

Subject: Strategic and Annual Internal Audit Plans 2024/25 to 2026/27

Report to: Audit and Risk Committee 15 April 2024

Report by: Teresa Sharman, Head of Internal Audit for Gt Yarmouth Borough Council

## **SUBJECT MATTER/RECOMMENDATIONS**

This report provides an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2024/25 to 2026/27 and the Annual Internal Audit Plan for 2024/25.

The Annual Internal Audit Plan will then serve as the work programme for the Council's Internal Audit Services Contractor, TIAA Ltd.

It 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.

### **1. INTRODUCTION / BACKGROUND**

- 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 are set out in the Public Sector Internal Audit Standards (PSIAS) which came into effect in April 2017.

### **2. INTERNAL AUDIT PLAN OF WORK**

- 2.1 The attached report contains:
  - The Internal Audit Charter, detailing Internal Audit's purpose, authority and responsibilities;
  - the Internal Audit Strategy, which is a strategic high-level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities;
  - the Strategic Internal Audit Plan, which details the plan of work for the next three financial years; and
  - the Annual Internal Audit Plan, which details the timing and the purpose of each audit agreed for inclusion in 2024/25.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The Internal Audit Service is provided by way of a Partnership Agreement with South Norfolk Council, whereby South Norfolk Council provide the role of the Head of Internal Audit and Contract Manager to Great Yarmouth Borough Council, and the service provision i.e., delivery of the audits, is provided through a contract with TIAA Ltd.

#### 4. **RISK IMPLICATIONS**

- 4.1 The Risk Based Internal Audit approach will ensure that the Council's key risks are accurately reviewed and updated and thus the Internal Audit Service is adding value and auditing the key risk areas.

#### 5. **CONCLUSIONS**

- 5.1 The attached report provides the Council with Internal Audit Plans that will ensure key business risks will be addressed by Internal Audit, thus ensuring that appropriate controls are in place to mitigate such risks and also ensure that the appropriate and proportionate level of action is taken.

#### 6. **RECOMMENDATIONS**

- 6.1 That Audit and Risk Committee notes and approves:
- a) the Internal Audit Charter;
  - b) the Internal Audit Strategy;
  - c) the Strategic Internal Audit Plans 2024/25 to 2026/27; and
  - d) the Annual Internal Audit Plan 2024/25.

| <b>Area for consideration</b>                | <b>Comment</b>    |
|--|-------------------|
| Monitoring Officer Consultation:             | Through ELT       |
| Section 151 Officer Consultation:            | Through meetings  |
| Existing Council Policies:                   | N/a               |
| Financial Implications:                      | Within the report |
| Legal Implications (including human rights): | N/a               |
| Risk Implications:                           | Within the report |
| Equality Issues/EQIA assessment:             | n/a               |
| Crime & Disorder:                            | n/a               |
| Every Child Matters:                         | n/a               |

# Eastern Internal Audit Services



## GREAT YARMOUTH BOROUGH COUNCIL

### Strategic and Annual Internal Audit Plans 2024/25 to 2026/27

Responsible Officer: Teresa Sharman, Head of Internal Audit for Great Yarmouth Borough Council

## CONTENTS

|  |    |
|--|----|
| 1. INTRODUCTION.....   | 1  |
| 2. INTERNAL AUDIT CHARTER .....                                    | 1  |
| 3. INTERNAL AUDIT STRATEGY .....                                   | 2  |
| 4. STRATEGIC INTERNAL AUDIT PLAN.....                              | 2  |
| 5. ANNUAL INTERNAL AUDIT PLAN.....                                 | 2  |
| 6. ASSURANCE MAPPING .....   | 3  |
| APPENDIX 1 – INTERNAL AUDIT CHARTER.....                           | 4  |
| APPENDIX 2 – INTERNAL AUDIT STRATEGY .....                         | 12 |
| APPENDIX 3 – STRATEGIC INTERNAL AUDIT PLAN 2024/25 to 2026/27..... | 17 |
| APPENDIX 4 – ANNUAL INTERNAL AUDIT PLAN 2024/25 .....              | 31 |
| APPENDIX 5 – GYBC ASSURANCE MAP TOP 4 CORPORATE RISKS 2023/24..... | 34 |

## **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 The Public Sector Internal Audit Standards (PSIAS) mandate a periodic preparation of a risk-based plan, which must incorporate or be linked to a strategic high-level statement on how the internal audit service will be delivered and developed in accordance with the Charter and how it links to the organisational objectives and priorities; this is set out in the Internal Audit Strategy.
- 1.3 Risk is defined as 'the possibility of an event occurring that will have an impact on the achievement of objectives'. Risk can be a positive and negative aspect, so as well as managing things that could have an adverse impact (downside risk) it is also important to look at potential benefits (upside risk).
- 1.4 The development of a risk-based plan considers the organisation's risk management framework. The process identifies the assurance (and consulting) assignments for a specific period, by identifying and prioritising all those areas on which objective assurance is required. This is then also applied when carrying out individual risk-based assignments to provide assurance on part of the risk management framework, including the mitigation of individual or groups of risks.
- 1.5 The following factors are also considered when developing the internal audit plan:
  - The risk profile and maturity of the Council;
  - Previous assurance gradings given in each area;
  - Any declarations to avoid conflicts of interest;
  - The requirements of the use of specialists e.g., IT auditors;
  - Striking the right balance over the range of reviews needing to be delivered, for example, systems and risk-based reviews, specific key controls testing, value for money and added value reviews;
  - Allowing contingency time to undertake ad-hoc reviews or fraud investigations as necessary;
  - The time required to carry out the audit planning process effectively as well as regular reporting to and attendance at Audit, Risk and Standards Committee, the development of the annual report and opinion and the Quality Assurance and Improvement Programme.
- 1.6 In accordance with best practice the Audit, Risk and Standards Committee should '*review and assess the annual internal audit work plan*'.

## **2. INTERNAL AUDIT CHARTER**

- 2.1 There is an obligation under the PSIAS for the Charter to be periodically reviewed and presented. This Charter is reviewed annually by the Head of Internal Audit to confirm its ongoing validity and completeness, and presented to the Section 151 Officer, senior management and the Audit, Risk and Standards Committee annually for approval. The Charter

can be found at **Appendix 1**. Please note that no significant changes have been made to the Charter.

- 2.2 As part of the review of the Charter, the Code of Ethics are also reviewed by the Head of Internal Audit, and it is ensured that the Internal Audit Services contractor staff, as well as the Head of Internal Audit and Senior Internal Auditor adhere to these, specifically regarding integrity, objectivity, confidentiality and competency. Formal sign off to acceptance of the Code of Ethics is retained by the Eastern Internal Audit Services.

### **3. INTERNAL AUDIT STRATEGY**

- 3.1 The purpose of the Internal Audit Strategy (**see Appendix 2**) is to confirm:
- How internal audit services will be delivered;
  - How internal audit services will be developed in accordance with the internal audit Charter;
  - How internal audit services links to organisational objectives and priorities; and
  - How the internal audit resource requirements have been assessed and how they will be enhanced.

### **4. STRATEGIC INTERNAL AUDIT PLAN**

- 4.1 The overarching objective of the Strategic Internal Audit Plan (**see Appendix 3**) is to provide a comprehensive programme of review work over the next three-year period starting in 2024/25. Each year provides sufficient audit coverage to give an annual opinion, which can be used to inform the organisation's Annual Governance Statement.
- 4.2 The coverage over the subsequent three-year period has been discussed with the Executive Leadership Team to ensure audits are undertaken at the right time, at a time where value can be added, as well as ensuring sufficient coverage for an annual opinion on the framework of governance, risk management and control.

### **5. ANNUAL INTERNAL AUDIT PLAN**

- 5.1 Having developed the Strategic Internal Audit Plan, the annual Internal Audit Plan is an extract of this for the forthcoming financial year (**see Appendix 4**). The plan includes the areas being reviewed by Internal Audit, the number of days for each review, the quarter during which the audit will take place and a summary and purpose of the review.
- 5.2 The annual Internal Audit Plan for 2024/25 totals 271 days, encompassing 22 internal audit reviews, three of which cover IT processes.
- 5.3 Audit verification work concerning audit recommendations implemented to improve the Council's internal control environment will also be undertaken throughout the financial year.
- 5.4 Depending on any changes to the control environment over the year, the annual Internal Audit Plan may need to be revised to respond to emerging risks. The Head of Internal Audit will regularly review the Corporate Risk Register and report through to the Committee any necessary changes to the plan of work.

