

Subject: HEAD OF INTERNAL AUDIT ANNUAL REPORT AND OPINION 2022/23

Report to: Audit Risk and Standards Committee, 17 July 2023

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

## **SUBJECT MATTER**

This report concludes on the internal audit activity undertaken during 2022/23 it provides an Annual Opinion concerning the Council's framework of governance, risk management and control, concludes on the effectiveness of internal audit and provides key information for the Annual Governance Statement.

## **1. INTRODUCTION / BACKGROUND**

1.1 In line with the Public Sector Internal Audit Standards (PSIAS) an annual opinion should be provided which concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This should include:

- A summary of the work that supports the opinion should be submitted;
- Reliance placed on other assurance providers should be recognised;
- Any qualifications to that opinion, together with the reason for qualification must be provided;
- Disclosure of any impairments or restriction to the scope of the opinion;
- Comparison of actual audit work undertaken with planned work;
- The performance of internal audit against its performance measures and targets should be summarised; and,
- Any other issues considered relevant to the Annual Governance Statement should be recorded.

1.2 This report also contains conclusions of the review of the effectiveness of internal audit, which includes:

- The degree of conformance with the PSIAS and the results of any quality assurance and improvement programme;
- The outcomes of the performance measures; and
- The degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.

## **2. MAIN BODY**

2.1 The Annual Report and Opinion and the Review of the Effectiveness of Internal Audit are shown in the attached report.

## **3. FINANCIAL IMPLICATIONS**

3.1 The internal audit service was delivered in line with the agreed budget for 2022/23.

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

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

#### 5. **CONCLUSIONS**

- 5.1 On the basis of the internal audit work performed in 2022/23 and considering outstanding matters from prior years, the Head of Internal Audit for Gt Yarmouth Borough Council has given a limited opinion overall on the framework of governance, risk management and control. The report contains details of how this conclusion has been reached and highlights any areas of concern for management attention.

The outcomes of the review of the effectiveness of internal audit conclude that reliance can be placed on the opinions expressed within this report.

#### 6.0 **RECOMMENDATIONS**

- 6.1 That the Committee:

- Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit for 2022/23.
- Note the opinion given in relation to the framework of governance, risk management and controls for the year ended 31 March 2023.
- Note that the opinions expressed together with any significant matters arising from the internal audit work and contained within this report should also be given due consideration when developing the Annual Governance Statement for 2022/23.
- Note the conclusion of the review of the effectiveness of internal audit.

#### **BACKGROUND PAPERS**

*Appendix – Internal Audit Annual Report and Opinion 2022/23.*

<b>Area for consideration</b>	<b>Comment</b>
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

### Annual Report and Opinion 2022/23

Responsible Officer: Faye Haywood – Head of Internal Audit for Great 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, Risk and Standards 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 2022/23, 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, Risk and Standards 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, Risk and Standards Committee.

The Internal Audit plan was approved at the meeting held in March 2022. This opinion does not imply that internal audit has reviewed all risks and assurances, but it is one component to be considered during the preparation of the AGS.

The Audit, Risk and Standards 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 for areas reviewed during 2022/23 at Gt Yarmouth Borough Council is **Limited**.

The majority of the areas reviewed across the Councils governance, risk management and control framework in 2022/23 have been given a positive assurance grading. However, significant controls weaknesses have been identified in Housing, Procurement and Contract Management. In addition, several urgent and important priority recommendations from prior year internal audits remain overdue. These are referenced at section 3.5 of report.

In total, 18 audits have been carried out throughout 2022/23. This consisted of 17 assurance audits, and one investigation. Of the 17 assurance reports completed, a total of 16 have resulted in a positive assurance grading. One report for Procurement and Contract Management has been indicated as limited assurance.

Significant control weaknesses identified during the Open Book Audit of the Great Yarmouth Norse (GYN) arrangements. Risks identified from the 2021/22 Housing Compliance and Housing Voids audits remain in progress.

