

Subject: HEAD OF INTERNAL AUDIT ANNUAL REPORT AND OPINION 2020/21

Report to: Audit and Risk Committee,

Report by: Emma Hodds, Head of Internal Audit for Gt Yarmouth BC

SUBJECT MATTER

This report concludes on the internal audit activity undertaken during 2020/21 it provides an Annual Opinion concerning the Council's framework of governance, risk management and control, concludes on the effectiveness of internal audit and provides key information for the Annual Governance Statement.

1. INTRODUCTION / BACKGROUND

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

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

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

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

2. MAIN BODY

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

3. FINANCIAL IMPLICATIONS

3.1 The internal audit service was delivered in line with the agreed budget for 2020/21.

4. **RISK IMPLICATIONS**

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

5. **CONCLUSIONS**

- 5.1 On the basis of the internal audit work performed in 2020/21 the Head of Internal Audit for Gt Yarmouth Borough Council is able to give a reasonable opinion on the framework of governance, risk management and control.

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

6.0 **RECOMMENDATIONS**

- 6.1 That the Committee:

- Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit for 2020/21.
- Note that a reasonable opinion has been given in relation to the framework of governance, risk management and controls for the year ended 31 March 2021.
- Note that the opinions expressed together with any significant matters arising from the internal audit work and contained within this report should also be given due consideration when developing the Annual Governance Statement for 2020/21.
- Note the conclusion of the review of the effectiveness of internal audit.

BACKGROUND PAPERS

Appendix – Annual Report and Opinion 2020/21.

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

Eastern Internal Audit Services



GT YARMOUTH BOROUGH COUNCIL

Annual Report and Opinion 2020/21

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

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1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 Those standards – the Public Sector Internal Audit Standards - require the Chief Audit Executive to provide a written report to those charged with governance (known in this context as the Audit and Risk Committee) to support the Annual Governance Statement (AGS). This report must set out:
- The opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control during 2020/21, together with reasons if the opinion is unfavourable;
 - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
 - Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
 - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA’s Statement on the Role of the Head of Internal Audit.
- 1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation’s Annual Governance Statement, but there are also a number of other important sources to which the Audit and Risk Committee and statutory officers of the Council should be looking to gain assurance particularly as the Council was impacted by the Covid-19 Pandemic and the Internal Audit Plan reduced in 2020/21 in response. Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully at **Appendix 3**.

2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

2.1 Roles and responsibilities

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

This is achieved through the delivery of the risk based Annual Internal Audit Plan discussed and approved with the Executive Management Team and key stakeholders and then approved by the Audit and Risk Committee.

The original Internal Audit plan was approved at the meeting held 2 March 2020. As the Covid-19 pandemic forced the UK into lockdown at the end of March 2020, the internal audit team revised the Internal Audit plan with senior management to ensure that coverage more accurately reflected the key risks facing the Council at that time and that Officers were able to focus on the immediate response to the Covid-19 pandemic.

The revised 2020/21 Internal Audit Plan was approved by the Audit and Risk Committee on 8 September 2020. A reduction of 111 days was agreed, and the plan split into five key themes to provide adequate coverage over the governance, risk management and control framework informing this opinion.

This opinion does not imply that internal audit has reviewed all risks and assurances, but it is one component to be considered during the preparation of the AGS. It is important to note that the decrease in days is in response to unprecedented circumstances and represents the absolute minimum assurance required to form an opinion on the governance, risk management and control framework for 2020/21. We aim to revert to our usual levels of audit coverage in the 2021/22 Internal Audit Plan.

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

2.2 The opinion itself

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

Of the six assurance audits completed within the year, all six resulted in a positive assurance grading. Two reports; Accounts Payable and Remote Access received a substantial assurance grading.

Three position statements were carried out in 2020/21 and used to support the conclusions reached for this opinion. Areas reviewed were as follows, Procurement and Contract Management, Coronavirus Response and Recovery and Housing Needs.