## 6. ASSURANCE MAPPING

- 6.1 The 2022/23 External Quality Assessment of the Internal Audit function concluded that the internal audit service is delivered in conformance with the Public Sector Internal Audit Standards. Assurance Mapping was highlighted as an area requiring development.
- 6.2 Assurance mapping is an emerging area of internal audit practice which involves mapping a visual representation of assurance activities as they apply to a specific set of risks or compliance requirements facing an organisation.
- 6.3 This exercise is particularly useful to undertake as part of internal audit planning as it allows the function to determine to what extent it can rely on and co-ordinate its activities with other assurance providers to enhance value and prevent duplication.
- 6.4 Following discussions with management during the 2023/24 audit planning process, the Internal Audit Team mapped the types of assurance available for the top four corporate risks facing the Council at this time in each of the three assurance categories listed below.

### 6.5 Three lines of assurance

| The first line of assurance<br>(functions that own and manage risks)   | The second line of assurance<br>(functions that oversee or who specialise in compliance or the management of risk)   | The third line of assurance<br>(functions that provide independent assurance)   |
|--|--|---|
| Assurances in this area are provided by managers and staff who are responsible for identifying and managing risk as part of their accountability for achieving objectives. | Assurances in this area are provided by those that monitor frameworks, enable risk and compliance to be managed in the first line. Second line assurance functions are often involved in monitoring the effectiveness in the first line ensuring risks are managed consistently. | Assurances at this level are typically provided by internal audit. Sitting outside the risk management processes of the first two lines of defence. The main role of this defence line is to provide an evaluation of the effectiveness of the organisations approach to governance, risk management and control. |

- 6.6 The assurance map provided at **Appendix 5** of this report highlights what assurances were available in each of the three lines for the then top four 'very high' strategic risks. This was used to provide justification to the areas included within the strategic and annual internal audit plans for 2023/24. This exercise has not been repeated for audit planning purposes this year, and there are two further 'very high' corporate risks, 'capacity and resilience of the Contact Centre' and 'BT upgrade network from analogue to digital by 31st December 2025' which have not been mapped.
- 6.7 It is proposed that all or some of the 'very high' corporate risks are developed further during 2024/25 into more detailed assurance maps.

## APPENDIX 1 – INTERNAL AUDIT CHARTER



### EASTERN INTERNAL AUDIT SERVICES

#### INTERNAL AUDIT CHARTER FOR 2024/25

##### 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1 April 2017, these provide a consolidated approach across the public sector encouraging continuity, sound corporate governance and transparency.
- 1.2 The Standards require all internal audit services to implement, monitor and review an internal audit charter; this formally defines the internal audit's purpose, authority and responsibility, and is a mandatory document.
- 1.3 The Charter also displays a formal commitment to and recognises the mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the Standards, i.e., the International Professional Practices Framework (IPPF).
- 1.4 This Internal Audit Charter is applicable to each of the following internal audit consortium members covered by Eastern Internal Audit Services (EIAS).
  - Breckland District Council;
  - Broadland District Council;
  - Great Yarmouth Borough Council;
  - North Norfolk District Council;
  - Norwich City Council;
  - South Norfolk Council; and
  - Broads Authority.
- 1.5 The term Local Authority will be used to describe the above consortium members throughout the Charter, the term Audit Committee is the generic term for the Governance, Risk and Audit Committee throughout, and the Chief Audit Executive is the Head of Internal Audit.
- 1.6 **Mission**

Standards require the Internal Audit Function to articulate its overall purpose and summarise the way it will provide value to the organisation. The mission statement for EIAS is as follows:

*“Protecting each of our consortium members ability to enhance value through the provision of independent risk-based assurance and advice”*

- 1.7 This charter:
- Establishes the position and reporting lines of internal audit;
  - Outlines provision for unrestricted access to information, officers, management and members as appropriate;
  - Sets the tone for internal audit activities;
  - Defines the nature and scope of internal audit services, in particular assurance and consultancy services; and
  - Sets out the nature and scope of assurance provided to other parties.
- 1.8 The Charter is to be periodically reviewed and presented to Senior Management and the Board for approval annually. The Charter will be reviewed by the Chief Audit Executive to confirm its ongoing completeness and validity and presented to senior management and the Board.

## **2 Purpose, Authority and Responsibility**

### **2.1 Purpose**

- 2.1.1 Internal auditing is best summarised through its definition with the Standards, *“an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”*.
- 2.1.2 Internal audit will provide reasonable assurance to each member of the Internal Audit Consortium, that necessary arrangements are in place and operating effectively, and to identify risk exposures and areas where improvements can be made.

### **2.2 Authority**

- 2.2.1 The Accounts and Audit Regulations (England) 2015, states that the relevant body 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”*. The statutory requirement for internal audit is recognised in the Constitution of each Local Authority and the internal auditing standards in this regard are the Public Sector Internal Audit Standards.

### **2.3 Responsibility**

- 2.3.1 The responsibility for maintaining an adequate and effective internal audit to evaluate risk management, control and governance processes lies with each Local Authority’s Chief Finance Officer (the Section 151 Officer or Section 17 Officer).
- 2.3.2 The Local Authority and its Members must be satisfied about the adequacy of the advice and support it receives from internal audit.
- 2.3.3 Internal audit is provided by Eastern Internal Audit Services, with the Chief Audit Executive being responsible for ensuring the internal audit activity is undertaken in accordance with the definition of internal auditing, the code of ethics and the standards for all consortium members.
- 2.3.4 Senior management are responsible for ensuring that internal control, risk management and governance arrangements are sufficient to address the risks facing the Local Authority.



Accountability for responding to internal audit rests with senior management who either accept and implement the recommendations, or formally reject them. Any advice that is rejected will be formally reported to senior management and the respective Audit Committee.

### **3 Key Relationships and Position in the Organisation**

3.1 The Standards require the terms 'Chief Audit Executive', 'Board' and 'Senior Management' to be defined in the context of the governance arrangements in each public sector organisation in order to safeguard the independence and objectivity of internal audit. The following interpretations are applied within Eastern Internal Audit Services.

#### **3.2 Chief Audit Executive**

3.2.1 The Chief Audit Executive is based at South Norfolk Council and provides the Head of Internal Audit role to all consortium members. At South Norfolk Council, the Chief Audit Executive reports to the Chief of Staff who reports to the Managing Director of South Norfolk and Broadland.

3.2.2 The Head of Internal Audit also report functionally to each Section 151 Officer or Section 17 Officer at all other members of the Consortium.

3.2.3 The Head of Internal Audit has a direct line of reporting and unfettered access to each Chief Executive, the Senior Management Team at each Local Authority and the Chair of the Board at each Local Authority.

3.2.4 The delivery of the Annual Audit Plans for all consortium members and any specified ad-hoc assignments is provided by an external contractor, TIAA Ltd from 1 April 2022. The Head of Internal Audit manages this contract.

#### **3.3 Board**

3.3.1 In the context of overseeing the work of Internal Audit at each Local Authority, the 'Board' will be the Audit Committee (or equivalent) of the Local Authority, which has been established as part of the governance arrangements. The Audit Committee's responsibilities are discharged through each of the Local Authority's Constitution's and explicitly referred to in each terms of reference.

3.3.2 This functional reporting includes: -

- Approving the audit charter, audit strategy and risk based annual plans on an annual basis;
- Receiving regular reports on the outcomes of internal audit activity and performance;
- Receiving regular reports on management action in relation to agreed internal audit recommendations;
- Receiving the Annual Report and Opinion of the Head of Internal Audit, alongside a conclusion as to the effectiveness of internal audit;
- Overseeing External Assessments of the Internal Audit Service, at least once every 5 years.

3.3.3 Internal Audit work closely with the chair and members of the Audit Committee to facilitate and support their activities, part of which includes facilitating a self- assessment and providing training.

### 3.4 Senior Management

- 3.4.1 'Senior Management' is those individuals responsible for the leadership and direction of the organisation, and are responsible for specific aspects of internal control, risk management and governance arrangements. There is effective liaison between internal audit and senior management to ensure that independence remains and provides for a critical challenge.
- 3.4.2 The Head of Internal Audit meets regularly with the Section 151 Officer or Section 17 Officer to ensure organisational awareness is maintained, to discuss progress with the agreed Internal Audit Plan and to maintain a good working relationship. These arrangements facilitate discussions in relation to the current and emerging risks and issues to ensure that the internal audit plan of work remains reflective and responds as required.