The Head of Internal Audit has attended the Council's Housing Compliance Board meetings to observe assurances provided to the Housing Regulator that the Council is addressing non-conformance with the part 1.2 of the Home Standard. Whilst significant progress is being observed, it is advisable that until such time that controls in this area are independently re-tested, the risks identified during 2021/22 audits with negative assurance are referenced within the Councils annual governance statement. An audit of Housing Compliance is scheduled for quarter four 2023-24 and Housing Voids in 2024/25.

### **Procurement and Contract Management – Limited Indicated**

The Procurement and Contract Management audit is currently in draft undergoing quality assurance checking.

A review of key controls in this area has indicated that the Council should ensure that key procurement documentation is held centrally to provide assurance that Public Contract Regulations are being followed. A training programme for staff expected to engage in the procurement process should be provided with a particular focus on compliance with the Councils Contract Standing Orders. To ensure the Council's Contracts register is accurate and published on the website in accordance with requirements. Internal Audit has highlighted that a process needs to be adopted for actioning Procurement Policy Notes (PPN)s as a matter urgency. We cannot give assurance that the contract register is up to date as testing indicates several of the councils' contracts are currently showing as expired. However, we do acknowledge that a project is underway to go through this in detail. Aggregated spend is currently being reviewed to identify suppliers who should have a contract. A recommendation will also be raised regarding the recording of approved exemptions.

Substantial assurance was concluded in the following areas:

- Elections
- Disabled Facility Grants and Discretionary Loans
- Change Control and Patch Management.

In providing the opinion the Council's risk management framework and supporting processes, the relative materiality of the issues arising from the internal audit work during the year and management's progress in addressing any control weaknesses identified therefrom have been considered. The opinion has been discussed with senior management and 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

In 2022/23, 264 days were originally agreed. A total of 243 days have been delivered. Audit work has resulted in a total of 17 assurance reviews and one investigation.

At the request of senior management an investigatory audit was added to the 2022/23 internal audit plan totalling 35 days. The review evaluated the arrangements between the Council and GYN.

The following internal audits have been deferred from the originally approved internal audit plan 2022/23.

Audit	Reason for deferral	Reprofiled to
<b>GY2320 – Starters Movers Leavers 10 days</b>	The IT internal audit programme was reprofiled to allow the remainder of the 2021/22 IT audits to be completed.	No longer identified as strategic risk during internal audit planning risk assessment.

<b>Audit</b>	<b>Reason for deferral</b>	<b>Reprofiled to</b>
<b>CY2319 – Cyber Security 10 days</b>	The IT internal audit programme was reprofiled to allow the remainder of the 2021/22 IT audits to be completed.	Quarter 2 – 2023/24
<b>GY2321 – HR and Payroll Application</b>	This review was added to the plan to provide post implementation assurance. Due to the system not yet being in place the audit has been deferred.	Quarter 1 – 2023/24
<b>GY2314 Housing Asset Management 12 days</b>	At the request of senior management, this review was deferred following scoping to allow the team to further develop the Housing Asset Management strategy. The team has been focusing on the delivery of the compliance improvement plan.	Quarter 2 – 2023/24
<b>GY2315 Housing Needs, Allocation, Homelessness and Housing Register 10 days</b>	At the request of senior management, this review was deferred following discussion to allow for the new Housing Allocation Scheme to embed. This is due for March 2023. The audit will therefore be scheduled in 2023/24 to provide assurance over the new arrangements.	Quarter 2 – 2023/24
<b>GY2301 Corporate Governance – 10 days</b>	Due to the local elections and the Council's amendments to the constitution it was agreed that this audit should be deferred to provide assurance over the new arrangements.	Quarter 2 – 2023/24
<b>GY2311 Development Control – 10 days</b>	Auditor availability has resulted in this review being deferred.	Quarter 1 – 2023/24

One assurance report is yet to be issued for Procurement and Contract Management. A grading has been indicated and the outcome of this work has a consideration for the 2022/23 opinion.

The Executive Summaries of all 2022/23 reports will be presented to the Audit Risk and Standards 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 66 recommendations raised and agreed by management so far in 2022/23, 28 have been implemented by the agreed date, and seven

(six important, one needs attention priority) recommendations are outstanding. 31 recommendations are not yet due.

A total of 19 (three urgent, 10 important and six needs attention priority) recommendations are outstanding from 2021/22.

