



# GREAT YARMOUTH BOROUGH COUNCIL

## Audit and Risk Committee

**Date:** Monday, 07 March 2022

**Time:** 10:00

**Venue:** Council Chamber

**Address:** Town Hall, Hall Plain, Great Yarmouth, NR30 2QF

### AGENDA

**Open to Public and Press**

#### **1 APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

#### **2 DECLARATIONS OF INTEREST**

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

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

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

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

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

- |    |   |         |
|----|---|---------|
| 3  | <b><u>MINUTES</u></b>   | 4 - 8   |
|    | To confirm the minutes of the meeting held on 6 December 2021.  |         |
| 4  | <b><u>MATTERS ARISING</u></b>   |         |
|    | To consider any matters arising from the above minutes.   |         |
| 5  | <b><u>WORK PROGRAMME</u></b>  | 9 - 9   |
|    | The Committee is asked to consider and note the Work Programme.   |         |
| 6  | <b><u>PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY</u></b>  | 10 - 27 |
|    | Report attached.  |         |
| 7  | <b><u>REPORT ON THE STATUS OF AUDIT RECOMMENDATIONS</u></b>   | 28 - 36 |
|    | Report attached.  |         |
| 8  | <b><u>STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS</u></b>   | 37 - 56 |
|    | Report attached.  |         |
| 9  | <b><u>ACTION PLAN UPDATE - ANNUAL GOVERNANCE STATEMENT<br/>2020 - 2021</u></b>  | 57 - 60 |
|    | Report attached.  |         |
| 10 | <b><u>ANY OTHER BUSINESS</u></b>  |         |
|    | To consider any other business as may be determined by the Chairman of the meeting as being of sufficient urgency to warrant consideration. |         |

**11     EXCLUSION OF PUBLIC**

In the event of the Committee wishing to exclude the public from the meeting, the following resolution will be moved:-

"That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 1 of Part I of Schedule 12(A) of the said Act."



# Audit and Risk Committee

## Minutes

Monday, 06 December 2021 at 10:00

**Present:**

Councillor Flaxman-Taylor (in the Chair): Councillors Freeman, Galer, Wainwright and Wright (T)

Also in attendance at the above meeting were:

Ms K Sly (Finance Director), Ms L Snow (Financial Services Manager), Ms F Hammond (Internal Audit Manager), Ms K Bate (Corporate Risk Officer) & Mrs T Bunn (Senior Democratic Services Officer)

Ms D Hanson (Associate Partner, EY Associates) (remotely)

### **1 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

### **2 DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **3 MINUTES**

The minutes of the meeting held on 14 June 2021 were confirmed.

There were no matters arising.

### **4 CORPORATE RISK REGISTER**

The Committee received and considered the report from the Corporate Risk Officer which informed of the current corporate risk position.

She advised that one risk had been removed from the register and that the risk rating for eleven risks have reduced due to the implementation of the action plan and further control measures being in place.

RESOLVED

That the Committee review the Corporate Risk Register.

Agreed.

### **5 REPORT ON THE STATUS OF AUDIT RECOMMENDATIONS**

The Committee considered and received the report from the Head of Internal Audit.

the Head of Internal Audit advised Members that this report provided an update on the progress made in relation to management implementation of the agreed actions as at 25 November 2021.

Councillor Wainwright noted that GY1801 (2017/18) was still outstanding from the Corporate Health and Safety report. The Committee suggested a revised completion date of 31 January 2022 and asked that, if it is not completed by this date an officer provide an update report to the next Audit and Risk Committee.

RESOLVED

That the Committee received and noted the current position in relation to the implementation of the agreed audit recommendations

Agreed

### **6 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY**

The Head of Internal Audit briefed the Committee on the report contents which examines progress made between 9 June 2021 to 25 November 2021 in relation to the delivery of the revised Annual Internal Audit Plan for 2021/22.

The Head of Internal Audit reported that there had been one significant change to the Internal Audit Plan since it was approved in June 2021. This is a request for a review of the Business Support Grants as requested by the Head of Customer Services which will involve sample testing grants from a number of Covid-19 grant schemes.

In addition to this the Chief Executive requested an investigation into Health and Safety concerns regarding repairs carried out within some areas. Councillor Wainwright asked for an update into the progress of this audit as it is of serious concern. The Head of Internal Audit advised that meetings have been progressed and a report is expected week commencing 17 December.

The Head of Internal Audit advised Committee that there had been a slow start to the overall audit activity this year due to resourcing issues. 102 days of programmed work have now been completed, equating to 43% of the Internal Audit Plan for 2021-22.

RESOLVED

That Committee received and noted the progress being delivered against the Internal Audit Plan for 2021/22.

Agreed

## **7 AUDIT RESULTS REPORT 2019/20**

The Committee received and considered the report and a summary presentation from Debbie Hanson, Associate Partner, Ernst & Young LLP in respect of the Audit Results Report in relation to the audit of Great Yarmouth Borough Council for 2019/20, she also advised that the audit for the year ended 31 March 2020 is substantially completed.

She advised that subject to concluding the outstanding matters listed in the report it is expected that an unqualified audit opinion will be issued on the financial statements. One of the concerns raised was in respect of the capacity of the finance team bearing in mind the range of functions undertaken.

Councillor Wainwright commented that the Finance Team are stretched for capacity, in line with many other council departments. However he wished to commend the team on their work in administering the Covid Grants, as this had been exceptional and it has been impressive in the way that they have supported local businesses in this work.

Debbie Hanson advised the Committee that the resource implications had impacted on the amount of time it had taken to complete the audit which had resulted in additional costs to the council.

The Finance Director advised the Committee that capacity is tight but the work had been exacerbated by having an audit for 2019/20 running a year behind, it was also a challenge to respond to questions at a distance of time. In a normal year this would not have been such an issue. The team had considered recruiting additional resources to support the grant work but it had been felt

that this would not be feasible within the tight turnaround requirements.

Councillor Flaxman-Taylor echoed the comments of Councillor Wainwright praising the work of the finance team in very difficult circumstances.

**RESOLVED**

To receive the Audit Results Report in relation to the audit of Great Yarmouth Borough Council for the year ended 31 March 2020.

Agreed

## **8 FINAL STATEMENT OF ACCOUNTS 2019/20**

The Committee received the Statement of Accounts 2019/20 report by the Finance Director.

The Finance Director advised that the Statements of Accounts bring together the financial results of all the authority's operations and the financial position as at 31 March 2020.

The Finance Director advised the Committee that, following a review of the balance sheet as at 31 March 2020 the following areas had been identified where asset or liability values were likely to be materially impacted by Covid-19:

- Property, plant and equipment and investment property, it was noted that retail property was the main area impacted negatively by the pandemic but as the Council's asset portfolio does not include these property types it has not suffered a decline in the asset valuations because of the pandemic.
- Pension fund liability, the value of the liability is highly sensitive to the actuarial assumptions used in its calculation.

The Finance Director advised that the impact of the pandemic on the Council's finances will continue to be monitored.

Councillor Wainwright asked for clarification in respect of the Market income and the direct operating expenses as it appears that the loss had doubled from previous years. The Finance Director will investigate further and supply a response to the Committee.

**RESOLVED**

To agree the Statement of Accounts (subject to the outstanding matters).

Agreed

## **9 APPOINTMENT OF EXTERNAL AUDITORS**

The Committee reviewed the report relating to the appointment of External Auditors as presented by the Finance Director.

The report set out the proposal for the appointment of the Council's external auditor for the five year period from 2023/24.

The Finance Director advised the Committee that opting into the national sector led appointment of external auditors provides the greatest opportunity to achieve value for money from the procurement process and will also provide the ongoing contract management of the external auditor contracts from 2023/24 onwards.

RESOLVED

To recommend to Council that Great Yarmouth Borough Council accepts the Public Sector Audit Appointments' invitation to opt into the sector led option for the appointment of external auditors for the five years from 1 April 2023.