### 3.5 External Audit

- 3.5.1 Regular liaison is maintained with External Audit to consult on audit plans, and to discuss matters of mutual interest. The external auditors have the opportunity to take account of the work of internal audit where appropriate.

### 3.6 Other Internal Audit Service Providers

- 3.6.1 Where appropriate internal audit will liaise with other internal audit providers, where shared arrangements exist. In such cases, a dialogue will be opened with the Chief Audit Executive to agree a way forward regarding the auditing of such shared services. This is to ensure an efficient and effective approach and enable reliance on each other's outcomes. Where formal arrangements are entered into, a protocol will be determined and agreed by both Chief Audit Executives.
- 3.6.2 Internal audit will also co-operate with all external review and inspection bodies that are authorised to access and evaluate the activities of the Local Authority, to determine compliance with regulations and standards. Assurances arising from this work will be taken into account where applicable.

## **4 Rights of Access**

- 4.1 Internal audit, with strict accountability for confidentiality and safeguarding records and information, is authorised to have the right of access to all records, assets, personnel and premises and has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. This access is full, free and unrestricted and is set out in each Local Authority's Constitution.
- 4.2 Such access shall be granted on demand and shall not be subject to prior notice, although in principle, the provision of prior notice will be given wherever possible and appropriate, unless circumstances dictate otherwise.

## **5 Objective and Scope**

- 5.1 The provision of assurance services is the primary role of Eastern Internal Audit Services, thus allowing the Head of Internal Audit to provide an annual audit opinion on the adequacy and effectiveness of the Local Authority's framework of governance, risk management and control, together with reasons if the opinion is unfavourable.

- 5.2 Internal audit will also provide consultancy services, at the request of management. These reviews are advisory in nature and generally performed to facilitate improved governance, risk management and control. This work may contribute to the annual audit opinion.
- 5.3 Whichever role / remit is carried out by internal audit the scope is to be determined by internal audit, through discussions with senior management; however, this scope will not be unduly bias nor shall it be restricted.
- 5.4 A risk based Strategic Internal Audit Plan will be developed each year to determine an appropriate level of risk-based audit coverage required to generate an annual audit opinion. The plan will be derived from risk assessments, discussions with Senior Management and Audit Committee taking prior year's assurance results into account.
- 5.5 Each audit review will be designed to provide evidence based assurance over the management of risk and controls within that area. The results of each review will be shared with management so that any required improvements can be actioned to restore satisfactory systems of internal control.
- 5.6 It is management's responsibility to control the risk of fraud and corruption; however, internal audit will be alert to such risks in all the work that is undertaken. In addition, the Head of Internal Audit is either responsible for, or is consulted on, related policy and strategy. These include for example, Counter Fraud, Corruption, Anti-Bribery, Whistleblowing, Anti-Money Laundering and includes the related promotion and training for officers and councillors.
- 5.7 Through the contract in place with TIAA Ltd, there are other services that can be provided, these include: fraud investigations, grant certification and digital forensics.

## **6 Independence and Objectivity**

- 6.1 Internal Audit must be sufficiently independent of the activities that are audited to enable an impartial, unbiased and effective professional judgement. All internal auditors working within Eastern Internal Audit Services, annually confirm their adherence the Code of Ethics, which sets out the minimum standards for performance and conduct. The four core principles are integrity, objectivity, confidentiality and competency.
- 6.2 The Internal Audit Team at South Norfolk Council, consisting of the Head of Internal Audit and the Senior Internal Auditor, do not have any responsibility or authority over any activities outside of Internal Audit.
- 6.3 As contractors the TIAA Internal auditors have no operational responsibility or authority over any of the activities which they are required to review. They do not engage in any other activity, which would impair their judgement, objectivity or independence.
- 6.4 If the independence or objectivity of the Head of Internal Audit is impaired, or appears to be, the details of the impairment will be disclosed to senior management. The nature of the disclosure will depend upon the impairment.

## **7 Professional Standards**

- 7.1 The Internal Audit Service and all Internal Audit staff operate in accordance with all mandatory guidance within the PSIAS including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and Definition of Internal Auditing. Internal Auditors also have regard for the principles contained within the Standards of Public Life.

## **8 Internal Audit Resources**

- 8.1 The Head of Internal Audit is professionally qualified (CMIIA, CCAB or equivalent) and has wide ranging internal audit management experience to enable them to deliver the responsibilities of the role.
- 8.2 The Head of Internal Audit is supported by a Senior Internal Auditor in ensuring the Internal Audit Service has access through the contract to a team of staff who have the appropriate range of knowledge, skills and experience to deliver the audit service.

## **9 Audit Planning**

- 9.1 The Head of Internal Audit develops a strategy, alongside a strategic and annual internal audit plan, using a risk-based approach.
- 9.2 The Internal Audit Strategy provides a clear direction for internal audit services and creates a link between the Charter, the strategic plan and the annual plan.
- 9.3 The annual internal audit plan of work, developed as per the Internal Audit Strategy, is derived using a risk-based approach, discussed with Senior Management and approved by the Audit Committee. The Head of Internal Audit is responsible for the delivery of the Internal Audit Plan, which will be kept under regular review and reported to the Audit Committee.

## **10 Audit Reporting**

- 10.1 On conclusion of each assurance review included within the annual internal audit plan, a report will be provided to management giving an opinion on the adequacy of controls in place to manage risk. This report will provide an assurance level and associated recommendations to ensure that risks are appropriately addressed.
- 10.2 Management can choose not to accept / implement the recommendations raised, in all instances this will be reported through to Senior Management and the Audit Committee, especially in instances whereby there are no compensating controls justifying the course of action.
- 10.3 A Progress Report is periodically presented to the Audit Committee which includes the Executive Summary of all final reports, any significant changes to the approved plan and the performance of the contractor relative to completing the agreed plan.
- 10.4 A Follow Up Report is also periodically produced for the Audit Committee showing management progress against the implementation of agreed recommendations arising from internal audit assurance reports. The Internal Audit Team will verify and obtain evidence to demonstrate recommendation completion from responsible officers.
- 10.5 An Internal Audit Annual Report and Opinion is produced for Senior Management and the Audit Committee following the completion of the annual audit plan each financial year.
- 10.6 This report includes a summary of all Internal Audit work carried out, details of recommendations that have been implemented by management and the Annual Opinion.

- 10.7 The annual opinion is based on the overall adequacy and effectiveness of the Local Authority's framework of governance, risk management and control during the financial year, together with reasons if the opinion is unfavourable. This opinion is reached by considering the results from assurance reviews undertaken throughout the year.
- 10.8 The report also highlights any issues that are deemed particularly relevant to the Annual Governance Statement (AGS) and the results of the review of the effectiveness of internal audit.

## **11 Quality Assurance and Improvement Programme**

- 11.1 The Standards require a quality assurance and improvement programme to be developed that covers all aspects of internal audit, including both internal and external assessments.
- 11.2 If an improvement plan is required as a result of the internal or external assessment, the Head of Internal Audit will coordinate appropriate action and report this to Senior Management and the Audit Committee, as part of the annual report and opinion.

### **11.3 Internal Assessment**

- 11.3.1 Internal assessment includes the ongoing monitoring of the performance of the contractor through the performance measures. These form a key part of service management of the contract and are subject to quarterly reporting to the Head of Internal Audit for review.
- 11.3.2 On conclusion of audit reviews, a feedback form is provided to the key officer identified during the audit process. Outcomes are reviewed and relevant improvements discussed with the contractor.
- 11.3.3 The Standards also require periodic self-assessment in relation to the effectiveness of internal audit, the detail and outcomes of which are then forwarded to the Section 151 Officer or Section 17 Officer for their independent scrutiny, before the summary of which is provided to the Audit Committee as part of the annual report and opinion. This information enables the Committee to be assured that the Internal Audit Service is operating in accordance with best practice.

### **11.4 External Assessment**

- 11.4.1 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Organisation. This can be in the form of a full external quality assessment that involves interviews with relevant stakeholders, supported by examination of the internal audit approach and methodology leading to the completion of an independent report, or a validated self-assessment, which the Internal Audit Manager compiles against the PSIAS assessment tool, which is then validated by an external assessor/team. The full external quality assessment is the chosen option for Eastern Internal Audit Services.
- 11.4.2 An external assessment will:
- Provide an assessment on the internal audit function's conformance to the standards;
  - Assess the performance of the internal audit activity in light of its charter, the expectations of the various boards and executive management;
  - Identify opportunities and offer ideas and counsel for improving the performance of the internal audit activity, raising the value that internal audit provides to the organisation; and

- Benchmark the activities of the internal audit function against best practice.

