Process ➤ Annual Financial Report ➤ Annual Performance Reporting ➤ Corporate Risk Register ➤ Line by line reviews of Revenue Budgets 	<p>The Digital Strategy was agreed by ELT and P&R Committee (15/10/2019). Implementation is now commencing supported by an action plan.</p>	IMT Manager	Ongoing - to be completed by 2022

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub – Principle - Developing the capability of the Council’s leadership and other individuals				
<ul style="list-style-type: none"> Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority. 	<ul style="list-style-type: none"> Council’s vision and core values The Council’s Constitution Scheme of delegation Committee terms of reference Members code of conduct Member induction / training and development Officers code of conduct Protocol on member / officer relations Corporate Induction Organisational Development Plan Personal Development Review Objectives and personal development plans are established for staff at all levels Agreed Behaviour Framework Performance Management Framework Monthly 1 to 1 Role of Internal Audit Finance Director member of Executive Leadership Team Standing Orders and Financial Regulations are periodically reviewed. 			

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
<ul style="list-style-type: none"> Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external Ensuring that there are structures in place to encourage public participation Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections Holding staff to account through regular performance reviews which take account of training or development needs Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing 	<ul style="list-style-type: none"> Job descriptions / Conditions of Employment Formal appraisal process for all Heads of Service Elected Members learning and development strategy Online feedback HR Policies and procedures Occupational Health Service Employee Assistance Programme Healthy working initiatives Promote and participation in Active Norfolk Workplace Challenge The Council welcomes members of the public to engage in decision making, with meetings being held in public where possible and consultations undertaken on relevant decisions 			

Core Principle F - Managing risks and performance through robust internal control and strong public financial management

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub -Principle - Managing Risk				
<ul style="list-style-type: none"> Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making Implementing robust and integrated risk management arrangements and ensuring that they are working effectively Ensuring that responsibilities for managing individual risks are clearly allocated 	<ul style="list-style-type: none"> ➤ Risk Management Framework ➤ Corporate Risk Register - each risk is allocated to individual responsible owners ➤ Corporate risk evaluated on a quarterly basis. ➤ Corporate Risk Group ➤ Service Improvement Plans - Services to maintain a watching brief on all operational level risks. ➤ Audit & Risk Committee, work plan, agenda, reports & minutes ➤ Committee report template ➤ Annual Risk Management Report ➤ Risk Management & Health & Safety training ➤ Risk Management is an agenda item on all Corporate and Service meetings ➤ Project and Programme Team and project Guidance ➤ Health and Safety Sub Group / Safety bulletins ➤ Monthly Health and Safety Management Cycle ➤ Health and Safety policies ➤ Health and Safety Co-Ordinators ➤ Business Continuity Planning ➤ Annual Action Plan - reviewed & published ➤ Audit Reports / Action Plans ➤ Warning Marker System 	Warning Marker System has been reviewed. ICT to complete reworking of the system to allow it to be implemented.	Health & Safety Advisor	June 2020

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub - Principle - Managing Performance				
<ul style="list-style-type: none"> Monitoring service delivery effectively including planning, specification, execution and independent post implementation review Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the Council's financial, social and environmental position and outlook Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the Council's performance and that of any organisation for which it is responsible (or for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements) 	<ul style="list-style-type: none"> ➤ Annual Financial Report ➤ Committee agendas, reports and minutes ➤ Customer feedback, Resident and User Surveys ➤ Online feedback ➤ Internal Audit Reports ➤ Performance Management Framework ➤ Quarterly Projects and Measures Performance Report ➤ Annual Performance Report ➤ Annual Action Plan- reviewed and published on an annual basis. Plan incorporates Performance Indicators ➤ Service Improvement Plans includes review Performance Indicators ➤ Self Assessment Assurance Statement ➤ Risk Management Framework ➤ Line by line reviews of Revenue budgets ➤ Financial Regulations ➤ Budget Strategy ➤ Quarterly reporting of Corporate Risk Register to Executive Leadership Team ➤ 6 monthly reporting Corporate Risks to Audit & Risk Committee ➤ The quarterly reports evaluate budgetary positions, seeking approval to significant variances and highlighting major changes to agreed programmes. The final quarter reports then seek to align to financial reporting 			

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub - Principle - Robust internal control				
<ul style="list-style-type: none"> Aligning the risk management strategy and policies on internal control with achieving objectives Evaluating and monitoring risk management and internal control on a regular basis Ensuring effective counter fraud and anti-corruption arrangements are in place Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon 	<ul style="list-style-type: none"> Risk Management Framework and procedures. Framework subject to annual review. Corporate Risk Register. Risks are subject to quarterly reviews by management. Audit and Risk Committee The internal audit programme is subject to an annual review and formal review, with planning over the longer term, balancing the Council's priorities and risks Anti Fraud, Corruption and Bribery Policy, Anti Money Laundering Policy and Whistleblowing Policy. Policies are published on The Loop and Internet and reviewed on an annual basis. Annual reminder via email, The Loop and internal newsletter to raise awareness to all staff. The Council takes part in national initiatives to reduce the potential for fraud and to identify fraud that may have occurred Internal Audit plans are developed and the Internal Audit Service is resourced according to these plans Internal Audit Annual Report Annual Governance Statement Service Improvement Budget Control Standing orders Local Code of Corporate Governance Scheme of Delegation 	<p>GYBC have signed up to the NCC Fraud HUB Initiative. Officers provided with access to website and work progressing but activity to develop further has been slow.</p>	<p>Head of Customer Services</p>	<p>Ongoing</p>

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub - Principle - Managing data				
<ul style="list-style-type: none"> Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring 	<ul style="list-style-type: none"> ➤ General Data Protection Policy ➤ Designated Data Protection Officer ➤ Data champions (regular updates provided on current Data protection and FOI issues) ➤ PSN Compliant to ensure the most sensitive data it holds is held securely ➤ Information sharing is subject to defined information / data sharing protocols. ➤ Freedom of information / EIR regulations ➤ ICT Security Policy ➤ Records Management Senior Information Risk Owner ➤ Partnership Governance Framework and Partnership Register ➤ Data Handling and security Breaches ➤ Project Team – Data Impact Assessments ➤ The Council does not have formal data validation programmes, however data validity and quality is evaluated through internal audit Assessment 	E-learning system now in place and process setup for all staff to undertake the e-learning annually	Senior Information & Performance Officer / HR Manager / IMT Manager	

Sub - Principle - Strong public financial management

<ul style="list-style-type: none"> • Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance • Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls 	<ul style="list-style-type: none"> ➤ 'The Plan' - Corporate Plan 2020 - 2025 ➤ Annual Action Plan - reviewed and published on an annual basis ➤ The Council's Constitution ➤ Medium Term Financial Strategy ➤ Financial Regulations ➤ Annual Financial Report ➤ Annual Performance Reporting ➤ Management accounts are produced on a monthly basis for service analysis, and to ensure budgets remain on track to those established within business planning. Significant variances are reported to key decision making. ➤ Annual Audited Statement of Accounts ➤ Planning Policy / process ➤ Service Improvement Plans ➤ Report template requires that consultation is undertaken with S151 officer before considered by Members 			
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Core principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub - Principle - Implementing good practice in transparency				
<ul style="list-style-type: none">• Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.• Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	<ul style="list-style-type: none">➤ Committee agenda, papers, report template and minutes➤ All reports are available for the public to review from the Council's website with contact details for key officers prominently placed➤ Freedom of Information Policy statement and Publication Scheme➤ Forward planning➤ Report writing training➤ Corporate Communications Strategy➤ Council website	Publication Scheme – processes and procedures to be reviewed in 20/21 in line with Transparency Data	Corporate Policy & Performance Officer	Ongoing

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub - Principle - Implementing good practices in reporting				
<ul style="list-style-type: none"> • Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way • Ensuring members and senior management own the results reported • Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement) • Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate • Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations 	<ul style="list-style-type: none"> ➤ Annual Audited Statement of Accounts includes a “narrative” report which outlines how the Council has delivered against its objectives and financial targets during the year. The report makes extensive use of charts to aid users to quickly understanding the information. ➤ Annual External Audit Report and Letter ➤ Internal Audit Reports ➤ Annual Governance Statement provides a key oversight of the Council’s governance arrangements and how these can be developed ➤ Partnerships / Shared Services are subject to separate legal agreements ➤ The Council’s companies each have their own corporate governance framework ➤ Annual Financial Report ➤ Annual Performance Reporting ➤ Partnership Governance Framework and Partnership Register ➤ Committee agendas, reports and minutes ➤ Service Improvement Plans ➤ Local Code of Governance annual and 6 monthly review. Further on going work is incorporated into the Annual Governance Framework ➤ 6 monthly Corporate Risk Report to Audit and Risk ➤ Quarterly finance reports to Policy and Resources ➤ Significant areas of concern would be referred to the relevant committee for Members and officers to collaboratively review how service performance can be improved ➤ Reporting to Housing & Neighbourhoods Committee in regard to Regulator of Social Housing Consumer Standards and Rent Standard compliance 			

The behaviours and actions that can demonstrate this:	Source documents	Further work on-going	Responsible Officer(s)	Deadline
Sub - Principle - Assurance and effective accountability				
<ul style="list-style-type: none"> Ensuring that recommendations for corrective action made by external audit are acted upon Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met 	<ul style="list-style-type: none"> ➤ Recommendations made by external and internal auditors are reported to the Audit & Risk Committee on a periodic basis, with reports then produced on how these recommendations have been progressed and implemented. ➤ The Internal Audit Manager has access to report directly to the Audit & Risk Committee with outcomes from her work and any key concerns she may have ➤ Annual Internal Audit Report and Work plan submitted to ELT and Audit & Risk (A & R) ➤ Progress of audit recommendations monitored by Executive Leadership Team ➤ Partnership Governance Framework and Partnership Register ➤ Each partnership will design its own terms of reference / legal framework / constitution as appropriate. It would be the GYBC lead officer to ensure that is fits with the Council's current corporate priorities / plans ➤ Risk Management Framework / Procedures ➤ Council meetings ➤ Audit and Risk committee ➤ Standing Orders ➤ Scheme of Delegation ➤ Local Code of Governance annual and 6 monthly review ➤ Annual Governance Statement (AGS) ➤ The AGS includes the "effectiveness of other organisations" which discusses the governance arrangements for the Councils companies. Separately, the nature of the Council's core partnerships are also reviewed within the AGS and risks / development areas are to be identified 	<p>The Partnership Governance Framework and Partnership Register have been revised and waiting approval from ELT. Once approved further work will be undertaken to raise the profile to ensure that all applicable governance and risk management arrangements are applied and consistently used across the organisation.</p>	Corporate Risk Officer	Ongoing

Subject: ANNUAL GOVERNANCE STATEMENT 2019/2020

Report to: Audit and Risk Committee – September 2020

Report by: Kaye Bate, Corporate Risk Officer



SUBJECT MATTER/RECOMMENDATIONS

GYBC has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how GYBC has complied with the code and also meets the requirement of regulation 4(2) of the Accounts and Audit Regulations 2011 in relation to conducting a review of the effectiveness of its system of internal control.

Recommendation - The Committee is requested to consider and approve the 2019/20 Annual Governance Statement.