Agreed

## **10 ANY OTHER BUSINESS**

The Chair advised that there were no other items of business to be discussed but expressed her own and the Committee's thanks to the Finance Team for all their work in respect of the accounts, Covid grants and the significant input to the Council's wide range of projects. She also thanked the Audit team for attending the Committee.

The meeting ended at: 11:15



**AUDIT AND RISK COMMITTEE – WORK PROGRAMME 2021/22**

7 March 2022	TBC July 2022	TBC September 2022	TBC December 2022	TBC March 2023
<b>Internal Audit</b>				
Progress Report on Internal Audit Activity 2021/22	Progress Report on Internal Audit Activity 2021/22	Progress Report on Internal Audit Activity 2021/22	Progress Report on Internal Audit Activity 2021/22	Progress Report on Internal Audit Activity 2021/22
Report on the Status of Audit Recommendations	Report on the Status of Audit Recommendations	Report on the Status of Audit Recommendations	Report on the Status of Audit Recommendations	Report on the Status of Audit Recommendations
Strategic and Annual Internal Audit Plan 2022/23				
	Head of Internal Audit Annual Report and Opinion 2021/22			
<b>External Audit</b>				
	Audit Results Report 2020/21 (TBC)		Audit Results Report 2020/21 (TBC)	
<b>Finance / Accounts</b>				
	Final Statement of Accounts 20/21			
	Draft Statement of Accounts 21/22			
<b>Risk Management</b>				
	Corporate Risk Register			
	Annual Report on Risk Management Arrangements 2021/22			
<b>Governance</b>				
	Code of Corporate Governance			
Annual Governance Statement – Progress Update	Draft Annual Governance Statement 2021/22			

Subject: PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Report to: Audit and Risk Committee, 7 March 2022

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

## **SUBJECT MATTER**

This report examines progress made between 26 November 2021 to 25 February 2022 in relation to the delivery of the revised Annual Internal Audit Plan for 2021/22.

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

- 1.1 This report reflects the completion of the audit reviews which are part of the annual internal audit plan of work for 2021/22.

### **2. CURRENT COMPOSITION OF THE ANNUAL INTERNAL AUDIT PLAN 2021/22**

- 2.1 The current position in relation to the delivery of the Internal Audit Plan for 2021/22 is shown within the attached report.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The Internal Audit Plan will be delivered within the agreed budget for 2021/22.

### **4. RISK IMPLICATIONS**

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

### **5. CONCLUSIONS**

- 5.1 The report contains an update on progress against the Internal Audit Plan for 2021/22.

### **6. RECOMMENDATIONS**

- 6.1 It is recommended that the Committee receive and note the progress being delivered against the Internal Audit Plan for 2021/22.

### **7. BACKGROUND PAPERS**

Appendix – Progress Report on Internal Audit Activity

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

# Eastern Internal Audit Services



**Great Yarmouth Borough Council**

## **Progress Report on Internal Audit Activity**

**Period Covered: 26 November 2021 to 25 February 2022**

**Responsible Officer: Faye Haywood – Head of Internal Audit for Great Yarmouth Borough Council**

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## 1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
- Any significant changes to the approved Audit Plan;
  - Progress made in delivering the agreed audits for the year;
  - Any significant outcomes arising from those audits; and
  - Performance Indicator outcomes to date.

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

- 2.1 There have been three amendments made to the Internal Audit Plan 2021/22 since it was approved in June 2021.

Audit Area	Reason for change
GY2214 Development Control replaced with GY2222 – Housing Compliance	In order to respond to urgent requests from management, the remaining plan was risk assessed to identify areas that could be deferred with Housing Compliance work. A total of 15 days has been allocated to this work.
GY2217 Event Management and Tourism GY2223 – Void management	In order to respond to urgent requests from management, the remaining plan was risk assessed to identify areas that could be deferred with Void Management. A total of 12 days has been allocated to this work.
GY2204 Business Strategy and Performance	This audit has been deferred to 2022/23 at the request of management.

- 2.2 As reported at the last Committee meeting, Internal Audit was instructed to carry out a formal investigation in relation to Health and Safety hazards as highlighted by the Chief Executive in December 2021.
- 2.3 An Estate visit by Council officers identified a window enclosure in a significant state of disrepair. Concerns were raised via email with the Head of Property and Asset Management and the Chief Executive regarding three large panes of glass that appeared to be unsupported by a windowsill and at risk of falling into a doorway.
- 2.4 A request was made by the Chief Executive for the Internal Audit team to investigate the circumstances around the repair/s made to the window enclosure and to evaluate the policies/procedures and Health and Safety inspection systems in place at Great Yarmouth

Norse (GYN). GYN are responsible for carrying out repair's services for the Council in line with the Service Level Agreement between the two parties.

- 2.5 The investigation has concluded with the following observations and recommendations for management consideration.
- 2.6 Residents and visitors were left exposed to a Health and Safety hazard with the potential to cause serious/fatal injuries due to the deteriorating condition of the window enclosure in question over a period between 2015 and October 2021. The wooden frame of the window enclosure deteriorated over this period to such an extent that the wooden windowsill rotted away from the frame and fell to the ground leaving three panes of glass unsupported.

The main root causes of the risks identified are determined as follows:

- From 2015 to April 2021 when GYN were responsible for the planned maintenance programme, the window enclosure was not added to a programme of replacements. The risk of replacing components that would be impacted by the ongoing feasibility study for the regeneration of the estate is presumed to be a factor. This has resulted in repairs operatives carrying out temporary repairs and prolonged deterioration of the window enclosure over a number of years.
  - In July 2021 a surveyor from the in-house Asset Management Team inspected window enclosures in the area and identified the window as one of ten requiring replacement. This work had not yet progressed at the time of investigation.
  - A caretaker assigned to this patch from December 2016 to June 2020, responsible for raising defects was dismissed from the Council with low level reporting of repairs being a contributing factor to dismissal. A more rigorous inspection of defects could have identified a need for an additional repair prior to the windowsill rotting away from the frame.
  - An induction training programme covering the reporting of repairs/defects for Health and Safety risks is not provided for Caretakers contributing to the Caretaker raising a routine repair in the Love Clean Streets App for the three panes of exposed glass for GYN to action. This led to a delay of 22 days to make the enclosure safe\_
  - An induction training programme covering the categorisation of repairs/defects and Health and Safety risks is not formalised for GYN Customer Service Operatives, resulting in the Love Clean Streets repair being raised as routine and a delay of 22 days to make the enclosure safe\_
  - The Health and Safety concerns raised by officers via email were not raised as an out of hours emergency repair leaving them unresolved over the weekend of 05/11/2021 – 08/11/2021.
- 2.7 To prevent residents being exposed to future Health and Safety hazards at the Estate in question it is recommended that the Council carries out a risk-based inspection of all window enclosures prioritising replacements in relation to any disrepair risks identified.

It is also recommended that the Council carries out regular estate inspections to identify any other significant Health and Safety concerns and that further work is done to establish whether all issues and repair raised via the Love Clean Streets App for the Estate are being received and responded to by GYN.

### 3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1**.
- 3.2 In summary 161 days of programmed work has now been completed, equating to 70% of the Internal Audit Plan for 2021/22.

### 4. THE OUTCOMES ARISING FROM OUR WORK

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

**Substantial Assurance:** Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

**Reasonable Assurance:** Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

**Limited Assurance:** Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

**No Assurance:** Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

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

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

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

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

- 4.3 In addition, on completion of audit work "Operational Effectiveness Matters" are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

4.4 During the period covered by the report Internal Audit has issued three reports:

Audit	Assurance	P1	P2	P3
GY2207 Counter Fraud and Corruption Framework	Limited	2	5	4
GY2110 Income	Substantial	0	0	2
GY2221 Business Support Grants	Substantial	0	0	0

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

4.5 As can be seen in the table above and as a result of these audits 13 recommendations have been raised by Internal Audit. In addition, one Operational Effectiveness Matter has been proposed to management for consideration within the Business Support Grants report.