11.4.3 In October 2022, Eastern Internal Audit Services was fully assessed by the Chartered Institute of Internal Auditors. The conclusion of the review was:

*“EIAS conforms with the vast majority of the Standards, as well as the Definition, Core Principles and the Code of Ethics, which form the mandatory elements of the PSIAS and the Institute of Internal Auditors’ International Professional Practices Framework (IPPF), the globally recognised standard of quality in Internal Auditing”.*

11.4.4 The next External Quality Assessment is scheduled for October 2027.

## APPENDIX 2 – INTERNAL AUDIT STRATEGY



### EASTERN INTERNAL AUDIT SERVICES

#### INTERNAL AUDIT STRATEGY FOR 2024/25

## 1. Introduction

- 1.1 The Internal Audit Strategy is a high-level statement of;
  - How the internal audit service will be delivered;
  - How internal audit services will be developed in accordance with the Internal Audit Charter;
  - How internal audit services links to the organisational objectives and priorities; and
  - How the internal audit resource requirements have been assessed.
- 1.2 The provision of such a strategy is set out in the Public Sector Internal Audit Standards (the Standards).
- 1.3 The purpose of the strategy is to define the objectives, function, the approach, resources and processes needed to achieve Internal audit service, providing a clear link between the Charter and the annual plan.
- 1.4 Throughout this strategy the term 'The Council' or 'Council' references any member of the Eastern Internal Audit Services Consortium. The term 'Audit Committee' is used throughout to refer to each Council's Audit Committee or equivalent.

## 2. How the internal audit service will be delivered

- 2.1 The role of the Head of Internal Audit and contract management is provided by South Norfolk Council to; Breckland, Broadland, North Norfolk, and South Norfolk District Councils, Great Yarmouth Borough Council, the Broads Authority and from April 2022, Norwich City Council. All Councils are bound by a Partnership Agreement.
- 2.2 The delivery of the internal audit plans for each Council is provided by an external audit contractor, who reports directly to the Head of Internal Audit at South Norfolk Council. Following a successful procurement exercise the new contract with TIAA Ltd commenced from 1 April 2022 and ends on 31 March 2027, with the option to extend for a further term of two plus two.

## 3. How internal audit services will be developed in accordance with the Internal Audit Charter

### 3.1 Internal Audit objective and outcomes

- 3.1.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by

bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- 3.1.2 The outcomes of the Internal Audit Service are detailed in the Internal Audit Charter and can be summarised as; delivering a risk-based audit plan in a professional, independent manner, to provide the Council with an opinion on the level of assurance it can place upon the internal control environment, systems of risk management and corporate governance arrangements, and to make recommendations to improve these provisions, where further development would be beneficial.
- 3.1.3 The reporting of the outcomes from internal audit is through direct reports to senior management in respect of the areas reviewed under their remit, in the form of an audit report. The Audit Committee and the Section 17 Officer also receive: -
- The annual Internal Audit Plan, which is risk based and forms the next financial year's plan of work; and
  - The Annual Report and Opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

## 3.2 Internal Audit Planning

- 3.2.1 A risk-based internal audit plan (RBIA) is established in consultation with senior management that identifies where assurance and consultancy is required.
- 3.2.2 The audit plan establishes a link between the proposed audit areas and the priorities and risks of the Authority considering: -
- Stakeholder expectations, and feedback from senior and operational managers;
  - Objectives set in the strategic plan and business plans;
  - Risk maturity in the organisation to provide an indication of the reliability of risk registers;
  - Management's identification and response to risk, including risk mitigation strategies and levels of residual risk;
  - Legal and regulatory requirements;
  - The audit universe – all the audits that could be performed; and
  - Previous internal audit plans and the results of audit engagements.
- 3.2.3 In order to ensure that the internal audit service adds value to the Council, assurance should be provided that major business risks are being managed appropriately, along with providing assurance over the system of internal control, risk management and governance processes.
- 3.2.4 Risk based internal audit planning starts with the Council's Corporate Plan, linking through to the priority areas and the related high-level objectives. The focus is then on the risks, and opportunities, that may hinder, or help, the achievement of the objectives. The approach also focuses on the upcoming projects and developments for the Council.
- 3.2.5 The approach ensures; better and earlier identification of risks and increased ability to control them; greater coherence with the Council's priorities; an opportunity to engage with stakeholders; the Audit Committee and senior management better understand how the Internal Audit Service helps to accomplish its objectives; and this ensures that best practice is followed.



- 3.2.6 The key distinction with establishing plans derived from a risk based internal audit approach is that the focus should be to understand and analyse management's assessment of risk and to base audit plans and efforts around that process.
- 3.2.7 Consultation with the Section 151 Officer and senior management takes place through discussion during which current and future developments, changes, risks and areas of concern are considered and the plan amended accordingly to take these into account.
- 3.2.8 The outcome of this populates the annual Internal Audit Plan, which is discussed with and approved by senior management prior to these being endorsed by the Audit Committee. In addition, External Audit is also provided with details of the plans.

### 3.3 Internal Audit Annual Opinion

- 3.3.1 The annual opinion provides senior management and the Audit Committee with an assessment of the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

- 3.3.2 The opinion is based upon: -

- The summary of the internal audit work carried out;
- The follow up of management action taken to ensure implementation of agreed action as at financial year end;
- 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: -
  - A statement on conformance with the Public Sector Internal Audit standards 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.

- 3.3.3 In order to achieve the above, Internal Audit operates within the Standards and uses a risk-based approach to audit planning and to each audit assignment undertaken. The control environment for each audit area reviewed is assessed for its adequacy and effectiveness of the controls and an assurance rating applied.

## **4. How internal audit services links to the organisational objectives and priorities**

- 4.1 In addition to the approach taken as outlined in section 3.2 (Internal Audit Planning), which ensures that the service links to the Council's objectives and priorities and thereby through the risk-based approach adds value, Internal Audit also ensures an awareness is maintained of local and national issues and risks.
- 4.2 The annual audit planning process ensures that new or emerging risks are identified and considered at a local level. This strategy ensures that the planning process is all encompassing and reviews the records held by the Council in respect of risks and issue logs and registers, reports that are taken through the Council Committee meetings, and through extensive discussions with senior management.
- 4.3 Awareness of national issues is maintained through the contract in place with the external internal audit provider through regular "horizon scanning" updates, and annually a particular

focus provided on issues to be considered during the planning process. Membership and subscription to professional bodies such as the Chartered Institute of Internal Auditors and the CIPFA on-line query service, liaison with External Audit, and networking, all help to ensure developments are noted and incorporated where appropriate.

- 4.4 The Council's risk profile will be evaluated throughout each year, and if required, amendments to the Internal Audit Plan will be suggested for approval to ensure that internal audit coverage continues to focus on providing assurance over key risks.
- 4.5 Coverage and testing plans for each audit are determined using the following principles: -
- The number of days allocated to each review is considered based on the complexity of the area being audited factoring in audit scoping, testing time and quality assurance processes.
  - Key management assurance controls will be prioritised during testing to confirm that risks identified by the service area and internal audit during scoping are being monitored and managed.
  - Ordinarily, samples for each control tested will be selected to cover a 12-month period to ensure that internal audit coverage supports the annual internal audit opinion.
  - Testing sample sizes will ordinarily be based on the frequency of the control. By way of example; for each key financial control carried out weekly, a sample of four, one in each quarter across the year will be selected.
  - Testing samples will be selected randomly and objectively to provide a balanced view on the strength of the controls in place.
  - Where applicable, data analytics will be used to test 100% of the available sample. The Internal Audit team will aim to increase the opportunities to adopt data analytics in their work to provide greater levels of assurance.