In none of the areas reviewed as part of the revised 2020/21 Internal Audit Plan did the findings indicate that the Covid-19 pandemic had severely impacted the Council's ability to deliver core services to its residents with the exception of Environmental Services where resources were diverted to handle the initial outbreak. This resulted in delays to providing food safety inspections, ship sanitation and delivery of garden and bulky waste services. Work has now resumed and is being prioritised on a risk basis with public health and imminent danger work still being progressed.

This opinion does not provide assurance over the issuing of business grants by the Council during the Covid-19 pandemic. A post award audit work has been planned for 2020/21.

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

As all areas audited in the revised 2020/21 Internal Audit Plan have resulted in a positive assurance grading, and two reports given substantial assurance, we feel a reasonable overall

opinion of the governance risk and control framework at Great Yarmouth Borough Council is the most appropriate.

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

3. AUDIT WORK UNDERTAKEN DURING THE YEAR

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

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

- 3.2 Internal audit was divided into five broad themes for the revised 2020/21 plan in response to the risks facing the Council from the Covid-19 pandemic;

Theme	Audit
Theme 1: Assurance Mapping	A questionnaire style enquiry was carried out to gather information and determine any changes to the control environment and document any available assurance showing that controls are working effectively. One area of focus was to evaluate the strength of controls for the prevention of fraud and support staff with remote working.
Theme 2: Key Controls	In order to provide an opinion over the key financial and governance controls of the Council, the annual key controls testing regime was enhanced, and the assurance mapping exercise mentioned above used to develop testing for new controls. This review provides independent assurance to Senior Management and the Committee that governance and financial risks have been appropriately mitigated during the Pandemic period.
Theme 3: Response and Recovery	Assurance in this area evaluates whether the Council has where possible reacted sufficiently to the pandemic and considered its response to recovery. The Response and Recovery review was carried out across the Consortium comparing the approaches taken by each of our members in areas such as: Supporting the Local Economy, staff reintegration, financial modelling and business plan revision and preparedness for ongoing disruptions.
Theme 4: Partnerships	This position statement evaluates the impact of the Pandemic on the Council's ability to deliver key projects and services through third party contracts during and in the recovery phase of the pandemic.
Theme 5: Essential Assurance	Work in this theme has provided assurances in areas from the originally agreed 2020/21 Internal Audit Plan that are integral to forming an opinion on the governance, risk and control framework for 2020/21. This included audits where

	limited assurance or no assurance has been given in previous years and where control weaknesses remain or have increased due to the Coronavirus Pandemic.
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3.3 Summary of the internal audit work

A total of 10 audits were completed during 2020/21. Internal Audit issued six assurance reports, with all six of these assurances being positive. (two reports were given substantial assurance and four were given reasonable assurance). An Assurance Mapping exercise was undertaken this year to confirm through senior management surveys that all key risk areas relating to the Covid-19 response had been considered within the revised Internal Audit Plan. Three position statements were also provided for; Coronavirus Response and Recovery, Procurement and Contract Management and Housing Needs.

No additional changes to the internal audit plan have been made after the revised plan was approved in September 2020. One report is in draft at the time of writing this report for Key Controls and Assurance. We have however provided the Executive Summary of this report to the Committee in the final 2020/21 progress report and an overall grading has been indicated.

The Executive Summaries of all 2020/21 reports have now been presented to the Audit and Risk Committee, ensuring open and transparent reporting, and enabling the Committee to review key service area controls and the conclusions reached.

3.4 Follow up of management action

In relation to the follow up of management actions to ensure that they have been effectively implemented, the position at year end is that of the 19 recommendations raised and agreed by management so far in 2020/21; 17 have been implemented by the agreed date and two needs attention are outstanding. A further 10 recommendations from the key controls review have been raised but not included in this total as they are from reports yet to be finalised.

A total of 17% of recommendations (six important, 11 needs attention) are outstanding from the 2019/20 year where 100 were raised in total.

A total 12% of recommendations remain outstanding from the 2018/19 year; (4 important, 10 needs attention). 113 were raised in total.

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

3.5 Issues for inclusion in the Annual Governance Statement

Looking back over the issues raised in the Internal Audit opinion for 2019/20, we are pleased to report that all 11 recommendations raised as part of the limited assurance on the Preservation Trust have now been implemented.