Recommendations relating to the audits for Housing Compliance and Housing Voids carried out in 2021/22 will be followed up by reperforming the audit due to the significant risks raised. The recommendations from these audits are therefore not highlighted within the figures provided above.

A total of three recommendations relating to Corporate Enforcement (one important, two needs attention priority) remain outstanding from 2019/20.

A total of seven recommendations remain outstanding from 2018/19 (two important, five needs attention priority).

Please refer to the separate Internal Audit Progress and Follow Up Report July 2023, which shows the details of the progress made to date in relation to the implementation of the agreed recommendations, and which provides an update from management regarding all urgent and important outstanding recommendations.

### **3.5 Issues for inclusion in the Annual Governance Statement**

A limited assurance opinion has been provided covering governance, risk management and control at the Council for year ending 31 March 2023. The following issues have been considered significant enough for inclusion in the Councils Annual Governance Statement.

#### **2018/19**

The 2018/19 Corporate Governance report concluded in a limited assurance grading. One important priority recommendation remains outstanding in relation to GDPR compliance and the review of off-site paper storage arrangements.

#### **2021/22**

The 2021/22 Counter Fraud and Corruption report concluded in a limited assurance grading. Two urgent and five important priority recommendations remain outstanding – these are summarised below:

1. The Council to undertake an assessment of the fraud and corruption risks that it faces including comparison with the FFCL and put in place actions to mitigate them. Once complete the assessment needs to be used to determine whether a strategic risk should be added to the corporate risk register. The Audit, Risk and Standards Committee and the relevant Portfolio Holder to be briefed on the risks identified. (Urgent priority)
2. An assessment of the resources required to deliver counter fraud work be undertaken. (Urgent priority)
3. A Counter Fraud and Corruption Strategy be devised, applying to all aspects of the Councils' business. This should be communicated throughout the Council and acknowledged by those charged with governance. A strategy provides a framework for preventing and tackling bribery, fraudulent and corrupt acts against the Councils. (Important priority)



4. The Audit, Risk and Standards Committee be updated on an annual basis on the Council's counter fraud activity and its progress against the Fighting Fraud and Corruption Locally Strategy 2020. (Important priority)
5. Training sessions for counter fraud and corruption to be rolled out across the Council. Records for training sessions to be formally recorded and monitored. (Important priority)
6. A programme of work be introduced to improve staff awareness and responsiveness to fraud across the Council. (Important priority)
7. An annual action plan to carry out all required counter fraud work be put in place and agreed by Audit, Risk and Standards Committee. The agreed plan should be linked to the annual audit plan and shared with Members and senior management. (Important priority)

The 2021/22 Environmental Services report also concluded in a limited assurance grading. One urgent and three important recommendations remain outstanding – these are summarised below:

1. To ensure that all private water supplies are subject to inspection in accordance with the private water supply regulations. (Urgent priority)
2. To agree a timescale for the completion of the year four inspections in respect of the private rented housing selective licensing scheme relating to the Nelson Ward. (Important)
3. A review of the Anti-Social Behaviour Strategy 2018 – 2023 be undertaken, reported to the Policy and Resources Committee and annual action plans re-instated. (Important)
4. All Anti-Social Behaviour (ASB) activity, including number of cases and action taken, to be effectively and accurately recorded with supporting evidence retained. (Important).

In addition to the above, the Internal Audit team completed two audits in Housing Compliance and Housing Voids. Housing Compliance received a no assurance and Housing Voids a limited assurance grading.

In October 2022 the Regulator for Social Housing issued a regulatory notice highlighting that the Council had self-referred for non-compliance with the Homes Standard. Since the notice was issued, the Head of Internal Audit has attended Housing Compliance Improvement Board meetings to understand progress made against addressing the risks raised regarding Health and Safety compliance.

Significant progress has been made with a designated competent person appointed to be responsible for Fire Safety at the Council. In addition, a Fire Risk Policy and management strategy has been re-drafted. A full programme of fire risk assessments has been arranged with a suitably qualified provider. Actions relating to Asbestos, Legionella and Electrical Safety are also progressing.