## **5. How internal audit resource requirements have been assessed**

- 5.1 The in-house Internal Audit Team at Eastern Internal Audit Service (EIAS) Consortium consists of a Head of Internal Audit who is a Chartered internal audit professional and a Senior Internal Auditor, currently training to become a Certified Internal Auditor.
- 5.2 These resources are used to contract manage the outsourced provider effectively, ensuring that the key performance measures of the service are met on behalf of consortium members. The Team also provides internal audit management support to one other Council outside of the Consortium.
- 5.3 The Senior Internal Auditor is a recent appointment to enhance continuity arrangements and contribute towards building succession opportunities within the Consortium.
- 5.4 Through utilising a contractor, the risk-based internal audit plan can be developed without having to take into account the existing resources, as you would with an in-house team, thus ensuring that audit coverage for the year is appropriate to the Council's needs and not tied to a particular resource.
- 5.5 A core team of staff is provided by the contractor to deliver the audit plan, and these staff bring with them considerable public sector knowledge and experience. These core staff can be supplemented with additional staff should the audit plan require it, and in addition specialists, e.g., information technology auditors, contract auditor, fraud specialists, can be drafted in to assist in completing the internal audit plan and focusing on particular areas of specialism.

- 5.6 All audit professionals are encouraged to continually develop their skills and knowledge through various training routes; formal courses of study, in-house training, seminars and webinars. As part of the contract, the contractor needs to ensure that each member of staff completes a day's training per quarter.
- 5.7 The External Quality Assessment in 2022/23 highlighted that the Internal Audit Service needs to invest in skills relating to data analytics to ensure audits are carried out to take full advantage of the benefits that can be realised from this audit technique.
- 5.8 The new Head of Internal Audit and Senior Internal Auditor are both trained in data analytics using MS PowerBi. The contractor has also been developing data analytic capabilities within its auditing of financial key controls audits. A commitment has been made to ensure that by 2025/26 each internal audit review regardless of area will incorporate some data analytics testing. Where systems data is not available to support such tests, a recommendation will be highlighted with the aim of encouraging the development of data maturity. A Data Analytics Strategy will be developed in 2024/25.
- 5.9 In addition to the above, in order to support the internal audit function to deliver the service using the latest best practice from the internal auditing profession, subject matter leads have been assigned to each new subject area such as climate and sustainability, culture and AI data analytics. Each subject matter lead will proactively seek training and guidance for their assigned area and will be responsible for upskilling the rest of the team.
- 5.10 The above-mentioned arrangements ensure that the Internal Audit Service is able to respond effectively to the assurance needs of the Council whilst ensuring that the core team used are sufficiently qualified and experience.

### Appendix 3 - Strategic Internal Audit Plan 2024/25 to 2026/27

| Audit Area                                     | Last review & assurance                                     | Associated Risk CRR   | 2024/25 | 2025/26 | 2026/27 | Internal Audit Coverage 2024/25 Justification   |
|--|---|---|---------|---------|---------|---|
| <b>Governance, Legal &amp; Risk Management</b> |   |   |         |         |         |   |
| Corporate Governance                           | 2020/21 - Reasonable<br>2022/23 - Deferred<br>2023/24 - TBC | Loss of reputation (lack of transparency in decision-making process - 9 (Medium)  |         | 12      |         |   |
| Risk Management                                | 2018/19 - Reasonable<br>2021/22 - Reasonable                |   |         | 10      |         |   |
| Annual Governance Statement                    | 2021/22 - Reasonable  |   |         | 12      |         | Assurance on the statements made for the AGS.   |
| Legal Services Arrangements                    | 2016/17 - Reasonable  |   |         |         |         | Service provided by npLaw, Stakeholder Agreement in place.  |
| Democratic Services                            | 2015/16 - Position Statement                                |   |         |         |         |   |
| <b>Corporate Areas</b>                         |   |   |         |         |         |   |
| Data Protection Compliance                     | 2020/21 - Reasonable  | Compliance with UK GDPR (data breaches, retention periods exceeded) - 9 (Medium)<br><br>Information Security, - 9 (Medium)<br><br>Data Quality (records not maintained accurately or securely) - 9 (Medium) | 12      |         |         | Assurance that we are complying with GDPR requirements concerning for example, data security, data breaches, data retention and data storage. |

| Audit Area   | Last review & assurance   | Associated Risk CRR  | 2024/25 | 2025/26 | 2026/27 | Internal Audit Coverage 2024/25 Justification   |
|--|---|--|---------|---------|---------|---|
| Corporate Plan and Performance   | 2016/17 - Reasonable<br>2022/23 - Reasonable  | Changes in government policies - 9 (Medium)<br><br>Delivery of long-term strategic objectives (focus on issues of the day rather than a vision for the future) - 8 (Medium)  |         | 12      |         |   |
| Economic Development - Externally Funded Projects (some of which are managed by the Project Management Office) and internally HRA and General Fund | 2018/19 - Reasonable<br><br>2021/22 (Future High Streets & Towns Deal) - Reasonable<br><br>2021/22 - Substantial (Marina Centre & Market Development)<br><br>2019/20 GY Preservation Trust - Limited<br><br>2022/23 (High Street Heritage Action Zone (HSHAZ) project) - Reasonable | Management of major projects (failure to deliver, overspend / overrun, impact of inflation increases with supply chain and materials, funding withdraw or non-compliance, no project governance) - 9 (Medium)<br><br>Local/National Economy (downturn in economy, increased cost of living, issue of welfare reform, supply chain shortages) - 16 (High)<br><br>Reduced spending in Great Yarmouth - 15 (High)<br><br>Loss of reputation (inability to attract investment - 9 (Medium) | 15      |         |         | The Council is managing a large portfolio of significant projects utilising funds from Levelling Up (LU) (North Quay Regeneration (£20m from LU Fund), Towns Deal, Future High Streets (FHS), HSHAZ, UK Shared Prosperity Fund, the Conge (FHS and General Fund) etc. There are many projects which utilise these funds and not all have external assurance from the funder. The audit will focus on projects funded through the UKSPF and HSHAZ. Assurance that the procurement of tier two suppliers complies with the Council's CSO and that project outcomes are being achieved and reported to management. |

| Audit Area                            | Last review & assurance                      | Associated Risk CRR   | 2024/25 | 2025/26 | 2026/27 | Internal Audit Coverage 2024/25 Justification   |
|---------------------------------------|--|---|---------|---------|---------|---|
| Civil Contingency & Business Continui | 2022/23 - Reasonable                         | Incident Management - flood risk - 12 (High)<br><br>Business Continuity - national/rolling power outages - 10 (High)<br><br>Business Continuity (loss of IT systems etc) - 8 (Medium)               |         |         | 15      |   |
| Sustainability Climate Change         | No review                                    | Failure to reduce the carbon footprint of the Council as an Organisation or housing stock;<br><br>Failure to embrace sustainability and mitigate the impact of climate change - 12 (High)           | 10      |         |         | Assurance that actions against the strategy for climate change are progressing and outcomes will be achieved. |
| Corporate Health and Safety           | 2018/19 - Reasonable<br>2022/23 - Reasonable | Workforce capacity (lack of resource to deliver health & safety) - 16 (High)<br><br>Failure to comply with Health & Safety legislation and corporate approach not consistently applied) - 16 (High) |         | 10      |         |   |

| Audit Area                                | Last review & assurance                           | Associated Risk CRR  | 2024/25 | 2025/26 | 2026/27 | Internal Audit Coverage 2024/25 Justification   |
|---|---|--|---------|---------|---------|---|
| Equinox Enterprises                       | 2017/18 - Limited<br>2019/20 - Reasonable         | Failure to comply with obligations to Council and meeting own statutory obligations.<br>Failure to communicate and consult with key stakeholders.<br>Failure to deliver outcomes of Business Plan - 6 (Medium) | 12      |         |         | A review of the strategic and governance arrangements for Equinox Enterprises against the Local Partnerships' 'Local Authority Company Review Guidance' document. |
| Counter Fraud and Corruption Arrangements | 2021/22 - Limited                                 |  |         |         |         | An assurance audit in 2024/25 has been deferred to allow the Council time to review and revise their counter fraud and corruption arrangements.                   |
| Procurement                               | 2020/21 - Position Statement<br>2022/23 - Limited | Sufficient resources and resilience to ensure effective procurement - 12 (High)  | 12      |         |         | Assurance on the new procurement arrangements with East Suffolk District Council.   |
| Contract Management                       | 2020/21 - Position Statement<br>2022/23 - Limited | Sufficient resources and resilience to ensure effective contract management - 12 (High)  | 12      |         |         | Assurance that contracts in place at the Council are being managed and monitored effectively,   |
| <b>Financial Systems</b>                  |   |  |         |         |         |   |