## 5. PERFORMANCE MEASURES

5.1 The Internal Audit Services contract includes a suite of key performance measures against which TIAA will be reviewed on a quarterly basis. There is a total of 11 indicators, over four areas, the results of which are reported at financial year end, with any issues raised with the Committee in progress reports.

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

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

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

5.3 Progress against delivering the plan of work is starting to recover from resourcing difficulties experienced in quarters two and three. The Head of Internal Audit continues to work closely with the contractor to ensure that resources are sufficient to complete the plan of work in time for year end.



## APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
<b>Quarter 2</b>											
Counter Fraud and Corruption Framework	GY2207	8	8	8	Final report issued on 27 January 2022.	Limited	2	5	4	0	Mar-22
Income	GY2210	8	8	8	Final report issued on 7 December 2021.	Substantial	0	0	2	0	Mar-22
Capital Programme Contracts	GY2213	8	8	8	Draft report issued on 9 December 2021.						
GYN - Invoicing	GY2201	8	8	8	Draft report issued on 23 November 2021.						
Coastal Protection	GY2216	10	10	10	Draft report issued on 3 December 2021.						
<b>TOTAL</b>		<b>42</b>	<b>42</b>	<b>42</b>							
<b>Quarter 3</b>											
Programme and Project Management	GY2205	8	8	6	Fieldwork complete. Draft report in preparation.						
Accounts Receivable	GY2209	10	10	8	Fieldwork complete. Draft report in preparation.						
Housing Benefits and Ctax Support	GY2211	15	15	15	Draft report issued on 28 January 2022.						
Council Tax and NNDR	GY2212	18	18	18	Draft report issued on 15 February 2022.						
Business Support Grants	GY2221	0	12	12	Final report issued on 13 January 2022.	Substantial	0	0	0	1	Mar-22
Environmental Services	GY2215	12	12	10	Fieldwork complete. Draft report in preparation.						
<b>TOTAL</b>		<b>63</b>	<b>75</b>	<b>69</b>							

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
<b>Quarter 4</b>											
Risk Management	GY2202	5	5	1	Audit Planning Memorandum in preparation.						
Annual Governance Statement	GY2203	8	8	1	Audit due to commence on 17 March 2022.						
Business Strategy and Performance	GY2204	10	0	0	Audit deferred 2022/23						
Key Controls and Assurance	GY2206	11	11	6	Fieldwork underway.						
Event Management and Tourism	GY2217	12	0	0	Audit deferred 2022/23						
Development Control	GY2214	15	0	0	Audit deferred 2022/23						
Accountancy Services	GY2208	16	16	6	Fieldwork underway.						
Housing Compliance	GY2222	0	15	11	Fieldwork complete. Draft report in preparation.						
Voids	GY2223	0	12	0							
<b>TOTAL</b>		<b>77</b>	<b>67</b>	<b>25</b>							
<b>IT Audits</b>											
Change Control and Patch Management	GY2218	10	10	0	Audit planned						
Software Licensing	GY2219	10	10	5	Fieldwork underway.						
Digital Strategy	GY2220	10	10	7	Fieldwork complete. Draft report in preparation.						
<b>TOTAL</b>		<b>30</b>	<b>30</b>	<b>12</b>							
<b>Follow Up</b>											
Follow Up	N/A	16	16	13							
<b>TOTAL</b>		<b>16</b>	<b>16</b>	<b>13</b>							
<b>TOTAL</b>		<b>228</b>	<b>230</b>	<b>161</b>			<b>2</b>	<b>5</b>	<b>6</b>	<b>1</b>	
<b>Percentage of plan completed</b>				<b>70%</b>							

## APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

### Assurance Review of the Counter Fraud and Corruption Framework Arrangements

#### Executive Summary

##### OVERALL ASSURANCE ASSESSMENT



##### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Counter Fraud and Corruption	2	5	4	0

##### SCOPE

The latest Fighting Fraud and Corruption Strategy has highlighted an increasing threat of fraud related risks for local authorities. Our review examined the Council's approach to Fraud in line with the checklist provided as part of this new strategy and suggests practical recommendations for improvement where required. This review has been carried out consortium wide to examine areas of best practice.

## RATIONALE

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- The systems and processes of internal control are, overall, deemed 'Limited Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'urgent, five 'important' and four 'needs attention' recommendations being raised upon the conclusion of our work.

## POSITIVE FINDINGS

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

- The Council has up to date policies in place for Anti-Fraud, Whistleblowing and Anti-Money Laundering.
- There are arrangements in place to promote probity and propriety in the conduct of the Council's business, including the Constitution, Code of Corporate Governance and Codes of Conduct.
- Proven fraud cases are publicised to raise awareness and act as a deterrent.
- Risks of fraud at service level have been considered, with measures put in place to mitigate them.
- Members and officers are required to declare offers of gifts and hospitality and the process for this has been updated to improve record keeping.
- Data sharing is used to prevent and detect fraud. This includes sharing between departments within the Council and sharing with third parties, such as through the National Fraud Initiative.

## ISSUES TO BE ADDRESSED

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The audit has highlighted the following areas where two 'urgent' recommendations have been made.

### Counter Fraud and Corruption

- An assessment of fraud and corruption risks be undertaken, with Members informed of the outcomes and an action plan put in place to respond to the risks identified. An annual report be presented to Audit and Risk Committee on the Council's progress in combating fraud risks.

- A review of the resources required for counter fraud work be undertaken.

The audit has also highlighted the following areas where five 'important' recommendations have been made.

#### **Counter Fraud and Corruption**

- The Audit and Risk 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.
- A Counter Fraud and Corruption Strategy should be devised, applying to all aspects of the Councils' business, and be approved by Members.
- Training sessions for counter fraud and corruption to be rolled out across the Council. Records for training sessions to be formally recorded and monitored.
- A programme of work be introduced to improve the counter fraud culture within the Council.
- An annual action plan to carry out all required counter fraud work be put in place and agreed by committee.

The audit has also highlighted the following areas where four 'needs attention' recommendations have been made.

#### **Counter Fraud and Corruption**

- Fraud risks be considered as part of the process for creating new policies, strategies and initiatives across the Council.
- The Council registers with Government Counter Fraud Profession Knowledge Hub and the Fighting Fraud and Corruption Locally regional network.
- The Anti-Fraud, Corruption and Bribery Policy v8 to be revised to explicitly state measures to be taken regarding references and qualification checking at recruitment stage, in accordance with the Council's Recruitment Policy.

#### **Operational Effectiveness Matters**

There are no operational effectiveness matters for management to consider.

#### **Previous audit recommendations**

This area has not been subject to previous internal audit review, so there are no previous recommendations.

# Assurance Review of Income

## Executive Summary

### OVERALL ASSURANCE ASSESSMENT



### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Receipting of monies	0	0	2	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>

No recommendations were made in respect of these areas - Policy and Procedures; Physical security surrounding the making of payments; Banking, Posting of Income, and Reconciling income

### SCOPE

The objective of the audit was to review the systems and controls in place over Income to help confirm that these are operating adequately, effectively and efficiently

## RATIONALE

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- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audit report for Income (GY/20/04) was issued in August 2019. It concluded in a 'Substantial Assurance' opinion with one 'needs attention' recommendation being raised. This indicates a continued positive level of assurance.

## POSITIVE FINDINGS

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

- Procedures are documented for processes including daily banking/Investment/drawback Procedure; leisure return process; and leisure outlets procedure notes. This helps facilitate a consistent approach in carrying out income processes.
- All 10 cheque payments sampled were on the cheque list and on the income system as per the transaction reports. Demonstrating that cheque payments are correctly accounted for.
- A sample of daily reconciliations reviewed confirmed they are occurring daily and differences were identified and resolved. In all cases the reports were present and reconciliations were completed with no differences. This demonstrates that income is received and accounted for correctly.
- Sample testing of 10 daily exception reports confirmed that all exceptions were cleared on the same day. This verifies that exceptions are corrected in a timely manner.
- A review of reconciliations confirmed that reconciliation balances and any differences were resolved and subject to independent review.