We recommend that outstanding recommendations from historical limited assurance reviews continue to be referenced in the Council's Annual Governance Statement until they are resolved, they are as follows;

An important priority recommendation remains outstanding from the Corporate Health and Safety review relating to the GY Norse Contract. Management are required to initiate a variation to the contract reflecting Health & Safety contract responsibilities. NP Law were

instructed to add this clause to the contract by October 2017. We feel that this issue should continue to be included in the Annual Governance Statement until such time that it is resolved.

The 2018/19 Corporate Governance report concluded in a limited assurance grading. This review evaluated the controls in place to ensure compliance with the GDPR legislation. One important recommendation remains outstanding in relation to reviewing off site paper storage arrangements. This recommendation remains overdue despite several extensions of time. The latest management response indicates that Covid-19 has impacted on the team's ability to carry out this work.

The 2018/19 Procurement and Contract Management audit resulted in a Limited assurance grading and one important recommendation now remains outstanding. This relates to the update of the Procurement Strategy and has a revised deadline of September 2021.

4. THIRD PARTY ASSURANCES

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

5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

5.1 Quality Assurance and Improvement Programme (QAIP)

5.1.1 Internal Assessment

A checklist for conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note has been completed for 2020/21. This covers; the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.

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

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

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

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

5.1.2 External Assessment

In relation to the Attribute Standards it is recognised that to achieve full conformance an external assessment is needed. This is required to be completed every five years, with the first review having been completed in January 2017 and the next due for 2022.

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

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

5.2 Performance Indicator outcomes

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

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

- 5.2.2 Performance has been significantly impacted in 2020/21 by the Covid-19 pandemic. The Internal Audit contractor took the decision to Furlough most of its workforce during the first lockdown as each Council prioritised front-line response over Internal Audit work. Following revision and approval of the revised Internal Audit plan in September 2020, the Internal Audit team have experienced further delays to delivery from audit staff sickness and in obtaining information from Officers as they understandably prioritised urgent response and recovery efforts.

Performance has not been in line within the boundaries of our agreed targets in some areas during 2020/21 such as the issuing of draft reports 10 day after quarter end. Discussions and a lessons learnt exercise will be undertaken in Q1 of 2021/22 to determine the root cause of delays and ensure that these issues are resolved for the year ahead.

Area / Indicator	Frequency	Target	Actual	Comments
<u>Audit Committee / Senior Management</u>				
1. Audit Committee Satisfaction – measured annually	Annual	Adequate	TBC	TBC
2. Chief Finance Officer Satisfaction – measured quarterly	Annual	Good	Good	Achieved
<u>Internal Audit Process</u>				
3. Each quarters audits completed to draft report within 10 working days of the end of the quarter	Quarterly	100%	67%	Not achieved. Delays to quarter four work was experienced. Overdue reports were completed on average 18 days over the 10 day target.
4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter	Quarterly	100%	0%	Not Achieved
5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report (a sample of these will be subject to quality review by the Contract Manager)		100%	100%	Achieved
6. Compliance with Public Sector Internal Audit Standards		Generally conforms	Generally conforms	Achieved
7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.		100%	n/a	No unsatisfactory feedback received.
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)		Adequate	Good	Achieved
9. Percentage of recommendations accepted by management		90%	100%	Achieved
<u>Innovations and Capabilities</u>				
10. Percentage of qualified (including experienced) staff working on the contract each quarter		60%	100%	Achieved
11. Number of training hours per member of staff completed per quarter		1 day	1 day	Achieved

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

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

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

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

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

APPENDIX1 – AUDIT WORK UNDERTAKEN DURING 2020/21

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
Key Controls							
DRAFT Key Controls and Assurance	Reasonable	10	0	0	0	0	10
Accounts Payable	Substantial	1	1	0	0	0	0
Corporate Governance	Reasonable	3	2	0	0	1	0
Housing Rents	Reasonable	6	6	0	0	0	0
HR and Payroll	Reasonable	9	8	0	0	1	0
Partnerships							
Procurement and Contract Management	Position Statement						
Response and Recovery							
Coronavirus Response and Recovery	Position Statement						
Essential Assurance							
Housing Needs	Position Statement						
Remote Access	Substantial	0	0	0	0	0	0
Total		29	17	0	0	2	10