| Audit Area  | Last review & assurance  | Associated Risk CRR   | 2024/25 | 2025/26 | 2026/27 | Internal Audit Coverage 2024/25 Justification  |
|---|--|---|---------|---------|---------|--|
| Financial sustainability  | No previous review   | <p>Financial Sustainability (unknowns of future funding, long term reliance on reserves, reduced income from JVs and recycling credits, increased volatility form external funding, statutory interim duty to accommodate) - 20 (Very High)</p> <p>Impact of Inflation rise - 20 (Very High)</p> <p>Delivery of long-term strategic objectives (financial resources unavailable to deliver aims and ambitions) - 8 (Medium)</p> |         |         |         |  |
| Key Controls incl. Payroll, Accountancy Services, Accounts Receivable, Accounts Payable, Income, Council Tax and support, NNDR and housing benefits, rental income, arrears and write offs. | 2021/22 - Reasonable<br>2022/23 - Reasonable<br>2023/24 - TBC  | Gaps in insurance (insurers reducing cover in place with the result that Council assets may not be adequately covered) - 6 (Medium)   | 15      | 15      | 15      | Annual assurance that the key controls within the Council's systems (finance, payroll, housing (rents and benefits) are working in practice. |
| Accountancy Services incl. control accounts, banking, bank reconciliation, asset register, budgetary control and treasury management  | 2019/20 - Substantial<br>2021/22 - Reasonable<br>2023/24 - TBC |   |         | 16      |         |  |



| Audit Area  | Last review & assurance                                       | Associated Risk CRR   | 2024/25 | 2025/26 | 2026/27 | Internal Audit Coverage 2024/25 Justification  |
|---|---|---|---------|---------|---------|--|
| Accounts Payable  | 2020/21 - Substantial<br>2022/23 - Reasonable                 |   | 12      |         | 12      | Assurance on the controls in place for the accounts payable system are adequate and effective and working in practice.   |
| Accounts Receivable and Income (incl car park income)                           | 2019/20 - Reasonable<br>2021/22 - Reasonable<br>2023/24 - TBC |   |         | 16      |         |  |
| <b>Service area audits</b>  |   |   |         |         |         |  |
| GY Services (LATC) (waste, open spaces, street scene services and pest control) | 2019/20 - Reasonable  | Tree, open and play space management (failure to manage) - 12 (High)  | 10      |         |         | A review of the strategic and governance arrangements for GY Services against the Local Partnerships' 'Local Authority Company Review Guidance' document. This will include a review of GY Services' performance in delivering services for the Council and how this is reported to senior management. |
|   |   | Creation of Local Authority subsidiary company for operational services - GYS Ltd - 8 (Medium)  |         |         |         |  |
| Waste - contaminated recycling bins   |   |   | 5       |         |         | Assurance on what the Council is doing to reduce its contaminated recycling waste and changing people's behaviour.   |
| Event Management and Tourism  | 2016/17 - Limited<br>2022/23 - Reasonable                     | Event management for large scale events held in the Borough by a 3rd party on Council land (failure of event / duty of care) - 6 (Medium) |         |         | 12      |  |

| Audit Area   | Last review & assurance                      | Associated Risk CRR   | 2024/25 | 2025/26 | 2026/27 | Internal Audit Coverage 2024/25 Justification   |
|--|--|---|---------|---------|---------|---|
| GY Community Hub   | 2017/18 - Reasonable                         |   |         |         | 10      | Assurance on the management of cases dealt with by the Hub and that performance is monitored by management, and where external funds are utilised by the Hub, that these are used effective and achieve the desired outcomes. |
| HR People  |  |   |         |         |         |   |
| Payroll  | 2020/21 - Reasonable<br>2022/23 - Reasonable |   | 15      |         | 15      | Assurance that payroll controls on the new system are adequate and effective and working in practice.   |
| Human Resources - sickness management  |  |   | 15      |         |         | Assurance that managers are managing sickness absence appropriately and in accordance with the policy, utilising resources available to them to support staff getting back to work.   |
| Workforce planning organisational development                                      | 2023/24 - TBC                                | Workforce capacity (departure of key individual, insufficient staff to undertake work, difficulty of recruitment etc) - 16 (High) |         |         |         |   |
|  |  | Change Management (not managed effectively) - 6 (Medium)  |         |         |         |   |
| Planning   |  |   |         |         |         |   |
| Strategic Planning (Local Plan, land charges, S106 agreements, address management) | 2019/20 (S106 Agreements) - Reasonable       | Infrastructure not being able to meet demand (new development - commercial and housing) - 9 (Medium)                              |         | 12      |         | Assurance on the processes for naming streets and adherence to the Council's policy.  |

| Audit Area   | Last review & assurance  | Associated Risk CRR | 2024/25 | 2025/26 | 2026/27 | Internal Audit Coverage 2024/25 Justification   |
|--|--|---------------------|---------|---------|---------|---|
| Development Management - planning  | 2017/18 (Planning & S106 agreements) - Reasonable<br>2022/23 - TBC |                     |         |         |         |   |
| Development Management - planning enforcement  | 2023/24 - TBC  |                     |         |         |         |   |
| Building Control (building regulations)  | 2017/18 - Reasonable   |                     | 12      |         |         | Assurance on the policies and processes in place for building control, dealing with breaches of building regulations, and the charging process and adherence to the rules around setting charges. |
| <b>Environmental Services</b>  |  |                     |         |         |         |   |
| Environmental Services (contaminated land, environmental health, infection control, air quality, private water supplies) | 2018/19 - Reasonable<br>2019/20 - Reasonable<br>2021/22 - Limited  |                     |         | 12      |         | Assurance audit deferred to 2025/26 to allow the new system to be implemented along with new processes and procedures.  |
| Licensing - granting of and enforcement  | 2016/17 - Reasonable   |                     |         |         | 10      | Assurance once the new system has been implemented along with new processes and procedures.   |
| Elections  | 2014/15 - Reasonable<br>2022/23 - Substantial                      |                     |         |         | 10      |   |
| Private Sector Housing (empty properties, enforcement, HMO licensing & standards)  | 2023/24 - (Selective licencing) TBC                                |                     |         | 10      |         | Assurance in 2025/26 once the new system has been implemented along with new processes and procedures.  |
| <b>Customer Services</b>   |  |                     |         |         |         |   |
| Contact Centre   | 2018/19 - Reasonable   |                     |         | 12      |         | Assurance on the impact of the changes implemented to the service of the Contact Centre.  |

| Audit Area  | Last review & assurance  | Associated Risk CRR  | 2024/25 | 2025/26 | 2026/27 | Internal Audit Coverage 2024/25 Justification  |
|---|--|--|---------|---------|---------|--|
| Parking Services  | 2015/16 - Reasonable<br>2018/19 - Reasonable<br>2023/24 - TBC  |  |         |         |         |  |
| Bereavement Services  | 2016/17 - Substantial<br>2022/23 - Reasonable                  |  |         |         | 12      |  |
| <b>Non-Housing Property and Asset Management</b>  |  |  |         |         |         |  |
| Non-housing Property and Asset Management inc Commercial Property (beach huts, 3G pitch, pavilions, industrial units etc) | 2023/24 - (Asset Mgmt) Limited                                 |  | 12      |         |         | Assurance that service charges and ground rent for commercial property are being fully billed and collected.   |
| Coastal Protection and Management - joint audit with NNDC   | 2021/22 - Reasonable   | Coastal Erosion - 20 (Very High)<br><br>Flood and Coastal Management - 15 (High) | 10      |         |         | Assurance over the plans to protect and manage the coastline which will include the Flood and Coast Resilience Infrastructure Project (FCRIP) and the programme of work with the Coastal East Partnership. |
| Markets   | 2019/20 - Reasonable   |  |         |         | 12      |  |
| <b>Housing (Rents, Benefits, Council Tax, NNDR)</b>   |  |  |         |         |         |  |
| Council Tax and National Non-Domes  | 2019/20 - Reasonable<br>2021/22 - Reasonable<br>2023/24 - TBC  |  |         | 15      |         |  |
| Housing Benefits and Council Tax Sup  | 2019/20 - Substantial<br>2021/22 - Reasonable<br>2023/24 - TBC |  |         |         | 15      |  |
| Housing Rents including service charg   | 2020/21 Reasonable<br>2022/23 - Reasonable                     |  |         | 12      |         | Assurance that the Council meets the requirements of the Rent Standard and its service charging policy.  |
| <b>Housing Management</b>   |  |  |         |         |         |  |