Until a full follow up review is performed to provide independent assurance that the identified risks have been mitigated, the Head of Internal Audit recommends that the Council refers to a weakness in housing compliance and void management within the 2022/23 Annual Governance Statement.

### **2022/23**

The Internal Audit team, at the request of senior management carried out an Open Book Audit of the arrangements between the Council and Great Yarmouth Norse (GYN). Several

recommendations were suggested to strengthen the Councils control framework with the aim of achieving the following.

- Monitoring GYN spend and recovering any inappropriate costs identified throughout the Open Book Audit.
- Enhancing governance arrangements for proper challenge of costs and service delivery.
- Reducing as far as possible the likelihood of fraud and corruption risks from occurring.

Since the report was formally issued the following has been actioned.

- The findings from the open book audit report have been shared and discussed with the CEO and Chair of Norse. Responses to the findings have been provided by GYN in some cases within the report.
- Formal financial controls for the contract have been implemented.
- A council appointed interim MD has been appointed at GYN and is accountable for stabilising the service, delivering a more efficient and better-quality service for residents and to carry out an options review on the future of the repairs and maintenance service.

It is recommended that reference is made to the weaknesses highlighted within the Open Book Audit in the Council's Annual Governance Statement until independent assurance has been provided to demonstrate housing repairs and maintenance risks have been addressed.

#### **Procurement and Contract Management**

The Council is currently a member of a local procurement consortium. A review of key controls in this area indicates that there are no formally documented procurement procedures. That a process needs to be adopted for actioning Procurement Policy Notes (PPN)s as a matter of urgency. We cannot give assurance that the contract register is up to date as testing indicates several of the councils' contracts are currently showing as expired. However, we do acknowledge that a project is underway to go through this in detail. Aggregated spend is currently being reviewed to identify suppliers who should have a contract. Procurement training for budget managers is required. A recommendation will also be raised regarding the retention of procurement documentation and recording of approved exemptions.

#### **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 The Internal Audit team maintain a QAIP covering actions for service development, standards conformance, risk management, training and skills and performance monitoring. Throughout the year, progress against the QAIP is monitored and success is measured by completing the Internal Assessment, the External Assessment when applicable and in evaluating performance against our suite of KPIs.

### 5.1.2 Internal Assessment

A checklist for conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note has been completed for 2020/21. 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.

Through completion of the checklist, we can confirm that the service conforms with Definition of Internal Auditing, the Code of Ethics and the Performance Standards.

### 5.1.3 External Assessment

In relation to the Attribute Standards, it is recognised that to achieve full conformance an external assessment is needed. An external assessment was carried out in October 2022 by the Chartered Institute of Internal Auditors (IIA). We are pleased to report that Eastern Internal Audit Services (EIAS) received a 'generally conforms' result, with conformance in 60 out of 64 areas (two areas were not applicable, and two resulted in 'partially conforms'). Please see **Appendix 4** for an extract of the report. A full copy of the report can be provided to Committee members upon request.

It was highlighted, that EIAS are particularly good at: reflection of the standards; focus on performance, risk and adding value; and quality assurance and improvement programme (QAIP). Positive feedback received from key stakeholders highlights that 'reports are the right length and the right format', and that EIAS are 'professional and have an excellent reputation'.

One area of partial conformance was highlighted in coordinating and maximising assurance. Since October, this area has been improved as part of annual internal audit planning, and the report presented in March 2023. An Assurance Map has been created, outlining the top risks, along with first, second and third lines of assurance. The second area of partial conformance was raised to ensure that all EIAS clients receive an External Quality Assessment as it falls due on the five-year anniversary.