Assurance level definitions		Number
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our audit review were being consistently applied.	2
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisations management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.	4
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.	0
No Assurance	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.	0

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

APPENDIX 2 ASSURANCE CHART

	Current Contract				
	2016-17	2017-18	2018-19	2019-20	2020-21
Annual Opinion / Corporate Audits					
Corporate Governance		Reasonable	Limited	Reasonable	Reasonable
Risk Management	Reasonable		Reasonable		
Key Controls and Assurance	Reasonable	Reasonable	Substantial	Reasonable	Reasonable
Corporate Health and Safety		Limited	Reasonable		
Coronavirus Response and Recovery					Position Statement
Equinox Enterprises		Limited		Reasonable	
Fundamental Financial Systems					
Accounts Receivable		Reasonable		Reasonable	
Income / Remittances		Substantial		Substantial	
Income / Markets		Reasonable			
Accountancy Services		Substantial		Substantial	
Housing Benefits and Council Tax Support		Reasonable		Substantial	
Council Tax / NNDR		Reasonable		Reasonable	
Accounts Payable	Reasonable		Substantial		Substantial
Payroll / HR	Substantial		Substantial		Reasonable
Housing Rents	Reasonable		Reasonable		Reasonable
Contract Audit					
General Fund Capital Programme Contracts	Reasonable		Reasonable		
GY Norse				Reasonable	
GYB Services				Reasonable	
Procurement			Limited		Position Statement
Leisure Trust	Reasonable				
Contract Management					
Service Area Audits					
Business Strategy and Performance Management	Reasonable				
Performance Management	Reasonable				
Member Services					
NPLaw	Reasonable				
Property Services	Limited		Reasonable		
Neighbourhood Management / Community Development		Reasonable			
Disabled Facility Grants and Discretionary Loans			Reasonable		
Gt Yarmouth Market	Reasonable			Reasonable	
Elections and Electoral Registration					
Bereavement Services	Substantial				
Waste Management					
Environmental Health Services	Reasonable		Reasonable		
Licensing	Reasonable				

	Current Contract				
	2016-17	2017-18	2018-19	2019-20	2020-21
Annual Opinion / Corporate Audits					
Car Parking			Reasonable		
Development Control		Reasonable			
Building Control		Reasonable			
Inventory	Reasonable				
Tourism, Marketing, Communication & Media (BID 1617)	Limited			Limited	
Leasehold Management		Limited	Reasonable		
Right to Buy		Reasonable			
Homelessness and Housing Options		Reasonable			Position Statement
Private Sector Housing				Reasonable	
Section 106 Arrangements			Position Statement	Reasonable	
Services for the Elderly and Sheltered Housing					
Control Centre	Limited		Reasonable		
Housing Adaptations		Limited		Reasonable	
Arts Strategy	n/a				
Outdoor Leisure	Reasonable		Limited		
Venetian Waterways			Position Statement		
Corporate Enforcement				Reasonable	
IT Audits					
Revenues and Benefits Application					
HR and Payroll Application					
Remote Access					Substantial
Data Centre, Back Up and Disaster Recovery				Reasonable	
Software Licensing					
Data Protection and Freedom of Information					
Starters, Movers & Leavers				Reasonable	
Change Control & Patch Management					
Network Security & Infrastructure		Reasonable	Reasonable		
Content Management	Reasonable				
ICT Contract Review	Limited		Reasonable		
Connectivity	Reasonable				
IT Project and Programme Management					
Cyber Crime				Reasonable	
Integra and Cash Application		Reasonable			

APPENDIX 3 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

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

Opinions

The opinions expressed are based solely on the work undertaken in delivering the approved 2020/21 Annual Internal Audit Plan. The work addressed the risks and control objectives agreed for each individual planned assignment as set out in the corresponding audit planning memorandums (terms of reference) and reports.

Internal Control

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

Future Periods

Internal Audit's assessment of controls relating to Gt Yarmouth Borough Council is for the year ended 31 March 2021. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

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

Responsibilities of Management and Internal Auditors

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

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