| Audit Area  | Last review & assurance   | Associated Risk CRR | 2024/25 | 2025/26 | 2026/27 | Internal Audit Coverage 2024/25 Justification  |
|---|---|---------------------|---------|---------|---------|--|
| Housing Asset Management (Planned Preventive Maintenance) | 2018/19 - Reasonable<br>2022/23 - Deferred<br>2023/24 - Position Statement  |                     |         | 15      |         | Assurance that a planned preventive maintenance programme has been established for the Council's housing stock to maintain decent homes, and contracts procured achieving value for money, which are monitored through appropriate performance mechanisms. |
| Housing compliance (GY Norse)                             | 2021/22 - No Assurance<br>2023/24 - (Follow Up) TBC   |                     | 10      |         |         | Assurance that health and safety statutory compliance checks (gas, electrical, asbestos, water safety, fire) are being completed on time and appropriately managed now that the Regulator's Notice has been lifted.  |
| Repairs and voids maintenance (GY Norse)                  | 2019/20 - Reasonable<br>2021/22 - Limited (Invoicing).<br>2021/22 - Limited (Voids)<br>2023/24 (Closing of Stores and accounting for remaining stock) - advice only |                     | 12      |         |         | Assurance that repairs for voids (revenue expenditure) and urgent, emergency and routine repairs are being actioned timely and appropriately managed and performance is being monitored and managed.   |
|   |   |                     | 12      |         |         | Assurance that the new contract with Jewson for stores' supplies for staff is being appropriately managed and monitored, and the expected efficiencies achieved.   |

| Audit Area  | Last review & assurance   | Associated Risk CRR  | 2024/25 | 2025/26 | 2026/27 | Internal Audit Coverage 2024/25 Justification   |
|---|---|--|---------|---------|---------|---|
| Right To Buy Scheme   | 2017/18 - Reasonable  |  |         | 10      |         | Assurance that the Right to Buy Scheme is being managed in accordance with Government guidelines and timescales.  |
| Leasehold Management  | 2017/18 - Limited<br>2018/19 - Reasonable   |  |         |         | 12      |   |
| Tenancy Services (ASB, tenure policy etc)                   | 2022/23 - Reasonable  |  |         | 10      |         | Assurance that the Council meets the requirements of the Tenancy Standard in terms of its mutual exchange process and tenure policy and that tenures are correctly applied in practice. |
| Housing Strategy and Affordable Housing                     | 2012/13 - Reasonable<br>2019/20 - Reasonable  |  |         | 10      |         | Assurance that the Housing Strategy is addressing the housing need as detailed in the Local Plan.   |
| Housing Needs, Allocations, Homelessness & Housing Register | 2020/21 - Position Statement<br>2022/23 - Deferred<br>2023/24 (Homelessness & Housing Options) - Reasonable | Impact of Inflation rise (increase demand for services, financial hardship) (Very High) - 20 and cost of living crisis - 15 (High)       |         | 12      |         | Assurance that the reviewed Allocations Policy and scheme is being applied correctly in practice.   |
|   |   | Lack of community cohesion/community tensions (Social changes / immigration / increase in unemployment, financial hardship) - 8 (Medium) |         |         |         |   |

| Audit Area  | Last review & assurance                       | Associated Risk CRR   | 2024/25 | 2025/26 | 2026/27 | Internal Audit Coverage 2024/25 Justification  |
|---|---|---|---------|---------|---------|--|
| Control Centre (outsourced from Apr 24 - two contracts, one for emergency OOH service and one for the alarm monitoring service) | 2023/24 - Deferred                            | Capacity and resilience of the control centre (loss of staff, digital switchover, IT failures, lack of capital investment, call drop out rates) - 20 (Very High)<br><br>BT upgrade network from analogue to digital by 31st December 2025 - 15 (High) |         | 12      |         | Assurance that the outsourced arrangement is adequately monitored and managed and is cost effective and sustainable as an outsourced arrangement.  |
| Housing Aids and Adaptations (Council funded)   | 2017/18 - Limited.<br>2019/20 - Reasonable    |   | 10      |         |         | Assurance that the Council's Adaptations Policy for Tenants 2021, for the provision of aids and adaptations to enable tenants to remain in their home, is being correctly applied in practice. |
| Disabled Facilities Grants (DFG) & Discretionary Loans  | 2018/19 - Reasonable<br>2022/23 - Substantial |   |         |         |         | Assurance is achieved through the annual DFG grant certification for Norfolk County Council.   |
| <b>Inward Investment</b>  |   |   |         |         |         |  |
| Sports and Leisure  | 2018/19 - Limited<br>2023/24 - Limited        |   |         |         | 12      |  |
| <b>ICT Audits</b>   |   |   |         |         |         |  |
| Software Licensing  | 2021/22 - Reasonable<br>2022/23 - Reasonable  |   |         |         | 10      |  |
| Starters, Movers, Leavers   | 2019/20 - Reasonable                          |   |         |         |         |  |

| Audit Area                                 | Last review & assurance   | Associated Risk CRR   | 2024/25 | 2025/26 | 2026/27 | Internal Audit Coverage 2024/25 Justification  |
|--|---|---|---------|---------|---------|--|
| Network Infrastructure                     | 2018/19 (Network) - Reasonable<br><br>2020/21 (Remote Access) - Substantial<br><br>Change Control & Patch Mgmt:<br>2015/16 - Limited<br>2022/23 - Substantial |   | 12      |         |         | Assurance that the network infrastructure is adequate and effective and will include amongst other things the arrangements for change control and patch management, remote access and back ups. Patching activity and upgrades are completed by the Council's IT Team for applications and the website.  |
| Data Centre, Back Up and Disaster Recovery | 2019/20 - Reasonable  | Cyber Security (recovery of services timely) - 20 Very High |         |         |         | Norfolk County Council (NCC) provides infrastructure and disaster recovery arrangements including the Data Centre, back ups under a service level agreement. The Council has a Comms Room on site.<br>Assurance in future years will consider obtaining assurance through audits completed by NCC's in-house audit team and any IT experts they use. |
| Service Desk                               |   |   |         |         |         | Norfolk County Council (NCC) provides a Service Desk to support users for the Council under a service level agreement.<br>Assurance in future years will consider obtaining assurance through audits completed by NCC's in-house audit team and any IT experts they use.   |



| Audit Area                                | Last review & assurance                                     | Associated Risk CRR   | 2024/25    | 2025/26    | 2026/27    | Internal Audit Coverage 2024/25 Justification  |
|---|---|---|------------|------------|------------|--|
| Cyber Security                            | 2019/20 - Reasonable<br>2022/23 - Deferred<br>2023/24 - TBC | Cyber Security (data / systems hacked, increase in cyber attack threats, 3rd party supplier security, recovery of services timely) - 20 (Very High) |            |            |            | Norfolk County Council (NCC) provides the network infrastructure for the Council under a service level agreement. Assurance is through a maturity assessment. Assurance in future years will consider obtaining assurance through audits completed by NCC's in-house audit team and any IT experts they use. |
| Digital Strategy                          | 2020/21 - Deferred<br>2021/22 - Reasonable                  |   | 10         |            |            | Assurance on progress with the Digital Strategy and improvements plans.  |
| Application Audits                        | 2023/24 (HR & Payroll) - TBC                                | IT systems capability and interaction (systems not supported) - 16 (High)   | 10         |            |            | Assurance on the governance of applications (user access and sign on, role set up, Admin role, connections to the network, user account mgmt etc)  |
| <b>Follow Up of audit recommendations</b> |   |   |            |            |            |  |
| All audit recommendations                 |   |   | 16         | 16         | 16         |  |
| <b>Total number of days</b>               |   |   | <b>271</b> | <b>261</b> | <b>188</b> |  |