1. INTRODUCTION/BACKGROUND

- 1.1 Great Yarmouth Borough Council (GYBC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. GYBC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, GYBC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and ensuring this includes arrangements for the management of risk.
- 1.3 GYBC has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how GYBC has complied with the code and also meets the requirement of regulation 4(2) of the Accounts and Audit Regulations 2011 in relation to conducting a review of the effectiveness of its system of internal control.

2. ANNUAL GOVERNANCE STATEMENT

- 2.1 The attached report shows the arrangements that are in place for ensuring good governance and the management of risk. It also identifies areas of weakness that has been identified during 2019 / 2020 and action that will be taken to address these areas of concern. The report also identifies further work that will be carried out during 2020 / 2021.

3. FINANCIAL IMPLICATIONS

- 3.1 None

4. **RISK IMPLICATIONS**

4.1 None

5. **CONCLUSIONS**

5.1 The governance arrangements have been effectively operating during the year with the exception of those areas identified in the statement.

5.2 Over the coming year steps will be taken to address the matter identified in the report to further enhance the governance arrangements. These steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Area for consideration	Comment
Monitoring Officer Consultation:	No
Section 151 Officer Consultation:	No
Existing Council Policies:	No
Financial Implications:	No
Legal Implications (including human rights):	No
Risk Implications:	No
Equality Issues/EQIA assessment:	No
Crime & Disorder:	No
Every Child Matters:	No



Author	Corporate Risk Officer
Date	April 2020
Document Status	Draft

ANNUAL GOVERNANCE STATEMENT 2019/2020

1. Scope of responsibility

Great Yarmouth Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must ensure that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Great Yarmouth Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Great Yarmouth Borough Council is responsible for putting in place proper arrangements for the governance of the Council's affairs and facilitating the effective exercise of its functions including arrangements for the management of risk and for dealing with issues which arise.

Great Yarmouth Borough Council has approved and adopted a Code of Corporate Governance which is consistent with the principles and recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) 2016 Framework 'Delivering Good Governance in Local Government'.

A copy of the code can be obtained from the Corporate Risk Officer, Greyfriars House, Greyfriars Way, Great Yarmouth, NR30 2QE. This statement explains how Great Yarmouth Borough Council has complied with the code and also meets the requirement of regulation 6(1) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement of internal control and accompanies the 2019/2020 Statement of Accounts of the Council. The Annual Governance Statement is subject to detailed annual review and approved by the Audit and Risk Committee.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, which direct and control Council's activities and through which we account to, engage with and lead the community. It enables the Council to monitor the achievement of its strategic priorities and objectives set out in the Corporate Plan and to consider whether those priorities and objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. Internal controls cannot eliminate all risk of failure to achieve strategic priorities and objectives but can provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Great Yarmouth Borough Council's priorities and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

All subsidiary companies have a system of governance which is the responsibility of the Board of Directors and designed to give the Directors adequate information to review the activities of the Group and review and control the business risks

The governance framework has been in place at Great Yarmouth Borough Council for the year ended 31 March 2020 and up to the date of approval of the statement of accounts.

3. The governance framework

An annual review of the Code of Corporate Governance framework at Great Yarmouth Borough Council was completed prior to the preparation of the Annual Governance Statement. A new code of corporate governance has been developed to cover the coming financial year 2020/2021. This has been approved by Audit and Risk Committee in September 2020.

The Code of Corporate Governance derives from seven core principles identified in a 2016 publication entitled Delivering Good Governance in Local Government (CIPFA/SOLACAE 2007). This was produced by the Independent Commission on Good Governance in Public Services – a commission set up by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Office for Public Management. The commission utilised work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA / SOLACE (2001). These principles were adapted for application to local authorities and published by CIPFA in 2007. The seven core principles are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting and audit, to deliver effective accountability

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

GYBC has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable to local people. The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution regularly to incorporate any necessary changes. The constitution was reviewed during 2019/20.

Roles and responsibilities of members and officers are set out clearly in the constitution. The Council has adopted a number of codes and protocols that govern both Member and officer activities. These are:

- Members Code of Conduct and guidance
- Officers Code of conduct
- Member / officer protocol
- Members' declarations of interest
- Register of Gifts and Hospitality

The Officer Register of Gifts and Hospitality process is to be reviewed during 2020/2021 and further work is to be undertaken to raise awareness and ensure compliance.

Additionally, the Council appoints a number of committees to discharge the Council's regulatory and scrutiny responsibilities. These leadership roles, and the delegated responsibilities of officers, are set out in the Constitution.

The Council's Scheme of Delegation designates the Chief Executive as the Council's Head of Paid Service. The Scheme of Delegation sets out the extent of delegations made to Committees and officers under the principle that decisions should be made at the lowest or most local level consistent with the nature of the issues involved. The Council also has Financial Regulations, Standing Orders and Contract Procurement Protocol relating to contracts in place and all of these procedural documents are regularly reviewed.

It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting the Chief Executive and Finance Director, she will report to the full Council if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

The Monitoring Officer is provided through the Council's arrangements with NP Law for the provision of legal services and provides advice on legal compliance.

All decisions made by the Policy and Resources Committee are on the basis of reports, including assessments of the legal and financial implications, and consideration of the risks involved and how these will be managed. The financial and legal assessments are considered by the S151 Officer and the Monitoring Officer respectively.

The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution regularly to incorporate any necessary changes.

The Council has an Agreed Behaviours Framework which confirms the way we behave at work, and what behaviour is supportive, appropriate and welcome and what is not. All officers are expected to adhere to the Agreed Behaviours Framework and these have been incorporated in the recruitment / induction process and will continue to be embedded through the Performance Development Review process.

A Members development group has been set up and a training program developed, agreed and shared with existing members and prospective candidates.

All relevant policies are held on The Loop and where required published on the Council's website.

The Council takes fraud, corruption and maladministration very seriously and has the following policies which aim to prevent or deal with such occurrences:

- Anti-Fraud, Corruption and Bribery Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy
- HR policies regarding disciplinary of staff involved in such incidents

The Anti-Fraud, Corruption and Bribery, Whistleblowing and Anti-Money Laundering Policies were reviewed during 2019/2020 and are published on The Loop and the Council's website. An annual email reminder is sent to all staff and members.

Policies and procedures governing the Council's operation include Financial Regulations, Contract Procedure Rules and a Risk Management Framework. Ensuring compliance with these policies is the responsibility of managers across the Council. The Internal Audit function, Finance and Legal Services ensure that policies are complied with. Where incidents of non-compliance are identified, appropriate action is taken.

B. Ensuring openness and comprehensive stakeholder engagement

The Corporate Plan - 'The Plan' is a five-year plan for the borough which is supported by four key strategic priorities:

- A strong and growing economy
- Improved housing and strong communities
- High-quality and sustainable environment
- An efficient and effective council

Our priorities are strongly focused on outcomes and 'The Plan' includes information regarding what we will achieve for our residents, visitors and business communities.

The Annual Action Plan details key projects to be delivered and aligns with the 'The Plan' and the Councils Business Strategy and incorporates Performance Indicators. The Annual Action Plan is reviewed to ensure specific activities and projects remain on track to deliver and published on an annual basis.

The Council aims to ensure that the roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear.

The council operates a committee system of governance and each committee has clear responsibilities requiring them to work closely with senior and other employees so as to achieve the Council's ambitions.

Meetings are open to the public except where personal or confidential matters are being discussed. In addition, senior and other officers of the Council can make decisions under delegated authority – again the extent of these delegations is set out in the Constitution.

The Constitution also includes a Member / Officer protocol which describes and regulates the way in which Members and Officers should interact to work effectively together.

The report template ensures consultation is undertaken with S151 Officer and Monitoring Officer before the report is considered by members.

The Council works in partnership with other organisations to deliver the Council's aims, policies and objectives. Partnerships are regulated by partnership agreements and service level agreements. The Partnership Governance Framework and Partnership Register were reviewed in 2019/2020 and submitted to ELT for approval. Once approved further work is to be undertaken during 2020/21 in order to raise the profile and ensure that all applicable governance and risk management arrangements are applied and consistently used across the organisation. The Partnership Register was reviewed to ensure it correctly reflects the Partnerships that the council are involved in.

Outside Bodies membership roles and responsibilities – to be reviewed prior to Council in May 2021 with the aim to have terms of reference for all Outside Bodies and a potential training session for Members to understand their responsibilities.

Impact on equality are required for all reports and Equality Impact Assessments are considered and completed on a risk based approach where required. The Equality Impact Assessment paperwork & guidance is to be review and work on the Council's equality objectives will take place in 2020/2021.

The Council aims to ensure that the work of the council is open, honest and transparent, and to enhance inclusion by building on our understanding of all resident's needs and perceptions, through improved customer service and community engagement. A fresh set of standards of what customers can expect in service delivery and a set of principles for staff to work to both external and internal have been created.

A programme of workshops to be held with services across the council to embed the Customer Services Charter.

The Council engages with local people and stakeholders in the following ways on a range of issues:

- | | |
|---|----------------------------------|
| - Surveys | - |
| - Community workshops | - On Line feedback |
| - Interviews | - Borough News magazine |
| - Neighbourhood boards and Community panels | - Public Meetings / consultation |

An on-line version of the Borough News is planned for 2020/2021.

The Council has also undertaken work with key stakeholders such as parish councillors to try to ensure enhance participation through these types of established forums.

A Resident Engagement Strategy is to be developed in 2020/2021 with residents of the Council's estates and homes.

A compliments and complaints procedure is available for dealing with complaints.

FOI champions have been appointed and regular training provided. IT Investment Group (ITIG) have agreed for the FOI system software to be developed and this is to be explored during 2020/2021.

C. Defining outcomes in terms of sustainable economic, social and environmental benefits

The Corporate Plan - 'The Plan' is a five-year plan for the borough which is supported by four key strategic priorities:

- A strong and growing economy
- Improved housing and strong communities
- High-quality and sustainable environment
- An efficient and effective council

Our priorities are strongly focused on outcomes and 'The Plan' includes information regarding what we will achieve for our residents, visitors and business communities.

The Annual Action Plan details key projects to be delivered and aligns with the 'The Plan' and the Councils Business Strategy and incorporates Performance Indicators. The Annual Action Plan is reviewed to ensure specific activities and projects remain on track to deliver and published on an annual basis.

The Council's Executive Leadership Team, consisting of the Chief Executive and Directors met on a weekly basis to develop policy issues commensurate with the Council's aims, objectives and priorities. Management Team meet monthly and also considers internal control issues, including risk management, performance management, compliances, value for money and financial management.

The Council has an effective Performance Management Framework, which is driven by the Corporate Priorities, which are cascaded through team / departmental meetings and 1:1s.

The Council's risk management framework requires that consideration of risk is embedded in all key management processes undertaken. These include policy and decision making, service delivery planning, project and change management, revenue and capital budget management and partnership working. In

addition, a corporate risk register is maintained, and the Audit and Risk committee meets to review the extent to which the risks included are being effectively managed. Risk Management arrangements for the year ended 31 March 2020 were considered adequate.

Impact on equality are required for all reports and Equality Impact Assessments are considered and completed on a risk based approach where required. The Equality Impact Assessment paperwork & guidance is to be review and work on the Council's equality objectives will take place in 2020/2021.

The financial management of the Council is conducted in accordance with the financial rules set out in the Constitution and with Financial Regulations. The Council has in place a Medium Term Financial Strategy, updated annually, to support the aims of the Corporate Plan. The Policy and Resources Committee monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action where necessary, on a quarterly basis. Regular reports are taken to the Policy and Resources Committee and Service Committee to monitor progress against budget for the General Fund, Capital Programmes and the Housing Revenue Account. The reporting processes are under constant review in order to develop their maximum potential.