## ISSUES TO BE ADDRESSED

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

### Receipting

Regular reviews of the cashiering system users, and their access levels, be undertaken on at least a six monthly basis, to confirm they are appropriate.

- Daily banking analysis forms should be countersigned with a full electronic signature and accompanying date of signature.

#### Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

#### Previous audit recommendations

The audit reviewed the previous internal audit recommendation, which no longer remains outstanding.

#### Other points noted

- It has not been possible to obtain a copy of the Councils latest insurance documentation since the documentation held by the Finance Team is out of date and does not include cover for cash/money held. However, the Finance Team has confirmed that the insurance company would honour any claims as coverage of cash is included in the Invitation to Tender document and their tender submission. The insurance company was last contacted on 10<sup>th</sup> November 2021, by the Finance Team, to provide the correct policy documentation. Due to this issue already being followed up by the Finance Team, no recommendation has been raised.



# Assurance Review of the Business Support Grants

## Executive Summary

### OVERALL ASSURANCE ASSESSMENT



### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Additional Restrictions Grants	0	0	0	1
Total	0	0	0	1

No recommendations have been raised in relation to Small Business Grants (SBG) and Retail, Hospitality and Leisure Business Grants (RHLG); Local Restrictions Support Grants; and Restart Grants.

### SCOPE

The scope of this audit covers the grants awarded by the Council under the Small Business; Retail, Hospitality and Leisure; Local Restrictions Support; Additional Restrictions; and Restart grant schemes. Sample testing of grants issued were conducted to ensure they met the eligibility criteria and that they were awarded the correct amount of grant.

## RATIONALE

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- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of no recommendations being raised upon the conclusion of our work.
- The audit has raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.
- A direction of travel is not applicable since the areas under scope have not previously been subject to an internal audit review.

## POSITIVE FINDINGS

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

- Tracking spreadsheets were developed for each grant type, which provided records of eligibility criteria, grant decisions, and payment dates and amounts.
- Systems of built in checks were developed for determining eligibility, and for identifying potential duplicate payments. This system of checks was automated within the grant tracking spreadsheet for the Additional Restrictions Grants, allowing for the standardization of decision making for these discretionary grants, and providing auditability of the decisions made.
- Evidence to support the eligibility criteria was retained and provided for all sampled grant applications, across each grant scheme in scope. All sampled applications were verified to be eligible based on applicable Government guidance. Applications that were approved under the Council's discretion were appropriately documented within the grant tracking spreadsheets.
- Grant amounts for all sampled applications were verified to be in accordance with the applicable Government guidance.
- Grants were verified to have been paid during the correct time period for all sampled applications in accordance with the applicable guidance.

## ISSUES TO BE ADDRESSED

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### Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relate to the following:

- Consideration be given to implementing a process to ensure that future policy documents are appropriately version controlled to include dates and details of changes.

### Previous audit recommendations

This area has not been subject to a previous internal audit review.

Subject: REPORT ON THE STATUS OF AUDIT RECOMMENDATIONS

Report to: Audit and Risk Committee, 7 March 2022

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

## **SUBJECT MATTER**

This report seeks to inform members on the latest progress made in relation to management implementation of agreed audit recommendations falling due by 25 February 2022.

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

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

### **2. MAIN BODY**

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

### **3. FINANCIAL IMPLICATIONS**

- 3.1 None.

### **4. RISK IMPLICATIONS**

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

### **6.0 RECOMMENDATIONS**

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

## BACKGROUND PAPERS

### *Appendix – Follow Up Report on Internal Audit Recommendations*

<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**

**Follow Up Report on Internal Audit Recommendations**

**Period Covered: 26 November 2021 to 25 February 2022**

**Responsible Officer: Faye Haywood – Head of Internal Audit**

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## 1. INTRODUCTION

- 1.1 This report is being issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Auditor Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
- The status of agreed actions.

## 2. STATUS OF AGREED ACTIONS

- 2.1 As a result of audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Contractor on a regular basis and reported through to this Committee. Verification work is also undertaken for those recommendations that are reported as closed.
- 2.2 **Appendix 1** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken to enable the Committee to easily identify outstanding recommendations from previous financial years. The table also distinguishes between outstanding recommendations that have previously been reported to this Committee and then those which have become outstanding this time round.
- 2.3 In 2018/19 internal audit raised 113 recommendations. In total, 100 have been implemented. Of those remaining, 13 are outstanding (four important, nine needs attention).

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

Number raised	113	
Complete	100	88%
Outstanding	13	12%

- 2.4 In 2019/20 a total of 100 recommendations were agreed; of these, 88 have now been implemented. A total of 12 recommendations are outstanding (two important and 10 needs attention).

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

Number raised	100	
Complete	88	88%
Outstanding	12	12%

- 2.5 In 2020/21 29 recommendations were agreed. A total of 27 have now been completed and two are outstanding, both are needs attention priority.

The management response in relation to the outstanding important recommendations can be seen at **Appendix 4** of the report.

Number raised	29	
Complete	27	90%
Outstanding	2	10%

- 2.6 In 2021/22 a total of 13 recommendations have been agreed so far. Two recommendations are completed. 11 are not yet due.

Number raised	13	
Complete	2	15%
Outstanding	0	0%
Not yet due	11	85%

- 2.7 All recommendations are assigned at senior management level, with the position in implementing urgent and important audit recommendations discussed at Executive Leadership Team meetings.
- 2.8 We are encouraged by the progress made in this period to resolve historical recommendations. We will continue to work with management to target historical recommendations in time for year-end, particularly the large number of lower priority points that remain overdue.



## APPENDIX 1 – SUMMARY STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed between 26 November 2021 to 25 February 2022			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
Audit Ref	Audit Area	Assurance Level													
<b>2017/18 Audits</b>															
GY1801	Corporate Health & Safety	Limited		1								0			
<b>2018/19 Audits</b>															
GY1901	Corporate Governance	Limited					1					1			
GY1908	Capital Programme	Reasonable					1					1			
GY1909	Environmental Services	Reasonable			1		1	4				5			
GY1914	Procurement	Limited					1	3				4			
GY1916	Property & Asset Mgt	Reasonable						2				2			
<b>2019/20 Audits</b>															
GY2001	GYB Services	Reasonable						1				1			
GY2005	Council Tax and NNDR	Reasonable						1				1			
GY2007	S106 Agreements	Reasonable		1								0			
GY2008	Housing Strategy and Affordable Housing	Reasonable						1				1			
GY2016	Corporate Enforcement	Reasonable		2			2	2				4			
GY2019	Cyber Crime	Reasonable						2				2			
GY2020	Starters, Movers, Leavers	Reasonable						3				3			
<b>2020/21 Audits</b>															
GY2106	HR & Payroll	Reasonable						1				1			
GY2107	Key Controls and Assurance	Reasonable						1				1			
<b>2021/22 Audits</b>															
GY2210	Income	Substantial			2							0			
GY2207	Counter Fraud and Corruption	Limited										0	2	5	4
<b>Total</b>			<b>0</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>6</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>2</b>	<b>5</b>	<b>4</b>

## APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2018/19

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
GY1901 Corporate Governance	Recommendation 8: A review of off-site paper storage arrangements is undertaken to ensure they are GDPR compliant.	2	Head of Property and Asset Management	31/01/2019	30/06/2022	7	Outstanding	With minimal staff working from the offices due to COVID this continues to be difficult to recommence. Agile working arrangements are anticipated to be introduced in early 2022 at which point this project can recommence.
GY1908 Capital Programme Contracts (General Fund and Housing Revenues Account)	Recommendation 6: In respect of the Norfolk County Council (NCC) Norfolk Infrastructure Fund (NIF) for the energy park, the following is undertaken Confirmation that the NCC Policy & Resources committee has formally approved the NIF budget of £2.75m; and- Agreement of how payment of the funding is processed, e.g. expenditure is invoiced on a regular basis such as annually. This process to be formally agreed and documented.	2	Finance Director	30/06/2019	31/03/2022	5	Outstanding	The funding of this project is being reviewed in line with the wider project objectives and use of the GYBC element of project funding.
GY1909 Environmental Services	Recommendation 1: Contaminated land. The review of the prioritisation site list is concluded as follows: completion of the review of medium scored sites; - finalising the further work needed in respect of the high scored sites to assess the possibility of significant harm and addition of the date when the review work for each site has been completed and officer/reviewer name.	2	Head of Environmental Services	31/05/2019	31/03/2022	4	Outstanding	Not all of the medium rated sites have been reviewed due to resource issues. Taking this into account a revised date of end of March has been added.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
GY1914 Procurement	Recommendation 1: The procurement strategy (PS) be reviewed and updated including an update of the accompanying action plan to be taken forward as a new action plan. This should include a review against the other council PSs and the National Procurement Strategy for any key gaps, and also GDPR requirements. In addition, the PS to be updated to include consideration is given to the requirement for more bespoke terms and conditions (T&CS) and service review points, in addition to the standard T&Cs which should be included. The PS should also be reviewed to ensure it refers to the requirements of GDPR.	2	Monitoring Officer	30/09/2019	31/03/2022	4	Outstanding	The first draft of the strategy has been produced and is due to be reported to ELT in December 2021 to then be reported through the Committee approval process early 2022.

### APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
GY2016 Corporate Enforcement	Recommendation 1: Technological efficiencies with the new proposed system to be identified and maximised. A set format to be agreed for storing files. In addition a data cleansing exercise to be undertaken as planned to ensure that the council is compliant with GDPR.	2	Head of Environmental Services	30/04/2021	31/12/2022	1	Outstanding	New IT system delayed until 2022 delivery. When new structure in place in Jan 2022, enforcement training rolled out across service and this will include data storage for case investigation.  File storage being rationalised and cleared out by Business Support team, files being deleted and paper copies being scanned.
GY2016 Corporate Enforcement	Recommendation 5: An action plan be developed on how the Anti-Social Behaviour strategy is to be delivered. Once approved the Anti-Social Behaviour action plan should be presented to the Council's Housing and Neighbourhood Committee.	2	Community Protection Manager	31/12/2020	31/03/2022	1	Outstanding	ASB action plan in place and being delivered, some significant delays due to covid, but work being progressed, report being written to update members on progress. To be taken in early 2022.

Subject: Strategic and Annual Internal Audit Plans 2022/23

Report to: Audit and Risk Committee 7 March 2022

Report by: Faye Haywood, 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 2022/23 to 2025/26 and the Annual Internal Audit Plan for 2022/23.

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 2013.

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

- 2.1 The attached report contains;
  - 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 2022/23.

### **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 Strategy;

b) the Strategic Internal Audit Plans 2022/23 to 2025/26; and

c) the Annual Internal Audit Plan 2022/23.

Area for consideration	Comment
Monitoring Officer Consultation:	Through EMT
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



## GT YARMOUTH BOROUGH COUNCIL

### Strategic and Annual Internal Audit Plans 2022/23

Responsible Officer: Head of Internal Audit

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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 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 takes into account 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 have been 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 and Risk 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 and Risk Committee should '*review and assess the annual internal audit work plan*'.

## 2. AUDIT CHARTER

- 2.1 There is an obligation under the PSIAS for the Charter to be periodically reviewed and presented. This Charter is therefore 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 and Risk Committee every two years, or as required for review. The Charter was last approved in 2021 and will therefore not need to be reviewed and approved by the Committee this year.
- 2.2 As part of the review of the Audit 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 Internal Audit Trainee adhere to these, specifically with regard to; integrity, objectivity, confidentiality and competency. Formal sign off to acceptance of the Code of Ethics is retained by Eastern Internal Audit Services.

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

- 3.1 The purpose of the Internal Audit Strategy (**see Appendix 1**) 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.

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

- 4.1 The overarching objective of the Strategic Internal Audit Plan (**see Appendix 2**) is to provide a comprehensive programme of review work over the next three years, with each year providing sufficient audit coverage to give annual opinions, which can be used to inform the organisation's Annual Governance Statement.
- 4.2 The coverage over the forthcoming three years has been discussed with 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 3**). 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 brief summary and purpose of the review.
- 5.2 The Annual Internal Audit Plan for 2022/23 totals 249 days, encompassing 21 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.

## APPENDIX 1 – INTERNAL AUDIT STRATEGY



### EASTERN INTERNAL AUDIT SERVICES

#### INTERNAL AUDIT STRATEGY FOR 2022/23

#### 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.

The provision of such a strategy is set out in the Public Sector Internal Audit Standards (the standards).

- 1.2 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.
- 1.3 Throughout this strategy the term 'The Authority' or 'Authority' references any member of the Eastern Internal Audit Services Consortium. The term 'Audit Committee' is used throughout to refer to each Authorities 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, South Holland and South Norfolk District Councils, Great Yarmouth Borough Council, the Broads Authority and from April 2022, Norwich City Council. All Authorities are bound by a Partnership Agreement.
- 2.2 The delivery of the internal audit plans for each Authority 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 will commence from 1 April 2022 ending 31 March 2028 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 Authority's operations. It helps the Authority 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 Authority 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 and Risk Committee and the Section 17 Officer also receive:
- The Audit Plans Report, 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 Authority'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 of 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 Authority, 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 Authority's Business 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 Authority.
- 3.2.5 The approach ensures; better and earlier identification of risks and increased ability to control them; greater coherence with the Authority's priorities; an opportunity to engage with stakeholders; the 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 each Authorities objectives and priorities and thereby through the risk based approach adds value, internal audit also ensure 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 Authority in respect of risks and issue logs and registers, reports that are taken through the Authority 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 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 Each Authorities risk profile will be evaluated throughout each year, and if required, amendments to the Internal Audit Plan will suggested for approval to ensure that Internal Audit coverage continues to focus on providing assurance over the Authorities 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 South Norfolk Council consists of the Head of Internal Audit who is a Chartered professional and an Internal Audit Trainee, currently training to become part qualified with the Chartered Institute of Internal Auditors.
- 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 Internal Audit Trainee has recently been appointed 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 Authority'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 with TIAA Ltd the contractor needs to ensure that each member of staff completes a day's training per quarter.