#### Appendix 4 - Annual Internal Audit Plan 2024/25

| Audit Area  | No of days | Q1 | Q2 | Q3 | Q4 | Notes   |
|---|------------|----|----|----|----|---|
| <b>Annual Opinion / Governance audits</b>   |            |    |    |    |    |   |
| Data Protection Compliance  | 12         | 12 |    |    |    | Assurance that we are complying with GDPR requirements concerning for example, data security, data breaches, data retention and data storage.   |
| <b>Corporate Areas</b>  |            |    |    |    |    |   |
| Economic Development - Externally Funded Projects (some of which are managed by the Project Management Office)  | 15         |    |    | 15 |    | The Council is managing a large portfolio of significant projects utilising funds from Levelling Up (LU) (North Quay Regeneration (£20m from LU Fund), Towns Deal, Future High Streets (FHS), HSHAZ, UK Shared Prosperity Fund (UKSPF), the Conge (FHS and General Fund) etc. There are many projects which utilise these funds and not all have external assurance from the funder. The audit will focus on projects funded through the UKSPF and HSHAZ. Assurance that the procurement of tier two suppliers complies with the Council's CSO and that project outcomes are being achieved and reported to management. |
| Sustainability Climate Change   | 10         |    |    |    | 10 | Assurance that actions against the strategy for climate change are progressing and outcomes will be achieved.   |
| Equinox Enterprises   | 12         |    | 12 |    |    | A review of the strategic and governance arrangements for Equinox Enterprises against the Local Partnerships' 'Local Authority Company Review Guidance' document.   |
| Contract Management   | 12         | 12 |    |    |    | Assurance that contracts in place at the Council are being managed effectively,   |
| Procurement   | 12         |    |    |    | 12 | Assurance on the new procurement arrangements with East Suffolk District Council.   |
| <b>Fundamental Financial Systems</b>  |            |    |    |    |    |   |
| Key Controls incl. Payroll, Accountancy Services, Accounts Receivable, Accounts Payable, Income, Council Tax and support, NNDR and housing benefits, rental income, arrears and write offs. | 15         |    |    |    | 15 | This key financial system feeds into the Statement of Accounts and requires regular review to confirm the adequacy and effectiveness of controls in this area.  |

| Audit Area  | No of days | Q1 | Q2 | Q3 | Q4 | Notes  |
|---|------------|----|----|----|----|--|
| Accounts Payable  | 12         |    |    |    | 12 | This key financial system feeds into the Statement of Accounts and requires regular review to confirm the adequacy and effectiveness of controls in this area.   |
| <b>Service area audits</b>  |            |    |    |    |    |  |
| Waste - contaminated recycling bins   | 5          | 5  |    |    |    | Assurance on what the Council is doing to reduce its contaminated recycling waste and changing people's behaviour.   |
| GY Services (LATC) (waste, open spaces, street scene services and pest control)   | 10         |    |    | 10 |    | A review of the strategic and governance arrangements for GY Services against the Local Partnerships' 'Local Authority Company Review Guidance' document. This will include a review of GY Services' performance in delivering services for the Council and how this is reported to senior management. |
| <b>HR People</b>  |            |    |    |    |    |  |
| Payroll   | 15         |    |    | 15 |    | Assurance that payroll controls on the new system are adequate and effective and working in practice.  |
| Human Resources - sickness management   | 15         |    | 15 |    |    | Assurance that managers are managing sickness absence appropriately and in accordance with the policy, utilising resources available to them to support staff getting back to work.  |
| <b>Planning</b>   |            |    |    |    |    |  |
| Building Control (building regulations)   | 12         | 12 |    |    |    | Assurance on the policies and processes in place for building control, dealing with breaches of building regulations, and the charging process and adherence to the rules around setting charges.  |
| <b>Non-Housing Property and Asset Management</b>  |            |    |    |    |    |  |
| Non-housing Property and Asset Management inc Commercial Property (beach huts, 3G pitch, pavilions, industrial units etc) | 12         |    | 12 |    |    | Assurance that service charges and ground rent for commercial property are being fully billed and collected.   |
| Coastal Protection and Management - joint audit with NNDC   | 10         | 10 |    |    |    | Assurance over the plans to protect and manage the coastline which will include the Flood and Coast Resilience Infrastructure Project (FCRIP) and the programme of work with the Coastal East Partnership.   |
| <b>Housing Management</b>   |            |    |    |    |    |  |

| Audit Area   | No of days | Q1        | Q2        | Q3        | Q4        | Notes   |
|--|------------|-----------|-----------|-----------|-----------|---|
| Housing compliance (GY Norse)  | 10         |           |           |           | 10        | Assurance that health and safety statutory compliance checks (gas, electrical, asbestos, water safety, fire) are being completed on time and appropriately managed now that the Regulator's Notice has been lifted.   |
| Repairs and voids maintenance (GY Norse)                               | 12         |           | 12        |           |           | Assurance that repairs for voids (revenue expenditure) and urgent, emergency and routine repairs are being actioned timely and appropriately managed.   |
| Repairs and voids maintenance (GY Norse) - Stores Contract with Jewson | 12         | 12        |           |           |           | Assurance that the new contract with Jewson for stores' supplies for staff is being appropriately managed and monitored, and the expected efficiencies achieved.  |
| Housing Aids and Adaptations (Council funded)                          | 10         |           | 10        |           |           | Assurance that the Council's Adaptations Policy for Tenants 2021, for the provision of aids and adaptations to enable tenants to remain in their home, is being correctly applied in practice.  |
| <b>ICT Audits</b>  |            |           |           |           |           |   |
| Network Infrastructure   | 12         |           |           | 12        |           | Assurance that the network infrastructure is adequate and effective and will include amongst other things the arrangements for change control and patch management, remote access and back ups. Patching activity and upgrades are completed by the Council's IT Team for applications and the website. |
| Digital Strategy   | 10         |           | 10        |           |           | Assurance on progress with the Digital Strategy and improvements plans.   |
| Application Audits   | 10         |           |           | 10        |           | Assurance on the governance of applications (user access and sign on, role set up, Admin role, connections to the network, user account mgmt etc)   |
| <b>Follow Up of audit recommendations</b>                              |            |           |           |           |           |   |
| All audit recommendations  | 16         | 4         | 4         | 4         | 4         | Bi-monthly follow up of agreed audit recommendations  |
| <b>Total number of days</b>  | <b>271</b> | <b>67</b> | <b>75</b> | <b>66</b> | <b>63</b> |   |

## APPENDIX 5 – GYBC ASSURANCE MAP TOP 4 STRATEGIC RISKS 2023/24

| Risk   | First Line Assurance   | Second Line Assurance  | Third Line Assurance  |
|--|--|--|---|
| <b>1. Financial Sustainability - Unknowns about the future funding for Local Government including the operation of the business rates retention scheme. Results in Inability to effectively plan for the medium to long term and unplanned reductions to services and quality of delivery.</b> | <p>Continued review of reserves and balances to manage cashflow, unexpected events and use of reserves to deliver longer term benefits</p> <p>Review of the Medium Term Financial Strategy when the outcomes of the Fair Funding Review and review of the Business Rates Retention Scheme are announced.</p>   | <p>Monitoring and scrutiny of all Joint Venture operations and Subsidiary Companies.</p> <p>Continue to pro-actively respond to central government funding consultations.</p>  | <p><b>Internal Audit Open Book Review of GYN in 2022/23 provided independent assurance. Budget setting controls are reviewed annually as part of Key Controls work.</b></p> |
| <b>2. Coastal Erosion due to Sea Level Rise / Climate Change results in Unsafe coastline resulting in danger of life and Loss of property, infrastructure and assets and economic potential.</b>   | <p>Emergency planning framework in place to deal with major incidents. Facilitation of community groups to work with coastal areas in relation to adaptations. Ongoing discussion with national government for assistance with adaptation and regular updating of erosion mapping.</p> <p>Funding for Defra's Flood and Coast Resilience Programme (FCRIP) project received with the aim of exploring solutions.</p> | <p>Coastal Partnership East board meetings to discuss approach to this risk with local partners. Additional Officer working group set up. Board set up for FCRIP to provide governance oversight to the project.</p> | <p><b>Coastal protection audit carried out in 2021/22 by internal audit. A reasonable assurance grading was given. Further assurance planned for 2024/25.</b></p>           |

|  |   |   |  |
|--|---|---|--|
| <p><b>3. Impact of Inflation - results in increased costs, increased demand for services, scarcity of labour, scarcity of goods and supplies or other operational impacts which impair the Councils ability to deliver services for people within the borough.</b></p> | <p>Recruitment policies, medium term financial planning. Key performance indicators for each function to provide senior management with health of each service.</p> | <p>Working closely with the local resilience forum, who are the lead agency, in respect of planning for consequences of trade deal negotiations. Working in collaboration New Anglia LEP.</p> | <p><b>This risk covers a range of auditable areas.</b></p>   |
| <p><b>4. Cyber Security - Cyber threats upon the Council's systems - data / systems hacked results in an inability to deliver basic business services. Inability to recover to agreed service levels within agreed timescales</b></p>                                  | <p>Annual Cyber Security Health check undertaken by NCC. IT security procedures and IT security policy.</p>   | <p>PSN compliance check.</p>  | <p><b>Cyber security maturity assessment audit is being completed in 2023/24. Overall assurance opinion - TBC.</b></p> |
|  |   |   |  |