The report template requires that consultation with S51 Officer and Monitoring Officer is undertaken before a report is considered by Members.

D. Determining the interventions necessary to optimise the achievement of intended outcomes

The Council's Executive Leadership Team, consisting of the Chief Executive and Directors meet on a weekly basis to develop policy issues commensurate with the Council's aims, objectives and priorities. Management Team meet monthly and also considers internal control issues, including risk management, performance management, compliances, value for money and financial management.

The Council has an effective Performance Management Framework, which is driven by the Corporate Priorities, which are cascaded through team / departmental meetings and 1:1s.

The Project Management Framework document and accompanying templates have been presented and accepted to Extended Management Team following consultation with Staff Engagement Group and other key project officers. The document and accompanying templates are being made available to Project Managers and Officers. Cascade briefings are to be scheduled post Covid-19 measures.

The Council's risk management framework requires that consideration of risk is embedded in all key management processes undertaken. These include policy and decision making, service delivery planning, project and change management, revenue and capital budget management and partnership working.

The Partnership Governance Framework and Partnership Register were reviewed in 2019/2020 and submitted to ELT for approval. Once approved further work is to be undertaken during 2020/21 in order to raise the profile and ensure that all applicable governance and risk management arrangements are applied and consistently used across the organisation. The Partnership Register was reviewed to ensure it correctly reflects the Partnerships that the council are involved in.

The financial management of the Council is conducted in accordance with the financial rules set out in the Constitution and with Financial Regulations. The Council has in place a Medium Term Financial Strategy, updated annually, to support the aims of the Corporate Plan.

A Procurement Strategy is available and will deliver a sound structure and framework to support ongoing procurement activity. This will enable the Council to maximise opportunities, minimise risks and support several of its Corporate Objectives through good procurement practice. The Council has adopted the Chartered Institute of Procurement and Supply Code of Ethics.

The Policy and Resources Committee monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action where necessary, on a quarterly basis. Regular reports are taken to Policy and Resources Committee and Service Committee to monitor progress against budget for the General Fund and Capital Programmes. The Housing and Neighbourhood Committee receives monitoring information for the Housing Revenue Account. The reporting processes are under constant review in order to develop their maximum potential.

All budget heads are allocated to a named budget officer who is responsible for controlling spend against a budget, and who is also responsible for assets used in the provision of their service. Containing spending within budget is given a high priority in performance management for individual managers

The Council's system of internal financial control throughout the financial year 2019/20 is based on a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. In particular, the system includes:

- Comprehensive budgeting systems;
- Measurement of financial and other performance against targets;
- Regular reviews of periodic and annual financial reports, which indicate financial performance against the forecasts and targets;
- Clearly defined capital expenditure guidelines;
- Formal project management disciplines, as appropriate

Financial management processes and procedures are set out in the Council's Financial Regulations and include:

- Financial management processes and procedures
- Financial planning including budgeting and budget monitoring
- Risk Management and Control, including asset management and treasury management
- Systems and procedures
- External arrangements including partnerships

Impact on equality are required for all reports and Equality Impact Assessments are considered and completed on a risk based approach where required. The Equality Impact Assessment paperwork & guidance is to be review and work on the Council's equality objectives will take place in 2020/2021.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

The Council aims to ensure that Members and managers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well trained and competent people in effective service delivery. The Corporate Induction course which is available for all new Members and staff to familiarise themselves with protocols, procedures, values and aims of the Council was reviewed and launched in May 2017 and is under regular review.

E-learning system now in place and process setup for all staff to undertake the e-learning annually'.

The Council has an established Member training and development programme, including an induction process and regular updates throughout the year. Specific training is also provided to Members who sit on regulatory committees, and they are unable to take up a position on these committees without having first received the relevant training.

All Council services are delivered by trained and experienced people. All posts have a detailed post profile and person specification. Training needs are identified through team meetings, 1:1s and annual individual Performance Review Checklists and addressed via Human Resources and/or individual services as appropriate. My Learning Tools has been developed to identify training needs and preferred training methods.

The Digital Strategy was agreed by ELT and P&R Committee. Implementation is now commencing supported by an action plan.

The Performance Review (PDR) process and a Workforce Development Plan and Workforce and Development Strategy have been developed. Learning and development needs will be identified through the PVR process and regular 1:1's.

Agreed behaviours have been incorporated into the recruitment / induction process and will continue to be embedded through the PDR process.

The Council's Chief Executive (and Head of Paid Service) leads the Council's officers and chairs the Executive Leadership Team. All staff, including senior management, have clear conditions of employment and job descriptions which set out their roles and responsibilities.

F. Managing risks and performance through robust internal control and strong public financial management

The Council's Executive Leadership Team, consisting of the Chief Executive and Directors met on a weekly basis to develop policy issues commensurate with the Council's aims, objectives and priorities. Management Team meet monthly and also considers internal control issues, including risk management, performance management, compliances, value for money and financial management.

The Council has an effective Performance Management Framework, which is driven by the Corporate Priorities, which are cascaded through team / departmental meetings and 1:1s.

The Council's risk management framework requires that consideration of risk is embedded in all key management processes undertaken. These include policy and decision making, service delivery planning, project and change management, revenue and capital budget management and partnership working. In addition, a corporate risk register is maintained, and the Audit and Risk committee meets to review the extent to which the risks included are being effectively managed and reviews progress towards achieving the action plan. Risk Management arrangements for the year ended 31 March 2020 were considered adequate. The Risk Management Framework was reviewed during 2019/20.

Risk Management templates for project management has been incorporated into project templates.

The Partnership Governance Framework and Partnership Register were reviewed in 2019/2020 and submitted to ELT for approval. Once approved further work is to be undertaken during 2020/21 in order to raise the profile and ensure that all applicable governance and risk management arrangements are applied and consistently used across the organisation. The Partnership Register was reviewed to ensure it correctly reflects the Partnerships that the council are involved in.

All Committees have clear terms of reference and work programmes to set out their roles and responsibilities. The Audit and Risk committee meet throughout the year to provide independent assurance

to the Council and considers the reports and recommendations of internal and external audit and inspection agencies and their implications for governance, and risk management or control. The Committee supports effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourages the active promotion of the value of the audit process and review the financial statements. The committee considers the internal and external auditor's opinion and reports to members, and monitors management action in response to the issues raised by internal and external audit. These arrangements ensure that the Council has processes and procedures in place to ensure that it fulfils its overall purpose, achieves its intended outcomes for service users and operates in an economical, effective, efficient and ethical manner, as prescribed in the CIPFA/the role of the head of internal audit statement.

Internal audit is an independent and objective service to the management of the Council who complete a programme of reviews throughout the year to provide an annual opinion on the framework of governance risk management and control. Significant weaknesses in the control environment identified by TIAA Ltd - Internal Audit are reported to Senior Management and the Audit and Risk Committee by the Head of Internal Audit as part of the regular reporting process. Outstanding audit recommendations are discussed at senior management meetings, and issues with addressing the urgent recommendations are also discussed at Executive Leadership Team. Audit recommendations are usually implemented by agreed date but occasionally there is some slippage or recommendations are overtaken by other events or revised dates submitted.

The Corporate Risk Officer reviews and monitors the risk registers, and in addition undertakes fraud investigation and proactive fraud detection work.

The Business Continuity function is a managed service supplied by Norfolk County Council who provide a Resilience Officer based in Great Yarmouth and out-of-hours support by the Norfolk County Council Resilience Duty Officer.

All reports require review by S151 Officer and Monitoring Officer.

A manager's health and safety handbook has been developed for new managers which will enable them to build competence in managing health and safety risks in their workplace. The Corporate Health and Safety Group meet on a quarterly basis to monitor progress with health and safety priorities and processes. The annual cycle plan assists Heads of Service to identify the areas of Health and Safety that require monitoring and is supplemented with a monthly newsletter for managers dealing with topical issues including targeted reminders about the annual cycle checks due. The Health and Safety co-ordinators assist Heads of Service to complete the monthly Health and Safety tasks.

GYBC have signed up to the NCC Fraud HUB Initiative. Officers have been provided with access to website and work is progressing but activity to develop further has been slow.

The Warning Marker System has been reviewed and regular training provided. The ICT Team are to complete reworking of the system to allow this to be implemented.

FOI Champions have been appointed. The E-learning system now in place and a process setup for all staff to undertake the e-learning annually.

G. Implementing good practices in transparency, reporting and audit, to deliver effective accountability

Internal audit is an independent and objective service to the management of the Council who complete a programme of reviews throughout the year to provide an annual opinion on the framework of governance risk management and control. Significant weaknesses in the control environment identified by TIAA Ltd - Internal Audit are reported to Senior Management and the Audit and Risk Committee by the Head of Internal

Audit as part of the regular reporting process. Outstanding audit recommendations are discussed at senior management meetings, and issues with addressing the urgent recommendations are also discussed at Executive Leadership Team. Audit recommendations are usually implemented by agreed date but occasionally there is some slippage or recommendations are overtaken by other events or revised dates submitted.

The overall opinion of the Internal Auditor in relation to the framework of governance, risk management and control at GYBC has been assessed as reasonable. 19 assurance audits were completed during the year and a total of 18 resulted in a positive assurance grading being given.

Meetings are open to the public except where personal or confidential matters are being discussed. All reports are available for the public to review on the Councils website, unless of a confidential nature, with contact details of the key officers prominently placed.

The Publication Scheme processes and procedures to be reviewed in 2020/21 in line with Transparency Data.

The Partnership Governance Framework and Partnership Register have been revised and waiting approval from ELT. Once approved further work will be undertaken to raise the profile to ensure that all applicable governance and risk management arrangements are applied and consistently used across the organisation.

Equinox Enterprise Ltd	<p>Equinox Enterprise Ltd main aim is to develop good quality council housing for rent and homes for outright sales. The social housing is built on behalf of GYBC on Equinox land and sold to GYBC.</p> <p>The Council owns 100% of the company shares</p> <p>Representative of the council sit on the board. Regular management meetings and quarterly board meetings are used to monitor the revenue and capital expenditure.</p> <p>Performance measuring systems both financial and non-financial are in place with management meetings and the Board providing a platform of discussion. Risk management arrangements are reviewed and discussed at the Board and management meetings. Check wording with Jane Bowgen</p> <p>Building works were required to be suspended due to COVID 19 which also had an impact on completing property sales.</p>
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The Annual Review of effectiveness

The Council has responsibility for conducting at least annually a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- the work of senior managers within the Council who have responsibility for the development and maintenances of the governance environment.
- the work of TIAA Ltd, as reported by the Head of Internal Audit
- the signed Self Assessment Assurance Statements received by Directors and Heads of Service
- comments made by the external auditors and other review agencies and inspectorates.
- Systems and control of Great Yarmouth Borough Council as outlined in paragraph 3 above.