- 5.7 The above-mentioned arrangements ensure that the Internal Audit Service is able to respond effectively to the assurance needs of each Authority whilst ensuring that the core team used are sufficiently qualified and experience

## APPENDIX 2 – STRATEGIC INTERNAL AUDIT PLAN

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification	Responsible Officer
<b>Annual Opinion / Governance audits</b>								
Corporate Governance	2019/20 Reasonable 2020/21 - Reasonable	Risk 6 Compliance with UK GDPR - Medium  Risk 21 Loss of Reputation - Medium	10		10		Medium risks have been raised around compliance with GDPR and loss of reputation resulting from a lack of transparency around decision making. Review scheduled in 2022/23 to provide assurance.	Karen Sly
Annual Governance Statement	2021/22 - Audit Due						Results of AGS audit 2021/22 pending.	Caroline Whatling
Risk Management	2018/19 - Reasonable 2021/22 - Audit Due			10		10	Results of Risk Management audit 2021/22 pending.	Karen Sly
Corporate Plan and Performance	2016/17 - Reasonable 2021/22 - Deferred	Risk 13 Changes in Government Policies - Medium  Risk 14 Delivery of Long Term Strategic Objectives - Medium	10		10		Review postponed from 2021/22. Two medium risks raised in the strategic risk register in this area.	
Corporate Programme and Project Management	2021/22 - Audit Due	Risk 11 Management of Major Projects - Medium		12			Future High Streets and Towns fund arrangements reviewed as part of the 2021/22 audit. Awaiting results to determine if more assurance is required. Additional review booked in for 2023/24 as corporate projects such as Winter Gardens and Future High Streets/Towns Fund progresses.	Iain Robertson
Key Controls and Assurance	2019/20 Reasonable 2020/21 - Reasonable 2021/22 - Audit Due		16	11	16	11	Annual assurance audit	Karen Sly
Corporate Health and Safety	2018/19 - Reasonable		10				A new Agile working strategy has been approved and is due to be implemented. An audit is scheduled in 2022/23 to provide assurance over the management of operational assets and staff H&S.	James Wilson

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
<b>Annual Opinion / Governance audits</b>							
Equinox Enterprises	2017/18 - Limited 2019/20 - Reasonable				10		No significant risks raised in the Corporate Risk Register. Review scheduled for 2024/25.
Counter Fraud and Corruption Arrangements	2021/22 - Limited				10		Review scheduled to provide follow up assurance on limited assurance report.
Procurement and Contract Management	2018/19 Limited 2020/21 - Position Statement	Risk 18a Sufficient resources and resilience to ensure effective procurement - High  Risk 18b Sufficient resources and resilience to ensure effective contract management - High	12			12	Period audit providing assurance on the annual governance statement. Medium risks raised on the Corporate Risk Register.
<b>Fundamental Financial Systems</b>							
Accountancy Services includes control accounts, banking, bank reconciliation, asset register, budgetary control and treasury management	2019/20 - Substantial 2021/22 - Audit Due	Risk 1 Financial Sustainability - Very High		16		16	Period audit providing assurance on the statement of accounts and annual governance statement.
Accounts Payable (includes insurance)	2018/19 Substantial 2020/21 Substantial	Risk 24 Gaps in Insurance Cover - Medium	12		12		Period audit providing assurance on the statement of accounts and annual governance statement.
Accounts Receivable	2019/20 - Reasonable 2021/22 - Audit Due			10		10	Period audit providing assurance on the statement of accounts and annual governance statement.
Income	2019/20 - Substantial 2021/22 - Substantial			8		8	Period audit providing assurance on the statement of accounts and annual governance statement.
Payroll and Human Resources (includes officer expenses)	2018/19 - Substantial 2020/21 - Reasonable	Risk 12 Workforce Capacity - High  Risk 19 Change Management Medium	15		15		Period audit providing assurance on the statement of accounts and annual governance statement.
Council Tax and National Non-Domestic Rates	2019/20 - Reasonable 2021/22 - Audit Due			15		15	Period audit providing assurance on the statement of accounts and annual governance statement.
Housing Benefits and Council Tax Support	2019/20 - Substantial 2021/22 - Audit Due			15		15	Period audit providing assurance on the statement of accounts and annual governance statement.
Housing Rents	2018/19 Reasonable 2020/21 Reasonable		16		16		Period audit providing assurance on the statement of accounts and annual governance statement.



Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification	Responsible Officer
<b>Contract Audit</b>								
Capital Programme Contracts (General Fund & HRA)	2018/19 - Reasonable 2021/22 - Audit Due				12		Audit review 2021/22 pending.	Jane Beck
GY Norse including Repairs and Maintenance, Voids and Housing Compliance	2019/20 Reasonable 2021/22 - Limited			12			Audit of Void management due 2021/22. Audit of Housing Compliance due 2021/22. Invoicing - Limited 2021/22.	Jane Beck
GYB Services	2019/20 Reasonable			12			No significant risks raised in the Corporate Risk Register.	Paula Boyce
Leisure Trust	2016/17 - Reasonable				12		No significant risks raised in the Corporate Risk Register.	Michelle Burdett
<b>Service area audits</b>								
Event Management and Tourism	2016/17 - Limited	Risk 9 Event Management - Medium	10				Audit deferred from 2021/22. Strategic risk raised on Corporate Risk Register.	Clare Dyble
GYPT - Preservation Trust	2019/20 - Limited				10		Recommendations raised from 2019/20 review are now complete. Review scheduled for 2024/25.	
Early Help Hub	2017/18 - Reasonable	Risk 15 Lack of Community Cohesion/Community Tensions - Medium  Risk 23 COVID-19 impact of response and recovery actions on the residents and businesses of the Borough - Medium		10			Two strategic risks raised regarding the impact of covid on local community and resident needs increasing. Coverage provided in Council House Services audit, Review scheduled to evaluate partnership working in 2023/24.	Paula Boyce
<b>Legal &amp; Governance</b>								
Legal Services Arrangements	2016/17 - Reasonable			6			No significant risks raised in the Corporate Risk Register.	Karen Sly
Member Services	2015/16 - Position Statement					10	No risks raised on the corporate risk register.	Caroline Whatling

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
<b>Planning</b>							
Development Control - Strategic Planning Policy and Land Charges	2017/18 - Reasonable	Risk 16 - Infrastructure not being able to meet demand - Medium	10				Audit deferred from 2021/22. Strategic risk raised on Corporate Risk Register regarding local infrastructure.
Building Control - Planning Enforcement	2017/18 - Reasonable			10			No strategic risks raised on the Corporate Risk Register. 2023/24 audit will provide assurance over planning enforcement processes.
Section 106 Arrangements	2019/20 Reasonable			8			At request of Head of Service to evaluate the implementation of the strategy and mechanisms for managing triggers.
<b>Environmental Services</b>							
Civil Contingency Business Continuity	New specific area	Risk 3 Management of a flood incident - High Risk 10 Business Continuity - Medium	10				A review of Civil Contingency and Business Continuity has not been undertaken at the Council recently. Two risks have been raised in the Corporate Risk Register.
Environmental Services - Corporate Enforcement focus	2018/19 - Reasonable 2019/20 - Reasonable 2021/22 - Audit Due				12		Audit 2021/22 result due. Follow up assurance scheduled for 2024/25.
Licensing - see Environmental Services for 2021/22	2016/17 - Reasonable			10			Audit booked in for 2023/24 following team restructure.
Elections	2014/15 - Reasonable		10				Review last undertaken in 2014/15. New system coming online and changes to electoral registration have prompted an audit in 2022/23.
Private Sector Housing inc HMO's Selective Licencing	New specific area			10			Evaluation of selective licencing regime and HMO compliance scheduled for 2023/24.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
<b>Customer Services</b>							
Contact Centre	2018/19 - Reasonable			10			Audit scheduled in 2023/24 to provide assurance on performance of contact centre.
Parking Services	2015/16 - Reasonable 2018/19 Reasonable				10		No strategic risks raised on the Corporate Risk Register.
Bereavement Services	2016/17 - Substantial		10				Area last reviewed in 2016/17 review therefore due. Audit to follow opening of Garden Tea Rooms.
<b>Property and Asset Management</b>							
Housing Asset Management	2018/19 Reasonable	Risk 20 Tree, Open and Play Spaces Management - High	12				Strategic risk raised in corporate risk register. Audit will provide assurance on open and play spaces management and cyclical planned maintenance programmes following service moving in-house.
Non housing Property and Asset Management					12		No significant risks raised.
Coastal Protection	2021/22 - Audit Due	Risk 4 Flood Defence and Coastal Protection - High			12		Review scheduled 2024/25 to provide assurance on Resilient Infrastructure Bid.
Markets	2019/20 - Reasonable			8			New market site coming online next year. Audit scheduled for 2023/24 following move.
<b>Housing</b>							
Housing Strategy and Affordable Housing	2012/13 - Reasonable 2019/20 - Reasonable				10		Coverage arranged to provide assurance on new potential 18 home social housing scheme.
Right To Buy	2017/18 - Reasonable			8			No significant issues raised. Numbers remain low. Coverage arranged for 2023/24.
Leasehold Management	2017/18 - Limited 2018/19 Reasonable				10		
Housing Needs, Allocations, Homelessness & Housing Register	2017/18 - Reasonable. 2020/21 - Position Statement	Risk 23 COVID-19 impact of response and recovery actions on the residents and businesses of the Borough - Medium	10				Whilst homelessness figures are reducing, strategic risk raised and new housing system comes online in 2022/23. Assurance will therefore be provided.
Housing Adaptations	2017/18 - Limited. 2019/20 - Reasonable					10	No significant issues raised.
Disabled Facilities Grants & discretionary loans	2018/19 - Reasonable		10				Periodically reviewed to support grant sign off.
Council House Services	New area	Risk 15 Lack of Community Cohesion/Community Tensions - Medium  Risk 23 COVID-19 impact of response and recovery actions on the residents and businesses of the Borough - Medium	10				Area not reviewed before at the Council. White paper on Social Housing Tenant Charter has prompted a review into Councils preparedness for the outcomes of this. Two strategic risks raised with impacts on Social Housing residents particularly vulnerable residents.