## 5.2 Performance Indicator outcomes

5.2.1 The Internal Audit Service is benchmarked against several performance indicators as agreed by the Audit, Risk and Standards Committee. Actual performance against these targets is outlined within the following table:

Area / Indicator	Frequency	Target	Actual	Comments
<u>Audit Committee / Senior Management</u>				
1. Chief Finance Officer Satisfaction	Annual	Good	TBC	Awaiting response
<u>Internal Audit Process</u>				
2. APM issued minimum 20 working days before agreed start date	Quarterly	90%	28%	KPI not achieved (5 out of 18 issued in time)
3. Quarterly draft reports issued within 10 working days of the end of the quarter	Quarterly	95%	28%	KPI not achieved (5 out of 18 issued in time)
4. Quarterly final reports issued within 20 working days of the end of the quarter	Quarterly	95%	28%	KPI not achieved (5 out of 18 issued in time)
5. Quarterly performance pack reported to the contract manager within 15 working days of the end of the quarter	Quarterly	100%	75%	KPI partially achieved (3 out of 4 quarters)
6. Respond to the contract manager within 3 working days where unsatisfactory feedback has been received	Continuous	3 working days	3 working days	KPI achieved
7. PSIAS compliance – deep dive file review of files indicates good evidence saved on file	Quarterly	100%	100%	KPI achieved
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)	Continuous	Adequate	Good	KPI exceeded (13 surveys returned)
9. Percentage of recommendations accepted by management	Quarterly	90%	100%	KPI exceeded
<u>Innovations and Capabilities</u>				
10. Percentage of qualified (including experienced) staff working on the contract each quarter	Quarterly	60%	94%	KPI exceeded
11. Number of training hours per member of staff completed per quarter	Quarterly	1 day	1 day	KPI achieved

5.2.2 As demonstrated by the above, the Internal Audit Contractor has struggled to meet our targets relating to timeliness throughout 2022/23.

There is room for improvement in the issuing of Audit Planning Memorandum's 20 working days before audit start date, the issuing of draft reports 10 working days after quarter end and the finalisation of draft reports 20 working days after issue.

The Head of Internal Audit and Audit Director TIAA meet weekly to discuss progress against the plan and an action plan has been developed to tackle these issues for the 2023/24 year ahead.

It is reassuring to note however that our KPIs relating to quality have been exceeded in all cases with satisfaction surveys providing good feedback about the work undertaken.

### **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.

## APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2022/23

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
Key Controls and Assurance	Reasonable (DRAFT)	9	0	0	0	0	9
Corporate Health and Safety	Reasonable	2	1	0	1	0	0
Corporate Plan and Performance	Reasonable	6	3	0	1	0	2
Procurement and Contract Management	Limited						
Accounts Payable	Reasonable	6	4	0	0	0	2
Payroll/HR	Reasonable	2	0	0	0	0	2
Housing Rents	Reasonable	3	0	0	1	0	2
Open Book Audit of Cost and Performance	Investigation						
Disabled Facility Grants and Discretionary Loans	Substantial	1	1	0	0	0	0
Elections	Substantial	1	1	0	0	0	0
Bereavement Services	Reasonable	9	0	0	0	0	9
Event Management and Tourism	Reasonable	3	2	0	1	0	0
Civil Contingency and Business Continuity	Reasonable	4	4	0	0	0	0
Tenancy Services	Reasonable	5	0	0	0	0	5
Heritage Action Zone (HAZ)	Reasonable	2	2	0	0	0	0
<b>IT Audits</b>							
Software Licensing	Reasonable	3	3	0	0	0	0
Change Control and Patch Management	Substantial	3	3	0	0	0	0
Digital Strategy	Reasonable	7	4	0	2	1	0
<b>Total</b>		<b>66</b>	<b>28</b>	<b>0</b>	<b>6</b>	<b>1</b>	<b>31</b>

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.	13
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

Assurance level definitions		Number
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

## APPENDIX 2 - ASSURANCE CHART

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Annual Opinion / Corporate Audits</b>						
Corporate Governance	Limited	Reasonable	Reasonable			X
Risk Management	Reasonable					
Key Controls and Assurance	Substantial	Reasonable	Reasonable	Reasonable	Reasonable (DRAFT)	X
Corporate Health and Safety	Reasonable				Reasonable	
Coronavirus Response and Recovery			Position Statement			
Corporate Plan and Performance					Reasonable	
Programme and Project Management				Reasonable		
Data Protection and Freedom of Information						
Counter Fraud and Corruption Framework				Limited		
Procurement and Contract Management	Limited		Position Statement		Limited	
Annual Governance Statement				Reasonable		
Equinox Enterprises		Reasonable				
<b>Fundamental Financial Systems</b>						
Accounts Receivable		Reasonable		Reasonable		X
Income / Remittances		Substantial				
Income / Markets				Substantial		
Accountancy Services		Substantial		Reasonable		X
Housing Benefits and Council Tax Support		Substantial		Reasonable		X
Council Tax / NNDR		Reasonable		Reasonable		X
Accounts Payable	Substantial		Substantial		Reasonable	
Payroll / HR	Substantial		Reasonable		Reasonable	
Housing Rents	Reasonable		Reasonable		Reasonable	