Both in year and year end review processes have taken place. In year review mechanisms include:

- the Policy and Resources Committee is responsible for considering overall financial performance and receives reports on a regular basis. It is also responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
- The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution regularly to incorporate any necessary changes
- The Standards committee will meet when required to consider and review issues relating to the conduct of Members including referrals from the Standards Board.
- The Audit and Risk committee meet throughout the year to provide independent assurance to the Council in relation to the effectiveness of the governance, risk management and control framework.
- Internal audit is an independent and objective service to the management of the Council who complete a programme of reviews throughout the year to provide an annual opinion on the framework of governance, risk management and control. Significant weaknesses in the control environment identified by TIAA Ltd - Internal Audit are reported to Senior Management, the Audit and Risk Committee and Policy and Resources by the Head of Internal Audit as part of the regular reporting process.
- The Corporate Risk Officer reviews and monitors the risk registers, and in addition undertakes fraud investigation and proactive fraud detection work.
- The External Auditors Annual Audit letter dated 31st March 2019 is considered by the Audit and Risk Committee and Policy and Resources Committee. The External Auditors also provided a value for money conclusion which considers whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness on its use of resources.
- The year end review of the governance arrangements and the control environment included:
- Heads of Services and Executive Leadership Team completed a Self Assessment Assurance statement relating to the effectiveness of the governance arrangements and systems of internal control in their service area.
- A review by the Internal Auditors on the governance arrangements, which has resulted in reasonable assurance being given for the year ended 31 March 2020.
- An annual report and opinion by the Head of Internal Audit on the framework of governance, risk management and control accompanied by a conclusion on the effectiveness of Internal Audit.
- A review of external inspection reports received by the Council during the year.

During 2019/2020, Great Yarmouth Borough Council continued to put in place appropriate management and reporting arrangements to enable it to be satisfied that its approach to corporate governance is both appropriate and effective in practice. Specifically, the Council's governance arrangements have been reviewed and tested against the requirements of the CIPFA/SOLACE Framework. Whilst this process of review is co-ordinated corporately and approved by the Executive Leadership Team, Directors and Heads of Service have a responsibility to ensure that their own governance arrangements are adequate and operating effectively. In line with the CIPFA/SOLACE Framework, each Director and Head of Service is required to make an annual statement confirming that this is the case.

Governance Issues

The review process has highlighted the following issues regarding the governance, risk management and internal control environment and these are described briefly in the table below. However, a number of recommendations / issues have been implemented or addressed during the course of the year to strengthen or further enhance these governance arrangements.

Annual Report and Opinion by the Head of Internal Audit

Issue	Action proposed / being taken
<p>The Head of Internal Audit Annual Report and Opinion 2019/2020, considered by the Audit and Risk Committee in September 2020, highlights a reasonable audit opinion in relation to the framework of governance, risk management and standards of internal control for the year ended 31 March 2020.</p> <p>The position at year end is that of the 84 recommendations raised and agreed by management so far; 41 have been implemented by the agreed date and 19 are not yet due.</p> <p>A total of 24 are now outstanding; one urgent, eight important and 15 needs attention.</p> <p>A total of 28 recommendations remain outstanding from the 2018/19 year; (11 important, 17 needs attention).</p> <p>Two important recommendations outstanding from the 2017/18 financial year. One relating to varying to the GY Norse contract to reflect H&S responsibilities and the other relating to amending SLA agreements for collection and recovery processes. Both recommendations have been extended until 31 March 2020.</p> <p>Internal Audit has issued 19 assurance reports, with 15 of these assurances being positive (substantial assurance – 3 reports and reasonable assurance – 15 reports). (Three reports, Accountancy Services, Income and Housing Benefits and Council Tax Support received a substantial assurance grading).</p> <p>Due to the impact of the Coronavirus four reports have been issued to management but remain in draft at the time of writing this report. They are; Key Controls and assurance, Corporate Enforcement, Housing Adaptations and Starters, Movers Leavers.</p>	<p>That all recommendations are resolved by the due dates and that the Council's Executive Management Team and Audit and Risk Committee receive regular update reports.</p> <p>In order to ensure responsibility and accountability is appropriately assigned all recommendations will be the responsibility of Heads of Service or Directors to ensure that the appropriate action is taken and where there are resource issues these will be discussed at Executive Leadership Team.</p>

<p>One report, Housing Needs, Allocations and Homelessness was required to be postponed due to COVID 19 and will be re-scheduled</p> <p>A Limited Assurance was concluded in 1 area: Preservation Trust – 1 Urgent, 5 Important, 5 Needs Attention, 1 Operational recommendation</p> <p>Internal Audit has also completed a position statements for Go Trade and ESF. Improvement actions and guidance have been provided to management.</p> <p>Issued raised by Internal Audit Manager:</p> <p>The outstanding recommendations from historical limited assurance reviews are as follows:</p> <p>An important priority recommendation remains outstanding from the Corporate Health and Safety review relating to the GY Norse Contract. Management are required to initiate a variation to the contract reflecting Health & Safety contract responsibilities. NP Law were instructed to add this clause to the contract by October 2017.</p> <p>The 2018/19 Corporate Governance report concluded in a limited assurance grading. This review evaluated the controls in place to ensure compliance with the GDPR legislation. One important recommendation remains outstanding in relation to reviewing off site paper storage arrangements.</p> <p>The 2018/19 Procurement and Contract Management audit resulted in a Limited assurance grading and four important recommendations now remain outstanding. These relate to the update of the Procurement Strategy and Standing Orders, regular review of the Contracts Register and analysis of spend to ensure all relevant contracts</p>	<p>A total of 7 have now been addressed. One urgent and one important and two needs attention recommendations remain outstanding. One urgent recommendation remains outstanding in relation to ensuring that the loan agreement for 135 King Street and deed of variation to the 133 King Street loan agreement are signed and payments requested in line with the agreed schedules. The outstanding important recommendation relates to ensuring that through an agreement, officers and Councillors involved with the Preservation Trust cannot financially, or non-financially benefit from the trust's work</p> <p>The latest response from management indicates that this should be complete by 30 June 2020.</p> <p>The latest response from management indicates that this should be complete by 31 March 2020.</p> <p>This recommendation is due for completion by August 2020.</p> <p>These recommendations are all due to be completed by 31 March 2020.</p>
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are reflected and to finalise arrangements for the Kerbside Green Waste Collection Service.	
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Annual Audit Letter

Issue	Action proposed / being taken
The Annual Audit letter for year ended 31 March 2019 concluded that the Council have put in place proper arrangements to secure value for money in your use of resources. The financial statements gave a true and fair view of the financial position of the Council and of its expenditure and income for the year then ended and other information published within the financial statements was consistent with the annual accounts. The Annual Governance statement was consistent with their understanding of the Council.	

Self Assessment Assurance Statement

Directors and Heads of Service completed an Assurance Statement relating to their service area. The Assurance Statement asked specific questions about; policy and procedure, effectiveness of key controls, alignment of services within the service improvement plan, human resources, finance, risks and controls, health and safety, procurement, insurance, information technology, data protection, freedom of information, business continuity, partnerships and equalities. A yes / partial / no response were required and where partial responses have been provided actions have been identified to address these areas. This Assurance Statements have highlighted the following areas of development or risk.

Issue	Action proposed / being taken
<p>From the responses received to the self-assessment assurance statement sent to Chief Executive Officer, Directors and Heads of Service a number of areas have been highlighted:</p> <p>Major/Business Critical system procedural notes are available for the majority of systems, but some require reviewing and some are in the process of being documented.</p> <p>Key controls are kept under review and action taken to address internal control weaknesses, as and when they are identified, e.g. agreed recommendations made by Internal Audit and External Audit have been or are being implemented.</p>	<p>The Executive Leadership Team is developing methodologies to gain assurance in the highlighted areas.</p> <p>Procedure notes are being reviewed or developed.</p>

Audit recommendations are usually implemented by agreed date but occasionally there is some slippage or recommendations are overtaken by other events or revised dates submitted.	This is a standing item at management team meetings and is being given high profile and management attention. COVID 19 has prevented the implementation of some recommendations.
Data quality is of sufficient standard to inform decision-making and performance management arrangements.	This will take time and resources to rectify. Covid-19 pandemic is delaying implementation of new systems which will deliver more effective (and easier) data collection.
Job descriptions to be reviewed in some service areas due to service reviews / re-structures and inconsistency.	Job description will be reviewed once the service review / re-structures have been completed embedded via Performance Development Reviews. Career-grade posts and apprenticeships are being actively being pursued.
Training provided where necessary.	Training requirements will be addressed via the Performance Development Review. Financial governance training required in some service areas.
Some interim appraisals have not been completed in line with the timescales.	
The revision of the Whistleblowing Policy has highlighted the requirement of a deputy monitoring officer.	A deputy monitoring officer is to be appointed.
Most risk assessments are up to date and some have identified Health and Safety issues relating to offices which will require funding to address.	Health & Safety Advisor provides advice of when risk assessments are required to be reviewed. Health and Safety Co-ordinators have been appointed to assist managers within service areas.
The majority of Business Continuity Plans are up to date in service areas.	BC Plans to be updated.
A Register of Interests, gifts and Hospitality is being maintained however further work is required to ensure this is being adhered to.	Process to be reviewed during 2019/2020 and further work is to be undertaken to raise awareness and ensure compliance.
Partnership Register and Partnership Governance Framework reviewed in 2019/2020.	Once approved further work to be undertaken to raise the profile and ensure compliance with governance and risk management. The Partnership Register has been reviewed to ensure up to date. SLA's in place where required.
Office inventories should be reviewed on an annual basis.	Currently working with Property Services to ensure that these are being completed by all service areas.
GDPR work is largely complete and will implement guidance received. Archive storage facilities to be reviewed in line with GDPR requirements. GDPR	Further work will be undertaken in 2020/2021 however COVID 19 restrictions may have an impact on the review of the archive storage facilities.

<p>training included in the new corporate on-line training programme.</p> <p>IT Security Policy to ensure IT systems are secure is up-to-date and reviewed on a regular basis.</p> <p>Not all contracts have been included on the Contracts Register.</p> <p>Audit & Risk Committee Self Assessment Assurance Statement</p> <p>The Audit and Risk Committee self-assessment exercise has resulted in most areas being scored as in conformance with CIPFA recommended best practice in relation to the role and effectiveness of an Audit Committee.</p> <p>The following questions were scored by the Audit and Risk Committee as partial compliance:</p> <ul style="list-style-type: none"> • Is the role and purpose of the audit committee understood and accepted across the authority? • Are the arrangements to hold the committee to account for its performance operating satisfactorily? • Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work? • Has the committee evaluated whether and how it is adding value to the Organisation? <p>The following question was scored by the Audit and Risk Committee as not in conformance:</p> <ul style="list-style-type: none"> • Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas? • Has the audit committee considered the wider areas identified in CIPFA's position statement and whether it would be appropriate for the committee to undertake them? • Has the membership of the committee been assessed against the core knowledge and skills 	<p>Following significant move to home working as part of Covid-19 staff have been reminded of the data security.</p> <p>Contract register to be review by service areas and up dated as required.</p> <p>For those areas where partial or non-compliance have been identified, actions to address gaps in best practice have been identified and agreed by the Audit and Risk Committee.</p> <p>Further work is to be undertaken to raise awareness of the role of the of the Audit and Risk Committee and to inform the Council of its performance in fulfilling its terms of reference. This can be achieved by producing an Annual Report of the Audit and Risk Committee and presenting this to Full Council. The report will provide details of work carried out throughout the year and any significant relevant information regarding the risk, control and governance framework. The report can be used to seek feedback from members of the Council on the performance of the Audit and Risk Committee. Further advice to be taken from the Monitoring Officer on how to proceed with this action.</p> <p>A self-assessment will now be carried out by the Audit and Risk Committee on an annual basis.</p> <p>The Audit and Risk Committee has not carried out a self-assessment exercise before. Therefore, as a result, this has not been completed. Both the CIPFA Position Statement and the Core Knowledge and Skills Framework would be circulated to members for discussion and if gaps were identified training would</p>
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framework and found to be satisfactory?	be requested.
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4. Further work / areas to be addressed