Audit Area	Last review & assurance	Associated Risk CRR	2022/23	2023/24	2024/25	2025/26	Internal Audit Coverage 2022/23 Justification
<b>Inward Investment</b>							
Business Support Grants	2021/22 - Substantial						No significant issues raised. Assurance available upon request for remaining schemes.
Economic Development		Risk 2 Reduced Spending in Great Yarmouth - High  Risk 5a Local/National Economy - High Risk 5b Impact of EU exit trade deal - Medium		10			Pathway to recovery plan approved by the Council. Audit scheduled to provide assurance over progress in 2023/24. Assurance provided over key projects to support the Economy in 2021/22.
Sports and Leisure	2018/19 - Limited			10			A limited assurance grading was given in 2018/19 however all recommendations have now been addressed and no significant issues raised.
Conservation & Heritage	New Area		10				Heritage Action zone projects reviewed in 2022/23.
<b>ICT Audits</b>							
Remote Access	2020/21 - Substantial					10	No significant issues raised.
Data Centre, Back Up and Disaster Recovery	2019/20 Reasonable				10		No significant issues raised.
Software Licensing	2021/22 - Audit Due						Awaiting assurance results 2021/22.
Starters, Movers, Leavers	2019/20 Reasonable	Risk 7a Information Security - Medium	10				Due to change in HR system. A review of Starters, Movers, Leavers processes would provide assurance over appropriate access and strategic risk raised under information security.
Change Control & Patch Management	2015/16 Limited 2021/22 - Audit Due						Awaiting assurance results 2021/22.
Network Infrastructure	2018/19 Reasonable				10		No significant issues raised.
ICT Contract Review & IT Strategy	2018/19 Reasonable					10	No significant issues raised.
Cyber Security	2019/20 Reasonable	Risk 7b Cyber Security - High  Risk 7a Information Security - Medium	10				Two strategic risks raised regarding the impact cyber security incidents.
Digital Strategy	2021/22 - Audit Due	Risk 8 Data quality - Medium		10			Audit scheduled in 2023/24 to support data integration project.
Application Audits	Application upgrade audits.	Risk 22 IT systems capability and interaction - High	10	10	10		Audit coverage of HR system implementation planned 2022/23. Housing Application coverage in 2023/24 and Environmental Services system coverage planned for 2024/25.
IT Audit Coverage TBC			0	0	0	10	
<b>Follow Up of audit recommendations</b>							
All audit recommendations			16	16	16	16	
<b>Total number of days</b>			<b>249</b>	<b>257</b>	<b>245</b>	<b>163</b>	

### APPENDIX 3 ANNUAL INTERNAL AUDIT PLAN 2022/23

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
<b>Annual Opinion / Governance audits</b>						
Corporate Governance	10				10	A medium risk has been raised around compliance with GDPR and loss of reputation resulting from a lack of transparency around decision making. A corporate governance audit will provide assurance that the Council is following the constitution when making and reporting key decisions and will revisit GDPR recommendations raised in our 2018/19 audit.
Procurement and Contract Management	12			12		A limited assurance grading was given in this area 2018/19. Recommendations remain overdue. This audit will evaluate compliance with the Council's Contract Standing Orders and the Public Contract Regulations. This audit will also provide assurance that contract management is effective for a sample of Council contracts.
Corporate Health and Safety	10	10				This area was last reviewed in 2018/19 and given a reasonable assurance grading however a number of changes to working practices during the pandemic have resulted in a new Agile Working Strategy being agreed. This audit will focus on the new Health and Safety arrangements for staff and for operational assets that the Council manages.
Corporate Plan and Performance	10		10			This audit was deferred from 2021/22. Two medium risks have been raised in relation to achievement of the corporate plan in the corporate risk register. This audit will provide assurance that the corporate plan reflects the environment, that reliable information has been used to inform the process, that risks to delivery have been considered and that performance measures have been revised that are achievable yet challenging.
Key Controls and Assurance	16			16		This is an annual review of key controls and feeds into the Statement of Accounts, for those systems not subject to a full audit review within the year, coverage will be required.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
<b>Fundamental Financial Systems</b>						
Accounts Payable (includes insurance)	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.
Housing Rents	16				16	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.
Payroll and Human Resources (includes officer expenses)	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. In addition to Payroll Key Controls following implementation of the new system the audit will evaluate the Councils response to risks raised around workforce capacity.
<b>Service area audits</b>						
Bereavement Services	10			10		An audit has not been undertaken of this area since 2016/17 when a substantial opinion was given. Recent changes in the area including the opening of the 'Garden Team Rooms' and funeral services now being offered which have prompted audit coverage to be added to the plan.
Event Management and Tourism	10	10				This area was last audited in 2016/17 and given a Limited assurance grading and deferred from the 2021/22 plan. This review will focus on the arrangements for preventing risks in relation to event failure/closure or significant health and safety related incidents and focus on controls mentioned within the strategic risk register for controlling this risk within a medium score. The review will also assess the appropriateness of arrangements with GYTABIA Greater Yarmouth Tourism and Business Improvement Area Ltd and review income management controls.
Development Control	10			10		Our review of this area was deferred in 2021/22 to allow for a Head of Planning to be appointed. Our audit will provide assurance that the Council's planning processes are efficient and effective. We will provide assurance on the management of pre application fees, Committee reporting and decisions, and performance in relation to determining applications within the statutory timeframes.

Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Civil Contingency and Business Continuity	10		10			A review of Civil Contingency and Business Continuity has not been undertaken at the Council recently. Two medium scoring risks have been raised in the Corporate Risk Register regarding the ability to respond to a flooding incident and services to residents would continue during an incident. This audit will provide assurance that the Council has the necessary plans and capabilities to respond to incidents effectively.
Elections	10		10			This area has not been audited since 2014/15. New elections software is due to be implemented. This audit will provide assurance over electoral registration and electoral management processes in preparation for the 2023 election whilst considering the potential impacts of changes to voter identity checks.
Housing Asset Management	12	12				A Position Statement will be carried out on the Councils housing asset management strategy. An audit of this area has not been carried out recently. The review will focus on the development of the housing asset management plan considering the compliance with the decent homes standard and approach to stock condition surveys. Improvements will be suggested where applicable to feed into the Councils planned maintenance process.
Housing Needs, Allocations, Homelessness & Housing Register	10		10			Whilst homelessness figures are reducing, a strategic risk has been raised relating to the potential for an increase in homelessness due to impacts of the pandemic and cost of living. A new housing system also comes online in 2022/23. This audit will provide assurance that the service is being delivered in line with statutory obligations such as action taken to prevent homelessness.
Council Housing Services	10	10				This area has not been audited at the Council before. Two strategic risks raised relating to community cohesion and ongoing impact of Covid-19 on social housing tenants particularly vulnerable residents. This audit will evaluate the processes in place to manage ASB, the management of resident complaints and consider how the Council is preparing for the white paper on Charter for Social Housing Residents.