	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Contract Audit</b>						
Capital Programme Contracts	Reasonable			Substantial		
GY Norse		Reasonable				
GYB Services		Reasonable				
GYN Invoicing				Limited		
GYN Stock and Stores Management						X
Open Book Audit of Cost and Performance					Position Statement	
<b>Service Area Audits</b>						
Workforce Planning/Organisational Development						X
Property Services	Reasonable					
Disabled Facility Grants and Discretionary Loans	Reasonable				Substantial	
Gt Yarmouth Market		Reasonable				
Elections					Substantial	
Bereavement Services					Reasonable	
Waste Management						
Environmental Services	Reasonable			Limited		
Licensing						
Parking Services	Reasonable					X
Development Control						X
Building Control						X
Section 106 Arrangements	Position Statement	Reasonable				
Event Management and Tourism		Limited			Reasonable	
Leasehold Management	Reasonable					
Right to Buy						
Housing Needs, Allocations, Homelessness & Housing Register			Position Statement			X
Private Sector Housing		Reasonable				X
Control Centre	Reasonable					X

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Service Area Audits</b>						
Housing Adaptations		Reasonable				
Coastal Protection				Reasonable		
Civil Contingency and Business Continuity					Reasonable	
Non-Housing Property and Asset Management incl. Commercial Property						X
Housing Asset Management						X
Tenancy Services					Reasonable	
Conservation & Heritage/Heritage Action Zone					Reasonable	
Business Support Grants				Substantial		
Housing Compliance				No Assurance		X
Housing Voids				Limited		
Outdoor Leisure	Limited					
Sports and Leisure						X
Venetian Waterways	Position Statement					
Corporate Enforcement		Reasonable				
<b>IT Audits</b>						
HR and Payroll Application						X
Remote Access			Substantial			
Data Centre, Back Up and Disaster Recovery		Reasonable				
Software Licensing					Reasonable	
Starters, Movers & Leavers		Reasonable				
Change Control & Patch Management					Substantial	
Network Security & Infrastructure	Reasonable					
ICT Contract Review	Reasonable					
Connectivity						
IT Project and Programme Management						
Digital Strategy					Reasonable	
Cyber Security		Reasonable				X

## **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 2022/23 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 2023. 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.

## APPENDIX 4 – EXTERNAL QUALITY ASSESSMENT REPORT EXTRACT

### Conformance Opinion

The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards.

There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.

It is our view that internal audit activity conforms to 60 of the 64 relevant principles, with partial conformance on two principles. Two of the principles were not relevant to EIAS as they relate to situations that have not occurred to date.

This is summarised in the table below.

Summary of conformance	Standards	Generally conforms	Partially conforms	Does not conform	Not relevant	Total
Definition of IA and Code of Ethics	Rules of conduct	12				<b>12</b>
Purpose	1000 - 1130	8				<b>8</b>
Proficiency and Due Professional Care (People)	1200 - 1230	4				<b>4</b>
Quality Assurance and Improvement Programme	1300 - 1322	5	1		1	<b>7</b>
Managing the Internal Audit Activity	2000 - 2130	11	1			<b>12</b>
Performance and Delivery	2200 - 2600	20			1	<b>21</b>
<b>Total</b>		<b>60</b>	<b>2</b>	<b>0</b>	<b>2<sup>1</sup></b>	<b>64</b>

<sup>1</sup> These relate to circumstances which prior to the external quality assessment were deemed not relevant, namely the Disclosure of Non-conformance and Engagement Disclosure of Non-conformance, which have not been necessary to date.