The following corporate governance areas were identified in the action plan for 2019/2020 and progress to address the areas that have highlighted improvements are:

	Further work / areas to be addressed	Responsible Officer	Review update
1	Internal Audit recommendations should be implemented within the agreed timeframe and adequately actioned by management to ensure we have robust internal controls environment to safeguard the council's assets in all service areas.	Management Team	Work continuing to implement audit recommendations by the due date and progress is being made for those recommendations with future dates. Progress being made to implement outstanding recommendations and at an acceptable level. ELT and Audit and Risk Committee receive regular update reports. To ensure responsibility and accountability all recommendations are assigned to Heads of Service or Directors to ensure that the appropriate action is taken and where there are resource issues these will be discussed at ELT.
2	Further work is required in order to raise the profile and to drive forward the application and implementation of the Partnership Governance Framework and Principles, so all applicable governance and risk management arrangements are applied and consistently used across the organisation and to ensure that this correctly reflects the partnerships that the council are involved in and the risks affecting the Authority.	Corporate Risk Officer	The Partnership Governance Framework and the layout of the Partnership register was reviewed and is awaiting approval by ELT / MT. Further work is required in order to raise the profile and to drive forward the application and implementation of the Partnership Governance Framework and Principles.
3	The Officer Register of Gifts and Hospitality process is to be reviewed during 2019/2020 and further work is to be undertaken to raise awareness and ensure compliance.	Corporate & Democratic Services Manager	Due to staff resources and the re-organisation of the Team this review was postponed. A new member of the team has been appointed and this review will be undertaken in 2020/21.
4	The Corporate Plan is to be reviewed.	Executive Leadership Team	Action Completed- The Corporate Plan was reviewed.

5	Recommendations made in the Internal Audit report on Procurement to be implemented.	Finance Director	13 recommendations raised. Progress update has been requested from responsible officers. Procurement advisory service is being provided by South Norfolk District Council and will include a move to a new online procurement portal and training provided to staff.
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The following corporate governance areas have been identified to form an action plan for 2020/21. These are a number of areas that have highlighted improvements, and these have been addressed in service improvements plans.

	Further work / areas to be addressed	Responsible Officer	Due Date
1	Internal Audit recommendations should be implemented within the agreed timeframe and adequately actioned by management to ensure we have robust internal controls environment to safeguard the council's assets in all service areas. COVID 19 may impact on the delivery of recommendations by the agreed implementation date.	Management Team	31/03/2021
2	Further work will be undertaken to raise the profile to ensure compliance with Partnership Governance Framework and so all applicable governance and risk management arrangements are applied and consistently used across the organisation.	Corporate Risk Officer	31/03/2021
3	The Officer Register of Gifts and Hospitality process is to be reviewed during 2021/2021 and further work is to be undertaken to raise awareness and ensure compliance.	Corporate & Democratic Services Manager	31/03/2021
4	Procurement and Contract Management Audit Report 2018/2019 – The four outstanding important recommendations relating to updating the Procurement Strategy and Standing Orders, regular review of the Contracts Register and analysis of spend and finalising the arrangements for the Kerbside Green Waste Collection Service are to be implemented.	Finance Director	31/03/2020
5	Corporate Governance Internal Audit Report 2018/19 – The outstanding recommendation for site paper storage arrangements to be reviewed to ensure compliance with GDOR regulations is to be implemented.	Corporate & Democratic Services Manager	31/08/2020
6	Corporate Health and Safety Review - Recommendations made in the Internal Audit report regarding a variation to the GY Norse Contract to reflect Health and Safety contract responsibilities to be implemented.	Head of Environmental Services	31/03/2020

7	A review of the impact of the coronavirus will be undertaken to ensure that applicable governance and control measures were in place and the impact on the delivery of the usual services and to assess the longer term disruption and consequences arising from the pandemic in particular the impact on the Medium term Financial Strategy.	Finance Director	31/12/2020
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5. Certification

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year with the exception of those areas identified above.

Systems are in place for regular review and improvement of the governance and internal control environment. The Council will continue to review its corporate governance arrangements and take any additional steps as are required to further enhance these arrangements and will review their implementation and operation as part of the next annual review.

It should be recognised that whilst this AGS makes an assessment of the governance in place during 2019/20, the Coronavirus pandemic (COVID-19) has impacted the financial, operational performance and workforce of the Council at the end of the 2019/2020 financial year and more so in 2020/21.

Work is continuing to ensure that there are robust governance arrangements, risk management and internal control measures in place within the Council. Policies and procedures are being reviewed and implemented throughout the Council to ensure the safety and wellbeing of officers, members and customers during the pandemic and preparation for returning to the office environment. Systems of internal control were required to be reviewed which resulted in revised working practices and processes at the start of the lockdown and the requirement to introduce alternative / additional control measures. Officers have been re-deployed to assist with the delivery of the service offered by the new Community Team and COVID 19 business grant.

During 2020/21 a review of the impact of the coronavirus will be undertaken to ensure that applicable governance and control measures were in place and the impact on the delivery of the usual services and to assess the longer term disruption and consequences arising from the pandemic.

Leader of the Council

Cllr Carl Smith:

Date

Chief Executive Officer

Sheila Oxtoby:

Date

Eastern Internal Audit Services



GT YARMOUTH BOROUGH COUNCIL

Annual Report and Opinion 2019/20

Responsible Officer: Emma Hodds – Head of Internal Audit for Gt Yarmouth Borough Council

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1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 Those standards – the Public Sector Internal Audit Standards - require the Chief Audit Executive to provide a written report to those charged with governance (known in this context as the Audit and Risk Committee) to support the Annual Governance Statement (AGS). This report must set out:
- The opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control during 2019/20, together with reasons if the opinion is unfavourable;
 - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
 - Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
 - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA’s Statement on the Role of the Head of Internal Audit.
- 1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation’s Annual Governance Statement, but there are also a number of other important sources to which the Audit and Risk Committee and statutory officers of the Council should be looking to gain assurance. Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully at **Appendix 3**.

2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

2.1 Roles and responsibilities

- The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.
- The AGS is an annual statement by the Leader of the Council and the Chief Executive that records and publishes the Council’s governance arrangements.
- An annual opinion is required on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control, based upon and limited to the audit work performed during the year.

This is achieved through the delivery of the risk based Annual Internal Audit Plan discussed and approved with the Executive Management Team and key stakeholders and then approved by the Audit and Risk Committee at its meeting on 4 March 2019. Any justifiable amendments that are requested during the year are discussed and agreed with senior management, and reported through to Committee. This opinion does not imply that internal audit has reviewed

all risks and assurances, but it is one component to be taken into account during the preparation of the AGS.

The Audit and Risk Committee should consider this opinion, together with any assurances from management, its own knowledge of the Council and any assurances received throughout the year from other review bodies such as the external auditor.

2.2 The opinion itself

The overall opinion in relation to the framework of governance, risk management and control at Gt Yarmouth Borough Council is **reasonable**.

Of the 19 assurance audits completed within the year a total of 18 resulted in a positive assurance grading. Three reports, Accountancy Services, Income and Housing Benefits and Council Tax Support received a substantial assurance grading.

One report, for the Preservation Trust report concluded with a limited assurance grading. A total of one urgent, five important and five needs attention priority findings were raised of which nine have already been addressed by management. Two needs attention recommendations remain outstanding.

We recommend that the Council refers to historical outstanding Internal Audit Recommendations from Limited Assurance reports in its Annual Governance Statement. One important priority recommendation remains outstanding from the 2017/18 Corporate Health and Safety review, one important recommendation from the 2018/19 Governance review and four important recommendations from the 2018/19 Procurement review. Details of these outstanding recommendations can be found in Section 3.5 of this report.

We were unable to conclude our work in one area in 2019/20 due to the impact of the Coronavirus Pandemic. Our review of Housing Needs, Allocations and Homelessness will be rescheduled for when the service area is able to support our review.

Considering that overall the majority of areas audited in 2019/20 have resulted in a positive assurance grading and in some cases substantial assurance in areas of financial control, we feel able to make a reasonable assessment of the governance risk and control framework at Great Yarmouth Borough Council.

The opinion has been discussed with the Section 151 Officer prior to publication.

3. **AUDIT WORK UNDERTAKEN DURING THE YEAR**

- 3.1 **Appendix 1** records the internal audit work delivered during the year on which the opinion is based, and provides the assurance opinion, the number of recommendations raised and the year end position in addressing the issues raised.

In addition, **Appendix 2** is attached which shows the assurances provided over previous & current financial years to provide an overall picture of the control environment. This assurance chart highlights the progress that has been made in areas whereby negative assurances have previously been concluded.

- 3.2 Internal audit work is divided into 4 broad categories;

- Annual opinion audits;
- Fundamental financial systems that underpin the Council's financial processing and reporting;

- Service area audits identified as worthy of review by the risk assessment processes within internal audit;
- Significant computer systems which provide the capability to administer and control the Council's main activities.

3.3 Summary of the internal audit work

The work undertaken by internal audit services in 2019/20 has covered a wide range of services Internal Audit has issued 19 assurance reports, with 18 of these assurances being positive. (three reports were given substantial assurance and 15 were given reasonable assurance).

A limited assurance was concluded in the following area:

Preservation Trust – 11 recommendations were raised and agreed by management, (one urgent, five important and five needs attention). A total of nine have now been addressed. Two needs attention recommendations remain outstanding.

No changes to the internal audit plan have been made over the course of the year. However as mentioned within the opinion, we were unable to completed one review in 2019/20 for Housing Needs, Allocations and Homelessness due to the impact of the Coronavirus Pandemic. In addition, and due to the above, a further four reports have been issued to management but remain in draft at the time of writing this report. They are; Key Controls and assurance, Corporate Enforcement, Housing Adaptations and Starters, Movers Leavers. We have however provided the Executive Summaries of these reports to the Committee in the 2019/20 progress report where overall gradings have been indicated.

The Executive Summary of all reports have been presented to the Audit and Risk Committee, ensuring open and transparent reporting and enabling the Committee to review key service area controls and the conclusions reached.

3.4 Follow up of management action

In relation to the follow up of management actions to ensure that they have been effectively implemented, the position at year end is that of the 84 recommendations raised and agreed by management so far; 46 have been implemented by the agreed date and 19 are not yet due. A further 26 recommendations have been raised but not included in this total as they are from reports yet to be finalised.

A total of 19 are outstanding are now outstanding; four important and 15 needs attention.

A total of 28 recommendations remain outstanding from the 2018/19 year; (11 important, 17 needs attention).

Two important recommendations outstanding from the 2017/18 financial year. One relating to varying to the GY Norse contract to reflect H&S responsibilities and the other relating to amending SLA agreements for collection and recovery processes.

3.5 Issues for inclusion in the Annual Governance Statement

A limited assurance report was concluded for the Preservation Trust review in 2019/20. A total of 11 recommendations were raised of which nine are now complete. trust's work. Just two needs attention recommendations now remain overdue and are not significant enough to be raised in the Council's Annual Governance Statement.