Audit Area	No of days	Q1	Q2	Q3	Q4	Notes
Disabled Facilities Grants & discretionary loans	10	10				This audit was last carried out in 2018/19 and given a reasonable assurance grading. This work is carried out periodically to support the DFG grant return. A sample of cases will be selected for full review to provide assurance that DFGs are being approved and managed appropriately.
Conservation & Heritage	10	10				The Council is managing a number of Heritage Action Zone projects which this audit will provide assurance on, verifying that grants are being suitably awarded approved and project progress monitored.
<b>ICT Audits</b>						
Cyber Security	10				10	Strategic risks have been raised in the Corporate Risk Register relating to the impact of a critical cyber security incident. An audit of this area was carried out in 2019/20, however the threat from this risk continues to increase. A cyber security maturity assessment will be carried out to establish the Council's current level of control for preventing an attack from being successful.
Starters Movers Leavers	10			10		An audit of this area was undertaken in 2019/20 and was given a reasonable assurance grading however risks in the corporate risk register regarding information security and a change to the HR/Payroll system have prompted an audit of starters/leavers/movers processes to ensure that strong controls are in place for access to core systems containing sensitive/personal data particularly as the Council moves to more cloud based applications.
Application Audit - HR and Payroll	10	10				A new HR/Payroll Audit goes live in early 2022. The IT and general audit team will be proactively involved in providing advice on the design of controls within the system reviewing system documentation and segregation of duty processes to ensure they provide adequate control over transactions.
<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>249</b>	<b>76</b>	<b>44</b>	<b>77</b>	<b>52</b>	



**Subject: ACTION PLAN UPDATE - ANNUAL GOVERNANCE STATEMENT 2020/2021**

**Report to: Audit and Risk Committee – 7 March 2022**

**Report by: Kaye Bate, Corporate Risk Officer**



## **SUBJECT MATTER**

This report seeks to inform members of the progress made in relation to further work identified / action required to address issues identified in the Annual Governance Statement 2020/21 action plan for the following year.

## **RECOMMENDATION**

That Committee receives and note the action taken to address the issues identified.

## **1 INTRODUCTION/BACKGROUND**

- 1.1 The Annual Governance Statement was approved by Audit and Risk Committee on 14 June 2021.
- 1.2 The review process highlighted areas where further work was required to strengthen the governance and internal control environment. Detailed below is action taken to address the issues raised or proposed action to be taken.

## **2 ANNUAL GOVERNANCE STATEMENT – ACTION PLAN**

- 2.1 The COVID 19 pandemic has had an impact on the delivery of the action plan for 2021/2022. Work is continuing to ensure that there are robust governance arrangements, risk management and internal control measures in place within the Council. Policies and procedures are being reviewed and implemented throughout the Council to ensure the safety and wellbeing of officers, members and customers during the pandemic and preparation for returning to the office environment. Systems of internal control were required to be reviewed which resulted in revised working practices and processes at the start of the lockdown and the requirement to introduce alternative / additional control measures.

At the start of the pandemic Officers were re-deployed to assist with the delivery of the service offered by the new Community Team and COVID 19 business grants. Whilst some of this work has continued during the year, the management team along with their services have continued to deliver on a number of the Councils priorities and provide a response to the pandemic.

- 2.2 The table below illustrates action taken to address the 6 key issues / actions raised in the action plan for 2021/2022.

	<b>Further work / areas to be addressed</b>		<b>Responsible Officer</b>	<b>Due Date</b>
1	Internal Audit recommendations should be implemented within the agreed timeframe and adequately actioned by management to ensure we have robust internal controls environment to safeguard the council's assets in all service areas. COVID 19 has impacted on the delivery of recommendations by the agreed implementation date, although it is hoped that this work will start to be prioritised.	Work continuing to implement audit recommendations by the due date and progress is being made for those recommendations with future dates. Progress is also being made to implement outstanding recommendations. ELT and Audit and Risk Committee receive regular update reports. To ensure responsibility and accountability all recommendations are assigned to Heads of Service or Directors to ensure that the appropriate action is taken and where there are resource issues these will be discussed at ELT. COVID-19 has had an impact on the delivery of some recommendations by the due date. <b>Work in Progress</b>	<b>Management Team</b>	30/06/2022
2	The Officer Register of Gifts and Hospitality process is to be reviewed during 2021/2022 and further work is to be undertaken to raise awareness and ensure compliance.	Register of Gifts and Hospitality to be held electronically, process currently under review. <b>Work in Progress</b>	<b>Corporate Services Manager</b>	31/03/2022
3	Procurement and Contract Management - The procurement strategy will be updated and presented for approval. The process for the review and publication of the contracts register is to be finalised. The contract management arrangements are to be reviewed by the Monitoring Officer to strengthen this area of governance.	The first draft of the strategy has been produced and reported to ELT in December 2021 and will then be reported through the Committee approval process. Further work to strengthen governance and contract management arrangements will be undertaken once the Procurement Strategy has been approved. <b>Work in Progress</b>	<b>Finance Director and Monitoring Officer</b>	31/10/2021 <b>Revised Date: 31/03/2022</b>
4	Corporate Governance Internal Audit Report 2018/19 – The outstanding recommendation for site paper storage arrangements to be reviewed to ensure compliance with GDPR regulations is to be implemented.	With minimal staff working from the offices due to COVID this continues to be difficult to recommence. Agile working arrangements to be introduced in early 2022 at which point this project can recommence. A further review will be conducted in April / May 2022. <b>Limited Progress</b>	<b>Corporate Services Manager</b>	31/07/2021 <b>Revised Date: 30/06/2022</b>
5	Corporate Health and Safety Report 2017/18 – a variation to	The new contract incorporating the recent Asset changes has been drafted and	<b>Head of Property and</b>	31/10/2021 <b>Revised</b>

	<b>Further work / areas to be addressed</b>		<b>Responsible Officer</b>	<b>Due Date</b>
	the GY Norse contract is to be raised to ensure that reference to responsibilities of GY Norse under the Health and Safety act 1974 are clearly outlined.	approved by GYBC. Waiting confirmation from Norse solicitors for completion. Amendments have been made and agreed by all parties so Internal Audit have confirmed that sufficient progress has been made to sign this action off <b>Action completed</b>	<b>Asset Management</b>	<b>Date: 31/01/2022</b>
6	The Equality and Diversity Strategy and Action Plan are to be reviewed and presented for approval.	A new Equality, Diversity and Inclusion Strategy which was signed off by Policy and Resources Committee in November 2021. The strategy and associated action plan was then consulted on with both internal staff and external stakeholders which concluded on 31 January 2022. Now commencing work on the action plan for 2022/23. Year 1 of the action plan is primarily focused around gathering community and workforce intelligence and putting in place key building blocks regarding performance & governance requirements. End of delivery of Year 1, a detailed progress review report will be brought to the Policy and Resources Committee for consideration, setting out the emerging findings and evidence, and proposing any necessary changes to the strategy, to ensure that the Council is well placed to prioritise the most significant issues for the authority and the community it serves. <b>Action completed</b>	<b>Head of Organisational Development</b>	31/07/2021 <b>Revised date: 31/12/2022</b>

### **3. FINANCIAL IMPLICAITIONS**

3.1 None

### **4. RISK IMPLICATIONS**

4.1 None

### **5. CONCLUSIONS**

5.1 The report shows that action has been taken or progress is being made to address the issues where further work had been identified or action was proposed / being taken. The COVID 19 pandemic has had an impact on the delivery of the action plan.

### **6. BACKGROUND PAPERS**

6.1 None

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

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