The outstanding recommendations from historical limited assurance reviews are as follows. We recommend that these recommendations are referenced in the Councils Annual Governance Statement until they are resolved;

An important priority recommendation remains outstanding from the Corporate Health and Safety review relating to the GY Norse Contract. Management are required to initiate a variation to the contract reflecting Health & Safety contract responsibilities. NP Law were instructed to add this clause to the contract by October 2017. We feel that this issue should be included in the Annual Governance Statement until such time that it is resolved.

The 2018/19 Corporate Governance report concluded in a limited assurance grading. This review evaluated the controls in place to ensure compliance with the GDPR legislation. One important recommendation remains outstanding in relation to reviewing off site paper storage arrangements. This recommendation is due for completion by August 2020.

The 2018/19 Procurement and Contract Management audit resulted in a Limited assurance grading and four important recommendations now remain outstanding. These relate to the update of the Procurement Strategy and Standing Orders, regular review of the Contracts Register and analysis of spend to ensure all relevant contracts are reflected and to finalise arrangements for the Kerbside Green Waste Collection Service.

4. THIRD PARTY ASSURANCES

- 4.1 In arriving at the overall opinion reliance has not been placed on any third-party assurances.

5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

5.1 Quality Assurance and Improvement Programme (QAIP)

5.1.1 Internal Assessment

A checklist for conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note has been completed for 2019/20. This covers; the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.

The Attribute Standards address the characteristics of organisations and parties performing Internal Audit activities, in particular; Purpose, Authority and Responsibility, Independence and Objectivity, Proficiency and Due Professional Care, and Quality Assurance and Improvement Programme.

The Performance Standards describe the nature of Internal Audit activities and provide quality criteria against which the performance of these services can be evaluated, in particular; Managing the Internal Audit Activity, Nature of Work, Engagement Planning, Performing the Engagement, Communicating Results, Monitoring Progress and Communicating the Acceptance of Risks.

On conclusion of completion of the checklist conformance has been ascertained in relation to the Definition of Internal Auditing, the Code of Ethics and the Performance Standards.

The detailed internal assessment checklist has been forwarded to the Section 151 Officer for independent scrutiny and verification.

5.1.2 External Assessment

In relation to the Attribute Standards it is recognised that to achieve full conformance an external assessment is needed. This is required to be completed every five years, with the first review having been completed in January 2017.

The external assessment was undertaken by the Institute of Internal Auditors and it has concluded that ***“the internal audit service conforms to the professional standards and the work has been performed in accordance with the Internal Professional Practices Framework”***. Thus, confirming conformance to the required standards.

The external assessment report has previously been provided to the Section 151 Officer and the Committee.

5.2 Performance Indicator outcomes

- 5.2.1 The Internal Audit Service is benchmarked against several performance indicators as agreed by the Audit and Risk Committee.

Actual performance against these targets is outlined within the following table:

- 5.2.2 It is encouraging to note that 9 out of a possible 11 performance measures have been achieved, with three of these exceeding targets. Client feedback has been provided which has been extremely positive recognising the professional service provided and also the value that internal audit has brought to the Council. However, we acknowledge that questionnaire responses from Officers following each internal audit has been less than in previous years. To ensure that we obtain higher levels of feedback we will be working with the Section 151 officer 2020/21 to ensure that requests for feedback are actioned.

In relation to performance measure four, one performance report was received outside of the 15 working day deadline, however this was received the next working day and therefore represents an isolated incident.

In relation to performance measure three, as mentioned earlier within this report for reasons outside of the control of the Internal Audit team one internal audit review was not completed in time for year end.

We are however pleased to report that a total of 19 planned internal audit reviews assigned to TIAA were issued to management in draft by 14 April 2020.

Area / Indicator	Frequency	Target	Actual	Comments
<u>Audit Committee / Senior Management</u>				
1. Audit Committee Satisfaction – measured annually	Annual	Adequate	TBC	TBC
2. Chief Finance Officer Satisfaction – measured quarterly	Annual	Good	TBC	TBC
<u>Internal Audit Process</u>				
3. Each quarters audits completed to draft report within 10 working days of the end of the quarter	Quarterly	100%	100%	Achieved – 19 assurance reports. One report not completed due to COVID19.
4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter	Quarterly	100%	75%	Not Achieved – one performance report received outside of the deadline.
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)		100%	100%	Achieved
6. Compliance with Public Sector Internal Audit Standards		Generally conforms	Generally conforms	Achieved
7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.		100%	n/a	No issues to address.
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)		Adequate	Good	Exceeds – 8 surveys received.
9. Percentage of recommendations accepted by management		90%	100%	Exceeds
<u>Innovations and Capabilities</u>				
10. Percentage of qualified (including experienced) staff working on the contract each quarter		60%	100%	Exceeds
11. Number of training hours per member of staff completed per quarter		1 day	1 day	Achieved

5.3 Effectiveness of the Head of Internal Audit (HIA) arrangements as measured against the CIPFA Role of the HIA

5.3.1 This Statement sets out the 5 principles that define the core activities and behaviours that apply to the role of the Head of Internal Audit, and the organisational arrangements to support them. The Principles are:

- Champion best practice in governance, objectively assessing the adequacy of governance and management of risks;
- Give an objective and evidence-based opinion on all aspects of governance, risk management and internal control;
- Undertake regular and open engagement across the Authority, particularly with the Management Team and the Audit Committee;
- Lead and direct an Internal Audit Service that is resourced to be fit for purpose; and
- Head of Internal Audit to be professionally qualified and suitably experienced.

Completion of the checklist confirms full compliance with the CIPFA guidance on the Role of the Head of Internal Audit in relation to the 5 principles set out within.

The detailed checklist has been forwarded to the Section 151 Officer for independent scrutiny and verification.

APPENDIX1 – AUDIT WORK UNDERTAKEN DURING 2018/19

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
Annual Opinion Audits							
GYB Services	Reasonable	13	5	0	1	7	0
Housing Strategy and Affordable Housing	Reasonable	5	4	0	0	1	0
Markets	Reasonable	3	3	0	0	0	0
Accountancy Services	Substantial	0	0	0	0	0	0
Accounts Receivable	Reasonable	8	8	0	0	0	0
Income	Substantial	1	1	0	0	0	0
Council Tax and NNDR	Reasonable	2	1	0	0	1	0
GY Norse	Reasonable	10	6	0	0	4	0
Section 106 Agreements	Reasonable	6	2	0	2	0	2
Preservation Trust	Limited	11	9	0	0	2	0
Corporate Governance	Reasonable	7	3	0	0	0	4
Housing Benefits and Council Tax Support	Substantial	1	1	0	0	0	0
Key Controls and Assurance DRAFT	Reasonable	9					9
Equinox Enterprises	Reasonable	6	0	0	0	0	6
Housing Adaptations DRAFT	Reasonable	2					2
Corporate Enforcement DRAFT	Reasonable	7					7
IT audits							
Data Centre and Back Up	Reasonable	4	3	0	1	0	0
Cyber Crime	Reasonable	7	0	0	0	0	7
Starters, Movers, Leavers DRAFT	Reasonable	8					8
Total		110	46	0	4	15	45

Assurance level definitions		Number
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed 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 audit review were being consistently applied.	3
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisations 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.	15
Limited Assurance	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.	1
No Assurance	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.	0

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

APPENDIX 2 ASSURANCE CHART

	Current Contract				
	2015-16	2016-17	2017-18	2018-19	2019-20
Annual Opinion / Corporate Audits					
Corporate Governance and Risk Management					
Corporate Governance	Reasonable		Reasonable	Limited	Reasonable
Risk Management	Reasonable	Reasonable		Reasonable	
Key Controls and Assurance	Reasonable	Reasonable	Reasonable	Substantial	Reasonable
Corporate Health and Safety			Limited	Reasonable	
Equinox Enterprises			Limited		Reasonable
Fundamental Financial Systems					
Accounts Receivable	Reasonable		Reasonable		Reasonable
Income / Remittances	Reasonable		Substantial		Substantial
Income / Markets			Reasonable		
Accountancy Services	Reasonable		Substantial		Substantial
Housing Benefits and Council Tax Support	Reasonable		Reasonable		Substantial
Council Tax / NNDR	Reasonable		Reasonable		Reasonable
Accounts Payable		Reasonable		Substantial	
Payroll / HR		Substantial		Substantial	
Housing Rents		Reasonable		Reasonable	
Cross Authority Review - Accounts Payable					
Cross Authority Review - Accounts Receivable					
Cross Authority Review - Payroll and HR					
Contract Audit					
General Fund Capital Programme Contracts		Reasonable		Reasonable	
GY Norse	Reasonable				Reasonable
GYB Services	Reasonable				Reasonable
Procurement	Limited			Limited	
Leisure Trust	No Assurance	Reasonable			
Contract Management					
Service Area Audits					
Business Strategy and Performance Management		Reasonable			
Performance Management	Reasonable	Reasonable			
Member Services					
NPLaw		Reasonable			
Property Services		Limited		Reasonable	
Neighbourhood Management / Community Development	Limited		Reasonable		
Disabled Facility Grants and Discretionary Loans				Reasonable	

	Current Contract				
	2015-16	2016-17	2017-18	2018-19	2019-20
Annual Opinion / Corporate Audits					
Gt Yarmouth Market	No Assurance	Reasonable			Reasonable
Elections and Electoral Registration					
Bereavement Services		Substantial			
Waste Management					
Environmental Health Services		Reasonable		Reasonable	
Licensing		Reasonable			
Car Parking	Reasonable			Reasonable	
Development Control			Reasonable		
Building Control			Reasonable		
Printing, Reception, Customer Services					
Inventory		Reasonable			
Tourism, Marketing, Communication & Media (BID 1617)		Limited			Limited
Planned and Responsive Maintenance					
Leasehold Management			Limited	Reasonable	
Right to Buy			Reasonable		
Localism and Communities					
Homelessness and Housing Options	Reasonable		Reasonable		
Private Sector Housing	Reasonable				Reasonable
Section 106 Arrangements				Position Statement	Reasonable
Services for the Elderly and Sheltered Housing					
Control Centre		Limited		Reasonable	
Housing Adaptations			Limited		Reasonable
Arts Strategy		n/a			
Outdoor Leisure		Reasonable		Limited	
Venetian Waterways				Position Statement	
Corporate Enforcement					Reasonable
Use of Consultants		No Assurance			
IT Audits					
Revenues and Benefits Application					
HR and Payroll Application					
Remote Access					
Data Centre, Back Up and Disaster Recovery					Reasonable
Software Licensing					
Data Protection and Freedom of Information					
BACS Transfer (Microgen)					

	Current Contract				
	2015-16	2016-17	2017-18	2018-19	2019-20
Annual Opinion / Corporate Audits					
Starters, Movers & Leavers	Reasonable				Reasonable
Change Control & Patch Management	Limited				
Network Security & Infrastructure	Reasonable		Reasonable	Reasonable	
Content Management		Reasonable			
ICT Contract Review		Limited		Reasonable	
Connectivity		Reasonable			
IT Project and Programme Management					
Cyber Crime					Reasonable
Integra and Cash Application			Reasonable		

APPENDIX 3 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

The Internal Audit Annual Report has been prepared and TIAA Ltd (the Internal Audit Services contractor) were engaged to undertake the agreed programme of work as approved by management and the Audit Committee, subject to the limitations outlined below.

Opinions

The opinions expressed are based solely on the work undertaken in delivering the approved 2019/20 Annual Internal Audit Plan. The work addressed the risks and control objectives agreed for each individual planned assignment as set out in the corresponding audit planning memorandums (terms of reference) and reports.

Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve corporate/service policies, aims and objectives: it can therefore only provide reasonable and not absolute assurance of effectiveness. Internal control systems essentially rely on an ongoing process of identifying and prioritising the risks to the achievement of the organisation's policies, aims and objectives, evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. That said, internal control systems, no matter how well they have been constructed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

Internal Audit's assessment of controls relating to Gt Yarmouth Borough Council is for the year ended 31 March 2019. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

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

Responsibilities of Management and Internal Auditors

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

The Head of Internal Audit has sought to plan Internal Audit work, so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, additional work will then be carried out which is directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected and TIAA's examinations as the Council's internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

Subject: PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Report to: Audit and Risk Committee, 21 September 2020

Report by: Faye Haywood, Internal Audit Manager for Great Yarmouth Borough Council

SUBJECT MATTER

This report examines progress made between 1 April 2020 to 14 September 2020 in relation to the delivery of the revised Annual Internal Audit Plan for 2020/21 and includes executive summaries in respect of the reviews which have been completed during this period.

1. INTRODUCTION/BACKGROUND

- 1.1 This report reflects the completion of the audit reviews which are part of the annual internal audit plan of work for 2020/21.

2. CURRENT COMPOSITION OF THE ANNUAL INTERNAL AUDIT PLAN 2020/21

- 2.1 The current position in relation to the delivery of the Internal Audit Plan for 2020/21 is shown within the attached report.

3. FINANCIAL IMPLICATIONS

- 3.1 The Internal Audit Plan will be delivered within the agreed budget for 2020/21.

4. RISK IMPLICATIONS

- 4.1 Internal Audit planning starts with the Council's key risks, which then directs the audit plan for the financial year. Internal Audit reports then identify risk and control weaknesses within the Council, which are highlighted in this report, with appropriate management action being agreed to mitigate these risks within agreed timeframes.

5. CONCLUSIONS

- 5.1 The report contains the results of reports finalised within this period.

6. RECOMMENDATIONS

- 6.1 It is recommended that the Committee receive and note the outcome of the audits completed during this period and the progress to date.

7. BACKGROUND PAPERS

Appendix – Progress Report on Internal Audit Activity

Area for consideration	Comment
Monitoring Officer Consultation:	No
Section 151 Officer Consultation:	Yes
Existing Council Policies:	No
Financial Implications:	Covered within the report
Legal Implications (including human rights):	No
Risk Implications:	Covered within the report
Equality Issues/EQIA assessment:	No
Crime & Disorder:	No
Every Child Matters:	No

Eastern Internal Audit Services



Great Yarmouth Borough Council

Progress Report on Internal Audit Activity

Period Covered: 1 April 2020 to 14 September 2020

Responsible Officer: Emma Hodds – Head of Internal Audit for Great Yarmouth Borough Council

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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 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 2 March 2020 the Annual Internal Audit Plan for the year was approved, however due to unprecedented circumstances surrounding the Coronavirus Pandemic, the Internal Audit Plan for 2020/21 has been revised. A report outlining the revisions has been provided in this agenda for Committee approval.

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 1 day of programmed work has been completed, equating to 1% of the Internal Audit Plan for 2020/21.

4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

Substantial Assurance: 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.

Reasonable Assurance: 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.

Limited Assurance: 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.

No Assurance: 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.

- 4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

Urgent (priority one): Fundamental control issue on which action to implement should be taken within 1 month.

Important (priority two): Control issue on which action to implement should be taken within 3 months.

Needs attention (priority three): Control issue on which action to implement should be taken within 6 months.

- 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 has issued a total of 0 reports:

Audit	Assurance	P1	P2	P3

The Executive Summary of these reports are attached at **Appendix 2**, full copies of these reports can be requested by Members.

- 4.5 As can be seen in the table above as a result of these audits 0 recommendations have been raised by Internal Audit. In addition, 0 Operational Effectiveness Matters have been proposed to management for consideration.

5. PERFORMANCE MEASURES

- 5.1 The Internal Audit Services contract includes a suite of key performance measures against which TIAA will be reviewed on a quarterly basis. There is a total of 11 indicators, over four areas, the results of which are reported at financial year end, with any issues raised with the Committee in progress reports.
- 5.2 There are individual requirements for performance in relation to each measure; however performance will be assessed on an overall basis as follows:
- 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 TIAA and agreed with the Head of Internal Audit to ensure that appropriate action is taken.

- 5.3 The second quarter's work is scheduled having received confirmation of agreement to the annual plan on 8th September. A report on the performance measures will be provided at the end of the quarter to the Head of Internal Audit, performance is currently at green status with targets having been satisfactorily met for this quarter.
- 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 plan is being completed in line with expectations.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Date to Committee	Comments
Quarter 1								
TOTAL		0	0	0				
Quarter 2								
Assurance Mapping	GY2101	8	8	0	Scheduled			
TOTAL		8	8	0				
Quarter 3								
Corporate Governance	GY2102	6	6	0	To be scheduled			
Procurement and Contract Management	GY2103	12	12	0	To be scheduled			
Accounts Payable	GY2104	12	12	0	Scheduled			
Housing Rents	GY2105	16	16	0	Scheduled			
HR & Payroll	GY2106	15	15	0	Scheduled			
TOTAL		61	61	0				
Quarter 4								
Key Controls and Assurance	GY2107	16	16	0				
Coronavirus Response and Recovery	GY2108	15	15	0				
Housing Needs and Allocations and Homelessness	GY2109	10	10	0				
TOTAL		41	41	0				
IT Audits								
Remote Access	GY2110	10	10					
TOTAL		10	10	0				
Follow Up								

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Date to Committee	Comments
Follow Up	NA	10	10	1	In progress			
TOTAL		10	10	0				
TOTAL		130	130	0				
Percentage of plan completed				1%				

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

N/A

Subject: REPORT ON THE STATUS OF AUDIT RECOMMENDATIONS

Report to: Audit and Risk Committee, 21 September 2020

Report by: Faye Haywood, Internal Audit Manager for Gt Yarmouth BC

SUBJECT MATTER

This report seeks to inform members on the latest progress made in relation to management implementation of agreed audit recommendations falling due by 14 September 2020.

1. INTRODUCTION/BACKGROUND

- 1.1 The Audit and Risk Committee receives regular updates on management implementation of agreed audit recommendations. This report forms part of the overall reporting requirements to assist the Council in discharging the responsibilities in relation to its Internal Audit Service.
- 1.2 The Public Sector Internal Audit Standards require that a process is in place to ensure that sufficient action is being taken by management to implement recommendations.

2. MAIN BODY

- 2.1 The current position and issues in relation to the implementation of internal audit recommendation is shown in the report attached.

3. FINANCIAL IMPLICATIONS

- 3.1 None.

4. RISK IMPLICATIONS

- 4.1 Failure to implement or improve internal controls may lead to risks associated with those controls materialising.

6.0 RECOMMENDATIONS

- 6.1 That the Committee receives and notes the current position in relation to the implementation of agreed audit recommendations.

BACKGROUND PAPERS

Appendix – Follow Up Report on Internal Audit Recommendations

Area for consideration	Comment
Monitoring Officer Consultation:	No
Section 151 Officer Consultation:	Yes
Existing Council Policies:	No
Financial Implications:	No
Legal Implications (including human rights):	No
Risk Implications:	Yes
Equality Issues/EQIA assessment:	No
Crime & Disorder:	No
Every Child Matters:	No

Eastern Internal Audit Services



Gt Yarmouth Borough Council

Follow Up Report on Internal Audit Recommendations

Period Covered: 24 February 2020 to 14 September 2020

Responsible Officer: Faye Haywood – Internal Audit Manager

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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 Auditor Executive 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 to enable the Committee to easily identify outstanding recommendations from previous financial years. The table also identifies between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round.
- 2.3 In 2017/18 internal audit raised 119 recommendations, 117 have now been implemented. One important recommendation from the Corporate Health and Safety report and one from the Accounts Receivable remain outstanding.

The management response in relation to the outstanding important recommendation can be seen at **Appendix 2** of the report.

Number raised	119	
Complete	117	98%
Outstanding	2	2%

- 2.4 In 2018/19 internal audit have raised 113 recommendations were raised. In total 87 have been implemented, one needs attention recommendation was rejected by management. 25 are overdue (10 important, 15 needs attention).

The June 2019 year end follow up report provided details of the important recommendation rejected by Management.

The management response in relation to the outstanding important recommendations can be seen at **Appendix 3** of the report.

Number raised	113	
Complete	87	77%
Outstanding	25	22%
Rejected	1	1%

- 2.5 In 2019/20 a total of 84 recommendations have been agreed so far, of these 52 have now been implemented. A total of 30 recommendations are outstanding (9 important and 21 needs attention) and 1 is within deadline.

Number raised	84	
Complete	53	63%
Outstanding	30	36%
Within Deadline	1	1%

- 2.6 All recommendations are assigned at senior management level, with the position in implementing urgent audit recommendations being regularly discussed at Executive Leadership Team meetings.
- 2.7 It is encouraging to see 53 recommendations from 2019/20 have already been implemented, however we would urge management to work on completing the high number of important recommendations that remain outstanding from 2018/19 and the two historical recommendations from 2017/18. We continue to highlight to the Committee where recommendation deadlines have been extended more than once.

APPENDIX 1 – SUMMARY STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed between 24 February 2020 and 7 September 2020			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
Audit Ref	Audit Area	Assurance Level													
2017/18 Audits															
GY1801	Corporate Health & Safety	Limited					1					1			
GY1811	Accounts Receivable	Reasonable					1					1			
2018/19 Audits															
GY1901	Corporate Governance	Limited					1					1			
GY1908	Capital Programme	Reasonable					1	1				2			
GY1909	Environmental Services	Reasonable					1	5				6			
GY1914	Procurement	Limited					4	5				9			
GY1915	Parking Services	Reasonable		1								0			
GY1916	Property & Asset Mgt	Reasonable					2	3				5			
GY1917	Key Controls and Assurance	Substantial			1							0			
GY1922	ICT Contract Review & IT Strategy	Reasonable			1		1	1				2			
2019/20 Audits															
GY2001	GYB Services	Reasonable					1	7				8			
GY2005	Council Tax and NNDR	Reasonable						1				1			
GY2006	GY Norse	Reasonable			3			1				1			
GY2007	S106 Agreements	Reasonable		1			2			1		4		1	
GY2008	Housing Strategy and Affordable Housing	Reasonable						1				1			

			Completed between 24 February 2020 and 7 September 2020			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
GY2009	Preservation Trust	Limited			2							0			
GY2010	Corporate Governance	Reasonable		4						2	2	4			
GY2015	Equinox Enterprises	Reasonable		1	1						4	4			
GY2018	Data Centre and Back Up	Reasonable					1					1			
GY2019	Cyber Crime	Reasonable								2	5	7			
Total			0	7	8	0	16	25	0	5	11	57	0	1	0

APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2017/18

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY1801 Corporate Health and Safety	Recommendation 6: A variation to the GY Norse contract is raised in line with the GYBS and SLT H&S contract clauses. This is agreed by the board. Sufficient H&S clauses in the contract should clearly outline the H&S responsibilities of the GY Norse and mitigate the risk that any H&S liabilities created by GY Norse are passed onto the Council.	2	Head of Property and Asset Management	31/10/2017	31/04/2021	Outstanding	We are now in the process of varying the contract to return elements of the Asset Management Service to GYBC which will require a complete review of the Joint Venture Agreement these changes will be incorporated with the new agreement due to be in place for April 2021.
GY1811 Accounts Receivable	Recommendation 2: Service Level Agreements (SLA) to be documented/formalised for all service areas, in line with the collection and recovery processes documented in the Sundry Income and Debt Policy. These are to be signed by the Head of Customer Services and the respective head of service. These should include responsibilities of both parties and key timescales required from the debtors' team and service area.	2	Head of Customer Services	31/03/2019	08/08/2020	Update required	Proposed change to the recommendation as follows: The proposal for this recommendation is to amend this to produce a programme of required SLAs between the Sundry Debt Service and other Relevant Service where we can timetable each required SLA together with the relevant Head of Service and to allow time for the SLA to perform 'in practice' with an opportunity to refine/further adjust the SLA as may be required. This is based on our current experience with the development of the SLAs so far. Production of the programme signed off and relevant Heads of Service should complete this recommendation with progress being monitored in relation to the completion of SLAs through further Audits which is undertaken on an annual basis anyway. This change has been agreed.

APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2018/19

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY1901 Corporate Governance	Recommendation 8: A review of off-site paper storage arrangements is undertaken to ensure they are GDPR compliant.	2	Head of Property and Asset Management	31/01/2019	31/03/2021	Outstanding	Work in this area has had to be paused due to the COVID-19 pandemic, which has led to a 1/3 of the Council's staff including the Data Protection Officer being redeployed to work as part of a coordinated response assisting the most vulnerable residents of the Borough. It was hoped that work could recommence from September 2020 however with current social distancing guidelines and protecting the health of Council staff being paramount this will not be possible. Please could an extension be agreed until 31st March 2021 to allow time for social distancing measures to be relaxed or a vaccine to be developed.
GY1908 Capital Programme Contracts (General Fund and Housing Revenues Account)	Recommendation 6: In respect of the Norfolk County Council (NCC) Norfolk Infrastructure Fund (NIF) for the energy park, the following is undertaken Confirmation that the NCC Policy & Resources committee has formally approved the NIF budget of £2.75m; and- Agreement of how payment of the funding is processed, e.g. expenditure is invoiced on a regular basis such as annually. This process to be formally agreed and documented.	2	Finance Director	30/06/2019	31/12/2020	Outstanding	The implementation of this has been delayed and is anticipated to be completed by 31/12/20.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY1909 Environmental Services	Recommendation 1: The review of the prioritisation site list is concluded as follows: completion of the review of medium scored sites; - finalising the further work needed in respect of the high scored sites to assess the possibility of significant harm and addition of the date when the review work for each site has been completed and officer/reviewer name.	2	Head of Environmental Services	31/05/2019	30/04/2020	Update required	
GY1914 Procurement	Recommendation 5: The procurement and future delivery of the Kerbside Green Waste Collection service to be finalised, including how the new contract is sourced and by whom, i.e. whether this is the council or GYB Services	2	Senior Environmental Ranger	30/06/2019	30/04/2020	Update required	
GY1914 Procurement	Recommendation 1: The procurement strategy (PS) be reviewed and updated including an update of the accompanying action plan to be taken forward as a new action plan. This should include a review against the other council PSs and the National Procurement Strategy for any key gaps, and also GDPR requirements. In addition, the PS to be updated to include consideration is given to the requirement for more bespoke terms and conditions (T&CS) and service review points, in addition to the standard T&Cs which should be included. The PS should also be reviewed to ensure it refers to the requirements of GDPR.	2	Finance Director	30/09/2019	31/12/2020	Update required	This work will be aligned to the review of the contract standing orders and is due to be completed later in the year.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY1914 Procurement	Recommendation 2: Contract standing orders (CSO) be reviewed and updated as necessary, version controlled and placed on the council's intranet. The review should cover the following:- Up to date senior management titles;- The inclusion of performance bonds for contracts with a value of £1,000,0000 and over;- A Parent Company Guarantee is considered, in consultation with the S151 officer, when a supplier is a subsidiary of a parent company and where the total value exceeds £75,000.00; and- Inclusion of review points for larger and longer contracts	2	Finance Director	30/11/2019	31/10/2020	Update required	Revised implementation date of 31 October. The draft CSO's have been produced and are to be reviewed by the S151 and Monitoring Officers ahead of taking through the internal decision making route.
GY1914 Procurement	Recommendation 4: A six monthly review of the contract register and analysis of the Council's expenditure be implemented to highlight any gaps in the contracts register. The contracts for Norfolk Mixed dry recyclables processing Service; and Konica Minolta Business Solutions (UK) Ltd are put onto the contract register.	2	Business Analyst HO- Environmental Services/ Strategic Director – Dry Recyclables	30/09/2019	31/10/2020	Update required	The change in the procurement system being used requires a new way on collating and recording the contracts register which is currently being updated. In the meantime the analysis of the spend on a periodic basis is being undertaken to update the register.
GY1916 Property and Asset Management	Recommendation 1: Condition surveys to be promptly entered onto Concerto. Rationale and risk: As Concerto is the Council's central property database, it should contain the most up to date information about each property. If property conditions are not up to date, there is a risk that incorrect information could be used in making decisions about a property, leading to financial loss for the Council.	2	Head of Property and Asset Management	31/05/2020	31/10/2020	Outstanding	It has still not been possible to fill the vacancy for the System Administrator although Condition Surveys are being inputted by the Technical Assistants as they are completed. Further training on the Concerto System is planned for October 2020.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY1916 Property and Asset Management	Recommendation 2: New leases and lease renewals be promptly entered to Concerto. Rationale and risk: As Concerto is the Council's central property database, it should contain the most up to date information about each property. If lease details are not up to date, there is a risk that incorrect information could be used in making decisions about a property, leading to financial loss for the Council.	2	Head of Property and Asset Management	31/05/2020	31/10/2020	Outstanding	Administrator training to be rolled out to Technical Assistants through the October 2020 schedule.
GY1922 ICT Contract Review and IT Strategy	Recommendation 2: The dashboard should be reviewed with NCC to ensure it provides meaningful information covering the whole IT service rather than just the service desk.	2	IMT Manager	30/06/2019	31/03/2020	Update Required	

APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY2001 GYB Services	A programme of KPI spot checks is completed to sample check KPIs on a rolling basis. This is to verify that there is supporting evidence in place to confirm the outturn figures presented. Furthermore, a definition for each KPI be recorded and centrally kept by the Council against which KPIs can be checked.	2	Head of Environmental Services	31/12/2019	31/03/2020	Update Required	
GY2018 Data Centre, Back Up and Disaster Recovery	Recommendation 3: A test of the links between GYBC and NCC be included as part of future test plans.	2	IMT Manager	30/09/2019	31/03/2020	Further update required	The reconfiguration of the primary and secondary lines have been completed by UpData with each line now terminating in separate exchanges. Each line has been tested and proven to be working. A full failover test is in the process of being planned once the major Network Upgrade project has been completed. Supporting evidence to be requested in consultation with the Cybersecurity Senior Audit Manager (PK).
GY2007 S106 Agreements	Recommendation 4: A review of all balances on the S106 finance code be undertaken and a record presented to management summarising the status of each.	2	Capital Projects and Senior Accountants	30/11/2019	31/12/2020	Outstanding	A combination of changes in personal within the Neighbourhood Management service (both Director level, managerially and below) who are responsible for the play and leisure strategy, which the S106 links into for allocating funds. Also COVID19 impact on the Neighbourhood Management service as they were heavily involved in the Council's response to the pandemic.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY2007 S106 Agreements	Recommendation 1: A review of job roles be undertaken to ensure that requirements to assist with S106 consultations are included in relevant job descriptions across the Council, with responsibility for monitoring each aspect of the S106 being assigned to designated officers.	2	Head of Planning and Planning Manager	31/01/2020	31/01/2021	Update required	COVID19 impact on the Neighbourhood Management service as they were heavily involved in the Council's response to the pandemic.
GY2007 S106 Agreements	Recommendation 3: Use of the Ocella system be developed and supporting records introduced, so that S106 agreements can be recorded, triggers can be logged and monitored, income can be monitored, reconciliations to the financial ledger can be undertaken, management reports can be produced, and accurate information can be provided to staff and published to the public.	2	Planning Manager	30/06/2020		Update required	
GY2010 Corporate Governance	Recommendation 1: To review and update, as necessary, the FOI charging policy, Environmental Information Regulations (EIR) Charging policy and EIR Policy.	2	Senior Democratic Services Officer	31/07/2020	31/10/2020	Outstanding	Due to COVID 19 these have been slightly delayed but the Senior Democratic Services Officer is working to review these policies – extension deadline of the 31/10/2020 is requested'.
GY2010 Corporate Governance	Recommendation 2: The publication scheme be reviewed, updated as necessary and version control details added.	2	Senior Democratic Services Officer	31/05/2020	31/10/2020	Outstanding	Due to COVID 19 and staff being redeployed to work as part of a coordinated response team assisting vulnerable residents within the Borough this recommendation has been slightly delayed the Publication Scheme is expected to be taken to the Executive Leadership Team (ELT) in August 2020. Therefore an extension deadline of the 31/10/2020 is requested to allow time for documents and webpages to be created / updated once ELT has approved the reports.
GY2019 Cyber Crime	To achieve level 4 the secure configuration of digital assets has to be proactively monitored by the use of regular vulnerability scans. Appropriately trained personnel must be responsible for the maintenance of secure configurations.	2	IMT Manager	01/07/2020		Update required	

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY2019 Cyber Crime	To achieve level 3, a strategy for proactive monitoring of the whole infrastructure must be in place that uses software tools and heuristics to identify patterns that indicate the occurrence of a security threat event. Responsible personnel must have received training in security monitoring and the use of security monitoring solutions.	2	IMT Manager	30/04/2020		Update required	

AUDIT AND RISK COMMITTEE – WORK PROGRAMME 2020/21

September 2020*	November 2020	January 2021	March 2021
Internal Audit			
Progress Report on Internal Audit Activity 2020/21		Progress Report on Internal Audit Activity 2020/21	Progress Report on Internal Audit Activity 2020/21
Follow Up Report on Internal Audit Recommendations	Follow Up Report on Internal Audit Recommendations - Update	Follow Up Report on Internal Audit Recommendations	Follow Up Report on Internal Audit Recommendations
Head of Internal Audit Annual Report and Opinion 2019/20		Audit Committee Self-Assessment	Strategic and Annual Internal Audit Plan 2021/22
External Audit			
Annual Audit Letter Year ended 31 March 2019			
2019/20 Audit Plan	Audit Results Report 2019/20		
Finance / Accounts			
	Final Statement of Accounts 2019/20		
Risk Management			
Annual Report on Risk Management Arrangements 2019/20	Corporate Risk Register		Corporate Risk Register
Governance			
Code of Corporate Governance	Partnerships Register		Partnerships Register
	Partnerships Governance Framework		
Draft Annual Governance Statement 2019/20	Final Annual Governance Statement 2019/20	Annual Governance Statement – Progress Update	

*Includes items previously scheduled for June/July Audit and Risk Committee – moved to September or November